

**Yang Ming Marine Transport Corporation  
and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2007 and 2006 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated balance sheets of Yang Ming Marine Transport Corporation (the "Corporation") and its subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. However, we did not audit the financial statements as of and for the year ended December 31, 2007 of subsidiaries, Yang Ming Line (Singapore) Pte. Ltd., Yang Ming Line Holding Co. and Ming Giant (Shanghai) International Logistics Co., Ltd., and of 2006 of subsidiaries, Yang Ming Line (Singapore) Pte. Ltd. and Yang Ming Line Holding Co. which were included in the accompanying consolidated financial statements. The combined total assets of these subsidiaries were 3.8% (NT\$4,321,088 thousand) and 3.5% (NT\$3,375,880 thousand) of the total consolidated assets as of December 31, 2007 and 2006, respectively. The combined total operating revenues of these subsidiaries were 0.6% (NT\$772,693 thousand) and 0.2% (NT\$244,619 thousand) of the consolidated revenue in 2007 and 2006, respectively. Also, we did not audit the financial statements of West Basin Container Terminal LLC, United Terminal Leasing LLC, Yang Ming (Netherlands) B.V., Yang Ming (Vietnam) Corp., Corstor Ltd., Chang Ming Logistics Company Limited (former Chongqing Changming Terminal Stevedoring Company Limited) and Formosa International Development Corporation as of and for the year ended December 31, 2007, and those of Nexus International Express, Inc., West Basin Container Terminal LLC, United Terminal Leasing LLC, Yang Ming Italy S.p.A., Yang Ming (Netherlands) B.V., Yang Ming (Vietnam) Corp., Corstor Ltd. and Chang Ming Logistics Company Limited (former Chongqing Changming Terminal Stevedoring Company Limited) as of and for the year ended December 31, 2006, in which the Corporation and consolidated subsidiaries have equity-method investments. As shown in the accompanying balance sheets, the carrying values of these investments were 0.9% (NT\$1,022,512 thousand) and 0.7% (NT\$700,580 thousand) of the total consolidated assets as of December 31, 2007 and 2006, respectively. The equity in these investees' net income was 1.1% (NT\$82,113 thousand) and 5.0% (NT\$84,075 thousand) of the consolidated income before income tax in 2007 and 2006, respectively. The financial statements of these subsidiaries and investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these subsidiaries and investees included in the accompanying consolidated financial statements, is based solely on the reports of other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yang Ming Marine Transport Corporation and its subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As stated in Note 3, starting from January 1, 2006, the Corporation and its subsidiaries adopted the newly released ROC Statement of Financial Accounting Standards (SFAS) No. 34 “Accounting for Financial Instruments” and No. 36 “Disclosure and Presentation of Financial Instruments” and related revisions of previously issued SFASs.

March 3, 2008

Notice to Readers

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

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

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2007 AND 2006**

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

ASSETS	2007		2006		LIABILITIES AND STOCKHOLDERS' EQUITY	2007		2006	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 2 and 4)	\$ 9,605,600	9	\$ 6,154,504	6	Short-term debts	\$ 100,962	-	\$ 79,992	-
Financial assets at fair value through profit or loss - current (Notes 2, 3 and 5)	2,413,912	2	1,721,773	2	Notes payable	185,292	-	21,127	-
Available-for-sale financial assets - current (Notes 2 and 6)	561,136	-	7,506,153	8	Financial liabilities at fair value through profit or loss - current (Notes 2, 3 and 5)	1,944	-	-	-
Held-to-maturity financial assets - current (Notes 2, 3 and 7)	9,570	-	-	-	Payable to related parties (Note 24)	238,501	-	262,145	-
Notes receivable, net (Note 2)	131,943	-	10,939	-	Income tax payable (Notes 2 and 19)	986,588	1	312,273	-
Accounts receivable, net of allowance for doubtful accounts of \$72,459 thousand and \$30,732 thousand at December 31, 2007 and 2006 (Note 2)	4,851,269	4	3,117,913	3	Accrued expenses	8,789,334	8	5,386,662	6
Accounts receivable from related parties (Note 24)	122,711	-	467,727	1	Payable for equipment	1,116,334	1	1,547,846	2
Shipping fuel, net (Note 2)	4,560,873	4	2,383,563	2	Advances from customers	2,046,528	2	1,605,502	2
Prepaid expenses	959,310	1	683,679	1	Current portion of long-term interest-bearing debts (Notes 2, 11, 14 and 23)	2,400,616	2	5,252,503	5
Advances to shipping agents	281,813	-	153,917	-	Payable to shipping agents	3,066,295	3	1,860,793	2
Other current assets (Notes 2, 20 and 25)	564,569	1	485,248	1	Other current liabilities (Note 2)	421,324	-	249,930	-
Total current assets	24,062,706	21	22,685,416	24	Total current liabilities	19,353,718	17	16,578,773	17
<b>LONG-TERM INVESTMENTS (Notes 2, 3, 6, 7, 8, 9, 10 and 26)</b>					<b>LONG-TERM DEBTS, NET OF CURRENT PORTION</b>				
Available-for-sale financial assets - noncurrent	4,047,709	4	-	-	Hedging derivative financial liabilities - noncurrent (Notes 2, 3 and 23)	2,871	-	47,871	-
Financial assets measured at cost - noncurrent	845,891	1	1,566,636	2	Bonds (Notes 2 and 14)	18,706,000	17	19,740,000	21
Hedging derivative financial assets - noncurrent	9,172	-	-	-	Long-term debts (Notes 14 and 24)	12,580,791	11	5,051,575	5
Held-to-maturity financial assets - noncurrent	-	-	9,617	-	Capital lease obligations (Notes 2, 11 and 14)	7,325,155	6	7,485,376	8
Investments accounted for using equity method	2,356,413	2	1,564,285	1	Total long-term debts	38,614,817	34	32,324,822	34
Cash surrender value of life insurance	11,396	-	6,802	-	<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 15)</b>	479,639	1	479,639	-
Prepayments for long-term investments in stock	-	-	187,754	-	<b>OTHER LIABILITIES</b>				
Total long-term investments	7,270,581	7	3,335,094	3	Accrued pension liabilities (Notes 2 and 17)	1,203,032	1	1,139,436	1
<b>PROPERTIES (Notes 2, 11, 25 and 26)</b>					Deferred income tax liabilities - noncurrent (Notes 2 and 20)	2,229,688	2	2,273,429	3
Cost					Others (Notes 2, 16 and 25)	171,806	-	194,074	-
Land	470,774	-	299,188	-	Total other liabilities	3,604,526	3	3,606,939	4
Buildings	1,181,824	1	1,064,971	1	Total liabilities	62,052,700	55	52,990,173	55
Containers and chassis	22,523,772	20	22,002,717	23	<b>YANG MING'S EQUITY</b>				
Ships	51,399,695	46	46,019,623	48	Capital stock - \$10 par value				
Leased assets	7,956,260	7	7,985,684	8	Authorized - 3,000,000 thousand shares and 2,400,000 thousand shares at December 31, 2007 and 2006				
Leasehold improvements	168,964	-	232,809	-	Issued - 2,328,698 thousand shares and 2,289,835 thousand shares at December 31, 2007 and 2006	23,286,982	21	22,898,344	24
Miscellaneous equipment	3,766,492	3	3,191,495	4	Capital surplus				
Total cost	87,467,781	77	80,796,487	84	Paid-in capital in excess of par value	7,491,127	7	7,286,090	8
Accumulated depreciation	28,555,660	25	27,910,917	29	Treasury stock transactions	1,480,009	1	1,480,009	1
Construction in progress	58,912,121	52	52,885,570	55	From long-term equity-method investment	8,872	-	8,876	-
Net properties	68,203,731	60	58,329,986	61	Total capital surplus	8,980,008	8	8,774,975	9
<b>OTHER ASSETS</b>					Retained earnings				
Assets leased to others, net (Notes 2 and 12)	4,067,471	4	2,856,071	3	Legal reserve	3,212,821	3	3,098,505	4
Nonoperating assets, net (Notes 2, 13 and 25)	230,766	-	260,386	-	Special reserve	2,067,513	2	2,074,929	2
Refundable deposits (Notes 11 and 25)	8,365,116	8	7,908,391	8	Unappropriated earnings	10,889,712	9	5,954,764	6
Deferred charges, net (Note 2)	257,054	-	319,420	1	Total retained earnings	16,170,046	14	11,128,198	12
Advances on long-term rent agreements	292,190	-	297,718	-	Other items of stockholders' equity				
Miscellaneous (Note 25)	197,457	-	207,712	-	Cumulative translation adjustments	100,131	-	168,626	-
Total other assets	13,410,054	12	11,849,698	12	Net loss not recognized as pension cost	(38,967)	-	(96,743)	-
<b>TOTAL</b>	<b>\$ 112,947,072</b>	<b>100</b>	<b>\$ 96,200,194</b>	<b>100</b>	Unrealized loss on financial instruments	1,935,242	-	(35,588)	-
					Total other items of stockholders' equity	1,996,406	2	36,295	-
					Total controlling interest	50,433,442	45	42,837,812	45
					<b>MINORITY INTEREST</b>	460,930	-	372,209	-
					Total stockholders' equity	50,894,372	45	43,210,021	45
					<b>TOTAL</b>	<b>\$ 112,947,072</b>	<b>100</b>	<b>\$ 96,200,194</b>	<b>100</b>

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

(With Deloitte & Touche audit report dated March 3, 2008)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2007 AND 2006

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

	2007		2006	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 24)	\$ 133,801,232	100	\$ 107,298,983	100
OPERATING COSTS (Notes 2, 21 and 24)	<u>121,938,446</u>	<u>91</u>	<u>101,197,275</u>	<u>94</u>
GROSS INCOME	<u>11,862,786</u>	<u>9</u>	<u>6,101,708</u>	<u>6</u>
OPERATING EXPENSES (Notes 21 and 24)				
Selling	5,265,376	4	3,912,632	4
General and administrative	<u>873,501</u>	<u>-</u>	<u>754,716</u>	<u>1</u>
Total operating expenses	<u>6,138,877</u>	<u>4</u>	<u>4,667,348</u>	<u>5</u>
OPERATING INCOME	<u>5,723,909</u>	<u>5</u>	<u>1,434,360</u>	<u>1</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of properties	2,113,625	2	80,837	-
Interest	634,453	1	576,047	1
Investment gain	365,178	-	213,174	-
Investment income recognized under equity method (Notes 2 and 9)	281,560	-	107,056	-
Valuation gain on financial instruments, net (Notes 2 and 5)	147,693	-	51,134	-
Rent	122,375	-	115,468	-
Foreign exchange gain, net (Note 2)	114,016	-	247,102	1
Others	<u>354,663</u>	<u>-</u>	<u>157,323</u>	<u>-</u>
Total nonoperating income and gains	<u>4,133,563</u>	<u>3</u>	<u>1,548,141</u>	<u>2</u>
NONOPERATING EXPENSES AND LOSSES				
Interest (Notes 11 and 24)	1,663,331	1	1,063,232	1
Impairment loss on financial assets measured at cost (Notes 2 and 8)	671,792	1	10,400	-
Others	<u>149,124</u>	<u>-</u>	<u>228,733</u>	<u>-</u>
Total nonoperating expenses and losses	<u>2,484,247</u>	<u>2</u>	<u>1,302,365</u>	<u>1</u>

(Continued)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2007 AND 2006

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

	2007		2006	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX AND CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	\$ 7,373,225	6	\$ 1,680,136	2
INCOME TAX EXPENSE (Notes 2 and 20)	<u>1,309,855</u>	<u>1</u>	<u>531,653</u>	<u>1</u>
NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	6,063,370	5	1,148,483	1
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES, NET OF INCOME TAX EXPENSE OF \$2,465 THOUSAND (Note 3)	<u>-</u>	<u>-</u>	<u>19,519</u>	<u>-</u>
CONSOLIDATED NET INCOME	<u>\$ 6,063,370</u>	<u>5</u>	<u>\$ 1,168,002</u>	<u>1</u>
ATTRIBUTABLE TO:				
Controlling interest	\$ 6,020,284	5	\$ 1,143,155	1
Minority interest	<u>43,086</u>	<u>-</u>	<u>24,847</u>	<u>-</u>
	<u>\$ 6,063,370</u>	<u>5</u>	<u>\$ 1,168,002</u>	<u>1</u>
	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
CONSOLIDATED EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 3.02</u>	<u>\$ 2.60</u>	<u>\$ 0.72</u>	<u>\$ 0.50</u>
Diluted	<u>\$ 3.00</u>	<u>\$ 2.58</u>	<u>\$ 0.71</u>	<u>\$ 0.49</u>

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

(With Deloitte & Touche audit report dated March 3, 2008)

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
YEARS ENDED DECEMBER 31, 2007 AND 2006  
(In Thousands of New Taiwan Dollars, Except Amounts Per Share)**

	Capital Stock (\$10 Par Value) (Notes 2 and 18)		Capital Surplus (Notes 2 and 18)			Retained Earnings (Notes 2 and 18)			Other Items of Stockholders' Equity (Notes 2, 3 and 18)				Total Stockholders' Equity	
			Paid-in Capital in Excess of Par Value	Treasury Stock Transactions	From Long-term Equity-method Investment	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain or Loss on Financial Instruments	Treasury Stocks (Notes 2 and 19)		Minority Interest
	Shares (Thousands)	Amount												
BALANCE, JANUARY 1, 2006	2,289,817	\$ 22,898,167	\$ 7,285,865	\$ 1,199,572	\$ 11,036	\$ 2,172,931	\$ 1,149,355	\$ 12,493,769	\$ 191,616	\$ (39,630)	\$ -	\$ (164,701)	\$ 325,658	\$ 47,523,638
Adjustment of adopting newly released and revised statements of financial accounting standards	-	-	-	-	-	-	-	-	1,073	-	(32,559)	-	-	(31,486)
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	-	-	20,204	20,204
Appropriation of 2005 earnings	-	-	-	-	-	925,574	-	(925,574)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	925,574	-	(925,574)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	925,574	(925,574)	-	-	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	(106,426)	-	-	-	-	-	(106,426)
Cash dividends - \$2.5 per share	-	-	-	-	-	-	-	(5,724,586)	-	-	-	-	-	(5,724,586)
Disposal of the Corporation's stocks held by subsidiaries	-	-	-	280,437	-	-	-	-	-	-	-	164,701	-	445,138
Consolidated net income in 2006	-	-	-	-	-	-	-	1,143,155	-	-	-	-	24,847	1,168,002
Increase in the equity in the net assets of equity-method investees resulting from not subscribing proportionally to the additional shares issued by the investees	-	-	-	-	27,787	-	-	-	-	-	-	-	-	27,787
Changes in stockholders' equity accounted for using equity method	-	-	-	-	(29,947)	-	-	-	-	716	4	-	-	(29,227)
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	(24,063)	-	-	-	6,341	(17,722)
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	311	-	-	311
Changes in unrealized loss on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	(3,344)	-	-	(3,344)
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	(57,829)	-	-	-	(57,829)
Cash dividends received by minority interest	-	-	-	-	-	-	-	-	-	-	-	-	(4,841)	(4,841)
Domestic convertible bonds converted into capital stocks and capital surplus	18	177	225	-	-	-	-	-	-	-	-	-	-	402
BALANCE, DECEMBER 31, 2006	2,289,835	22,898,344	7,286,090	1,480,009	8,876	3,098,505	2,074,929	5,954,764	168,626	(96,743)	(35,588)	-	372,209	43,210,021
Effect of changes in consolidated entities since 2007	-	-	-	-	-	-	-	-	-	-	-	-	18,614	18,614
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	-	-	1,152	1,152
Appropriation of 2006 earnings	-	-	-	-	-	114,316	-	(114,316)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	114,316	-	(114,316)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(7,416)	7,416	-	-	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	(58,478)	-	-	-	-	-	(58,478)
Cash dividends - \$0.32 per share	-	-	-	-	-	-	-	(735,682)	-	-	-	-	-	(735,682)
Stock dividends - \$0.08 per share	18,392	183,920	-	-	-	-	-	(183,920)	-	-	-	-	-	-
Consolidated net income in 2007	-	-	-	-	-	-	-	6,020,284	-	-	-	-	43,086	6,063,370
Changes in stockholders' equity accounted for using equity method	-	-	-	-	(4)	-	-	(356)	-	-	108,467	-	-	108,107
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	(68,495)	-	-	-	38,140	(30,355)
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	1,821,734	-	-	1,821,734
Changes in unrealized gain on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	40,629	-	-	40,629
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	57,776	-	-	-	57,776
Domestic convertible bonds converted into capital stock and capital surplus	20,471	204,718	205,037	-	-	-	-	-	-	-	-	-	-	409,755
Cash dividends received by minority interest	-	-	-	-	-	-	-	-	-	-	-	-	(12,271)	(12,271)
BALANCE, DECEMBER 31, 2007	<u>2,328,698</u>	<u>\$ 23,286,982</u>	<u>\$ 7,491,127</u>	<u>\$ 1,480,009</u>	<u>\$ 8,872</u>	<u>\$ 3,212,821</u>	<u>\$ 2,067,513</u>	<u>\$ 10,889,712</u>	<u>\$ 100,131</u>	<u>\$ (38,967)</u>	<u>\$ 1,935,242</u>	<u>\$ -</u>	<u>\$ 460,930</u>	<u>\$ 50,894,372</u>

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

(With Deloitte & Touche audit report dated March 3, 2008)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars)

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 6,063,370	\$ 1,168,002
Cumulative effect of changes in accounting principles	<u>-</u>	<u>(19,519)</u>
Income before cumulative effect of changes in accounting principles	6,063,370	1,148,483
Depreciation	5,542,101	4,564,050
Amortization	310,629	209,190
Allowance for doubtful accounts	41,727	-
Provision for pension cost	101,374	113,352
Reversal of allowance for loss on shipping fuel	(56,776)	-
Gain on disposal of financial instruments	(337,714)	(156,578)
Gain on disposal of properties, net	(2,108,865)	(75,173)
Investment income recognized under equity method	(281,560)	(107,056)
Cash dividends received on equity-method investee companies	6,422	18,648
Deferred income taxes	(85,940)	43,099
Valuation gain on financial instruments	(147,693)	(51,134)
Impairment loss on financial assets measured at cost	671,792	10,400
Others	(8,265)	(10,314)
Net changes in operating assets and liabilities		
Financial assets held for trading	(461,964)	716,976
Notes receivable	(121,004)	22,153
Accounts receivable	(1,771,397)	(393,625)
Accounts receivable from related parties	345,016	(108,196)
Other receivable from related parties	-	3,268
Shipping fuel	(2,120,534)	(173,576)
Prepaid expenses	(275,223)	115,509
Advances to shipping agents	(127,896)	28,995
Other current assets	(109,152)	34,608
Financial liabilities held for trading	1,555	-
Notes payable	164,165	3,049
Payables to related parties	(23,644)	(26,751)
Income tax payable	667,463	223,671
Accrued expenses	3,250,171	459,190
Advances from customers	441,026	80,487
Payables to shipping agents	1,205,502	(1,734,167)
Other current liabilities	165,579	(72,606)
Advances on long-term rent agreements	<u>12,004</u>	<u>11,829</u>
Net cash provided by operating activities	<u>10,952,269</u>	<u>4,897,781</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets designated as at fair value through profit or loss	-	(32,600)
Proceeds from disposal of financial assets designated as at fair value through profit or loss	32,600	465,547
Acquisition of available-for-sale financial assets	(9,565,269)	(36,892,141)

(Continued)



# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
Proceeds from disposal of available-for-sale financial assets	\$ 14,391,983	\$ 37,061,228
Proceeds of cash dividends from available-for-sale financial assets	129,039	-
Proceeds from disposal of held-to-maturity financial assets	-	33,981
Acquisition of investments accounted for using equity method	(256,656)	(198,756)
Acquisition of financial assets measured at cost	(90,000)	(51,278)
Proceeds from disposal of long-term investment	1,500	11,700
Proceeds from capital reduction of investments in share of stock	146,316	-
Increase in prepayment for long-term investment in stock	-	(187,306)
Acquisition of properties and assets leased to others	(18,576,772)	(15,290,980)
Proceeds from disposal of properties and nonoperating assets	3,409,138	77,019
Increase in cash surrender value of life insurance	(4,594)	(4,326)
Increase in deferred charges	(160,276)	(231,183)
Decrease in refundable deposits	(362,586)	5,591
Decrease (increase) in restricted assets	124,205	(59,046)
Decrease (increase) in other assets	14,271	(16,789)
Effect of first time consolidation of certain subsidiaries	<u>136,261</u>	<u>-</u>
Net cash used in investing activities	<u>(10,630,840)</u>	<u>(15,309,339)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term debts	20,970	76,561
Proceeds from issuance of bonds	-	6,000,000
Repayment of principal of bonds	(3,848,000)	(678,681)
Proceeds from long-term borrowing	8,626,895	5,730,904
Repayments of principal of long-term borrowing	(733,419)	(1,007,255)
Payment of capital lease obligations	(50,070)	(216,332)
Increase (decrease) in other liabilities	(5,737)	19,552
Increase in minority interest	1,666	17,515
Increase in guarantee deposits	1,746	6,511
Cash dividend and employees' bonus paid by Yang Ming	(794,253)	(5,830,995)
Cash dividend paid to minority interest	<u>(12,271)</u>	<u>(4,841)</u>
Net cash provided by financing activities	<u>3,207,527</u>	<u>4,112,939</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(77,860)</u>	<u>(33,253)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	3,451,096	(6,331,872)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,154,504</u>	<u>12,486,376</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,605,600</u>	<u>\$ 6,154,504</u>

(Continued)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars)

	2007	2006
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 1,654,520	\$ 1,487,109
Less: Capitalized interest	<u>78,975</u>	<u>107,116</u>
Interest paid (excluding capitalized interest)	<u>\$ 1,575,545</u>	<u>\$ 1,379,993</u>
Income tax paid	<u>\$ 637,502</u>	<u>\$ 365,439</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Reclassification of nonoperating assets into assets leased to others	\$ <u>42,328</u>	\$ <u>47,443</u>
Reclassification of assets leased to others into properties	\$ <u>257,364</u>	\$ <u>71,065</u>
Current portion of interest-bearing long-term debts	<u>\$ 2,399,440</u>	<u>\$ 5,252,503</u>
Domestic unsecured convertible bonds converted into capital stock and capital surplus	<u>\$ 409,755</u>	<u>\$ 402</u>
<b>CASH PAID FOR ACQUISITION OF PROPERTIES AND ASSET LEASED TO OTHERS</b>		
Increase in properties and assets leased to others	\$ 18,145,260	\$ 16,160,034
Decrease (increase) in payables for equipment	<u>431,512</u>	<u>(869,054)</u>
	<u>\$ 18,576,772</u>	<u>\$ 15,290,980</u>

### SUPPLEMENTARY INFORMATION ON A SUBSIDIARY ACQUISITION:

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

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

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

(With Deloitte & Touche audit report dated March 3, 2008)

(Concluded)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

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

---

### 1. ORGANIZATION AND OPERATIONS

Yang Ming Marine Transport Corporation (the "Corporation" or YMTC), established in December 1972, was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Corporation simultaneous to the Corporation's listing of its shares of stock on the ROC Taiwan Stock Exchange. To comply with the administration rule of the central government, MOTC transferred its holdings in the Corporation to the Ministry of Finance (MOF) of the Republic of China on March 8, 2005. Afterward, to comply with government policy, MOF returned its holdings to MOTC on June 26, 2006. Of the Corporation's outstanding capital stock, the MOTC owned 35.52% at December 31, 2007 and 35.84% at December 31, 2006.

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

YMTC and All Oceans Transportation Inc. (AOT), Yang Ming (Liberia) Corp. (Yang Ming-Liberia), Yangming (UK) Ltd. (Yangming-UK), Yang Ming Shipping Europe GmbH (Yangming-ERO), Yang Ming Italy S.p.A. (Yang Ming-Italy), Yang Ming Naples S.r.l. (Yang Ming-Naples), Yang Ming (Belgium) N.V. (Yang Ming-Belgium), Kuang Ming Shipping Corp. (Kuang Ming), Kuang Ming Shipping Corp. (Panama) (KMS-Panama), Young-Carrier Company Limited (Young-Carrier), Yang Ming Shipping (BVI) Inc. (YMS-BVI), Yangming (Japan) Co., Ltd. (Yangming-Japan), Yang Ming Line (Hong Kong) Ltd. (YML-HK), Yangming Shipping (Singapore) Pte. Ltd. (YMS-Singapore), Yang Ming Line (M) Sdn. Bhd. (YML-M), Yangming (Cayman) Ltd. (which had been liquidated in September, 2007), Yang Ming Line (India) Pvt. Ltd. (YML-India), Yang Ming (Korea) Co., Ltd. (Yang Ming-Korea), Manwa & Co., Ltd. (Japan) (Manwa), Yang Ming (America) Co. (Yang Ming-America), Yes Logistics Corp. (Yes Logistics), Yes Logistics Corp. USA (Yes-USA), Golden Logistics Corp. (Golden) (former Golden Logistics (SHA) Corp.), Yes Logistic UK Limited (Yes-UK), Golden Logistics USA Corporation (Golden-USA), Yes Logistics Europe GmbH (Yes-ERO), Yes Logistics Company Ltd. (Yes-HK), Yes Logistics (Netherlands) B.V. (Yes-Netherlands B.V.), Ming Giant (Shanghai) International Logistics Company Limited (Ming Giant-Shanghai), Golden Logistics (Qingdao Corp.) (former Great Logistics (QDO) Corp.), Star Logistics Corp. and Burger Yes B.V. provide marine cargo transportation services; maintain, lease and sell old vessels, containers and chassis; and act as a shipping agent and manage ships owned by others.

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

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

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

Karlman Properties Limited (Karlman Properties) is a real estate management company.

Sino International United Petroleum Group Co., Ltd. (Sino) trades in the petroleum and liquefied petroleum gas.

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

The intercompany relationships and percentages of ownership as of December 31, 2007 and 2006 are summarized in the accompanying Schedule A.

As of December 31, 2007 and 2006, the Group had 4,135 and 3,291 employees, respectively.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

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

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

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

### **Consolidation**

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

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

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

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

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

The 2006 consolidated financial statements included the accounts of YMTC, AOT, YML-BVI, YML-NV, YML-BV, Yangming-UK and Yangming-ERO, Yes-ERO, Ching Ming, Yang Ming-Liberia, Kuang Ming, KMS-Panama, Yes Logistics, Yes-USA, Yes-Singapore, Yes-HK, Yes-UK, Yes-Netherlands B.V., Ming Giant-Shanghai, Yang Ming-Korea, Sino, Topline Transportation Inc., Coastal Tarheel Express, Inc., Golden Logistics (Qingdao Corp.), Golden, Honming, Jing Ming, YML-Singapore, YML-India, YML-HK, YMS-BVI, Karlman Properties, Yangming-Cayman, Young-Carrier, YML-M, Yangming-Japan, Manwa, YMS-Singapore, YML Holding, Yang Ming-America, Triumph Logistics, Inc., Olympic Container Terminal LLC.

In addition to the above entities, the 2007 consolidated financial statements included Yang Ming-Italy, Yang Ming-Naples, Yang Ming-Belgium, Golden-USA, Kao Ming Container Terminal Corp., Transcont Intermodal Logistics, Inc., Star Logistics Corp. and Burger Yes B.V.

Yangming (Cayman) Ltd. had been liquidated in September, 2007.

The financial statements of some immaterial consolidated entities as of and for the year ended December 31, 2007 (Yes-ERO, Burger Yes B.V., Yes-UK and Golden-USA) and 2006 (Yes-ERO, Yes-Netherlands B.V., Topline Transportation Inc., and Coastal Tarheel Express, Inc.) were unaudited. YMTC's management believed that unaudited financial statements of these companies will not have material effect on the Group's consolidated financial statements.

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

The following subsidiaries' accounts were not consolidated because YMTC does not have controlling interest on them: Costor Ltd. and Yang Ming (Netherlands) B.V. (the contract between YMTC and the other shareholders of Yang Ming (Netherlands) B.V. stipulates that YMTC does not have controlling interest on the operation and personnel matters of the latter).

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

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

### **Cash Equivalents**

Commercial paper purchased under agreement to resell within three months from acquisition dates are classified as cash equivalents. The carrying values approximate their fair values.

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

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

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

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

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

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

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

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

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

Fair values of the listed stocks and mutual funds are based on the closing prices or the net asset values of the funds on the balance sheet date.

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

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

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

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

Cargo revenues are recognized using the completion of voyage method. Monthly rental revenues on ships and containers leased to others and ship management revenue are recognized in the month the services are rendered. Sales commission revenues are recognized after the goods are packed for shipment. The

revenues from cargo arrangement services which are incomes from logistic service and shipping service are recognized after the completion of service.

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

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

### **Shipping Fuel**

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

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

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

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

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

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

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

Cost of sale of financial assets measured at cost is determined using weighted-average method.

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

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

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

On the acquisition date or the adoption of the equity method for the first time, the difference between investment cost and underlying equity in net assets is amortized using the straight-line method over 5 years. As required, however, by the revised ROC Statement of Financial Accounting Standards No. 5 - "Long Term Investments in Equity Securities," starting on January 1, 2006, the investment cost in excess of the fair value of identifiable net assets is recognized as goodwill. Goodwill is no longer amortized but instead tested annually for impairment. Starting on January 1, 2006, the unamortized balance of the investment cost in excess of the equity in investee's net assets is no longer amortized and subject to the same accounting treatment as that for goodwill; the negative goodwill previously acquired should be amortized over the remaining estimated economic life.

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

The equity in the net income or net loss of investees that also have investments in the Group (reciprocal holdings) is computed using the treasury stock method. An impairment loss should be recognized whenever the carrying amount of investments in shares of stock exceeds their recoverable amount, and this impairment loss should be charged to current income. Long-term equity investment in which the Group can exercise significant influence but not control over the investee is evaluated based on the investee's book value.

If the Group's share of an investee's losses equals to or exceeds the carrying amount of an investment accounted for under the equity method, plus advances made by the Group, the recognized investment losses shall be limited to the extent that makes the book value of a long-term investment and advances equal to zero. However, if any of the following conditions is met, the Group shall continue to recognize investment losses: (a) the Group intends to continue its support for the investee, or (b) an investee's losses are temporary and there exists sufficient evidence showing imminent return to profitable operations in the near future.

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

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

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

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

An impairment loss should be recognized whenever the carrying amount of properties and rental properties exceeds their recoverable amount, and this impairment loss should be charged to current income. The accumulated impairment loss recognized in prior years could be reversed if there is a subsequent recovery in the estimates used to determine recoverable amount since the last impairment loss was recognized. However, an impairment loss is reversed only to the extent that it does not increase the carrying amount of an asset above the carrying amount that would have been determined for the asset (net of depreciation) had no impairment loss been recognized in prior years.

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



Depreciation is provided on a straight-line method over estimated useful lives as follows (plus one year to represent the estimated salvage value): buildings, 40 to 55 years; containers and chassis, 6 to 8 years; ships, 2.5 to 20 years; leased assets, 4 to 25 years; leasehold improvements, 2 to 10 years; and miscellaneous equipment, 3 to 18 years. Properties still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives.

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

### **Nonoperating Assets**

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

An impairment loss should be recognized whenever the carrying amount of nonoperating assets not currently used in operation exceeds their recoverable amount, and this impairment loss should be charged to current income. The accumulated impairment loss recognized in prior years could be reversed if there is a subsequent recovery in the estimates used to determine recoverable amount since the last impairment loss was recognized. However, an impairment loss is reversed only to the extent that it does not increase the carrying amount of an asset above the carrying amount that would have been determined for the asset (net of depreciation) had no impairment loss been recognized in prior years.

### **Deferred Charges**

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

### **Convertible Bonds**

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

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

### **Pension**

YMTC, AOT, Ching Ming, Kuang Ming, Yes Logistics, Honming, and Jing Ming have pension plans for all regular employees. Pension plan under the Labor Standards Law is defined benefit pension plan. The pension costs are recognized on the basis of actuarial calculations. The pension plan under the Labor Pension Act (the "Act") of the above companies is defined contribution pension plan. Under defined contribution pension plan, the companies' monthly contribution to employees' individual pension account should be made at a fixed percentage of employees' salaries, which are recognized as pension cost.

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

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

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

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

### **Treasury Stocks**

YMTC accounts for its stock held by subsidiaries as treasury stock. The recorded cost of the stock is based on its carrying amount as of January 1, 2002.

### **Income Tax**

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

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

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

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

### **Foreign Currencies**

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

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

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

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

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

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

## **Hedging Derivative Financial Instruments**

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

### **Hedge Accounting**

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

a. Fair value hedge

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

b. Cash flow hedge

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

### **Reclassifications**

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2006 have been reclassified to be consistent with the presentation of consolidated financial statements as of and for the year ended December 31, 2007.

## **3. CHANGES IN ACCOUNTING PRINCIPLES**

On January 1, 2006, the Group adopted the new ROC Statement of Financial Accounting Standards (SFAS) No. 34 - "Accounting for Financial Instruments," No. 36 - "Disclosure and Presentation of Financial Instruments" and related revisions to other SFASs.

According to the new and revised SFASs, the Group reclassified financial assets and financial liabilities (including derivative instruments). Adjustments to the carrying values of the financial assets at fair value through profit or loss are reported in cumulative effect of changes in accounting principles. Adjustments to the carrying values of available-for-sale financial assets and assets or liabilities in cash flow hedge are reported in stockholders' equity.

Moreover, equity investments in foreign currencies originally measured at costs and reclassified as financial assets measured at costs are remeasured at their historical exchange rates using the trade date accounting. Related accumulated translation adjustments previously reported as reductions of stockholders' equity are then reversed.

The effects of the first time adoption of new SFASs are as follows:

	<b>As Cumulative Effect of Changes in Accounting Principles (After Tax)</b>	<b>As Adjustments to Stockholders' Equity (After Tax)</b>
Financial assets at fair value through profit or loss	\$ 19,519	\$ -
Financial assets measured at cost	-	1,073
Hedging derivative financial liability	<u>-</u>	<u>(32,559)</u>
	<u>\$ 19,519</u>	<u>\$ (31,486)</u>

#### 4. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
Cash		
Petty cash and cash on hand	\$ 21,792	\$ 7,028
Checking accounts and demand deposits	4,561,404	3,227,926
Time deposits: Interest - 0.35%-8.50% in 2007 and 0.08%-6.50% in 2006	<u>5,022,404</u>	<u>2,919,550</u>
	<u>\$ 9,605,600</u>	<u>\$ 6,154,504</u>

There were time deposits of \$747 thousand with maturity of over one year as of December 31, 2007.

There were no deposits due over one year as of December 31, 2006.

The overseas deposits of YMTC as of December 31, 2007 and 2006 are summarized in the accompanying Schedules B and C.

#### 5. FINANCIAL INSTRUMENTS AT FVTPL

	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
<u>Financial assets at FVTPL</u>		
Financial assets held for trading	\$ 2,413,912	\$ 1,689,153
Financial assets designated as at FVTPL	<u>-</u>	<u>32,620</u>
	<u>\$ 2,413,912</u>	<u>\$ 1,721,773</u>
<u>Financial liabilities at FVTPL</u>		
Financial liabilities held for trading	<u>\$ 1,944</u>	<u>\$ -</u>

	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
<b>a. <u>Financial assets held for trading</u></b>		
Mutual funds	\$ 1,503,450	\$ 1,213,378
Quoted stocks	894,461	475,775
Oil swap	14,136	-
Convertible bonds	<u>1,865</u>	<u>-</u>
	<b><u>\$ 2,413,912</u></b>	<b><u>\$ 1,689,153</u></b>

**Financial liabilities held for trading**

Oil swap	\$ 1,483	\$ -
Oil swap option	<u>461</u>	<u>-</u>
	<b><u>\$ 1,944</u></b>	<b><u>\$ -</u></b>

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

The purpose of holding the short crude oil swap is for spread trading in 2006. By shorting the swap YMTC can hedge some energy fund investment risk, and make possible profit when the convergence of the two price series appears. In 2007, the purpose for trading oil swap is to reduce the cost burden from oil price increase.

There are no outstanding foreign exchange contracts and options of the Group as of December 31, 2007.

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

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

There are no outstanding foreign exchange contracts, options and oil swap contract of the Group as of December 31, 2006.

Net gains arising from financial assets held for trading were \$376,898 thousand (including realized settlement gains of \$228,795 thousand and valuation gains of \$148,103 thousand) for the year ended December 31, 2007; net gains were \$115,140 thousand (including realized settlement gains of \$64,223 thousand and valuation gains of \$50,917 thousand) for the year ended December 31, 2006.

b. Financial assets designated as at FVTPL

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Credit-linked structured time deposit	\$ -	\$ 32,620
Less: Reclassified into noncurrent assets	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 32,620</u>

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

Net gains arising from designated as financial assets at fair value through profit or loss were \$1,325 thousand (including valuation losses of \$20 thousand and interest revenue of \$1,345 thousand) for the year ended December 31, 2007; net gains were \$2,481 thousand (including realized settlement losses of \$11,503 thousand, valuation gains of \$217 thousand and interest revenue of \$13,767 thousand) for the year ended December 31, 2006.

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

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Bond fund	\$ 561,136	\$ 7,506,153
Domestic quoted stocks	4,047,709	-
Less: Reclassified into current assets	<u>(561,136)</u>	<u>(7,506,153)</u>
	<u>\$ 4,047,709</u>	<u>\$ -</u>

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

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Bond - Via Source	\$ 9,570	\$ 9,617
Less: Reclassified into noncurrent assets	<u>-</u>	<u>(9,617)</u>
	<u>\$ 9,570</u>	<u>\$ -</u>

YML-Singapore invested US\$500 thousand in 6-year Via Source Bond which will mature on February 15, 2008 with interest rate of 9% per annum. The counterparty bought US\$205 thousand as of December 31, 2007.

## 8. FINANCIAL ASSET MEASURED AT COST

	December 31			
	2007		2006	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Domestic unquoted common stocks				
Taipei Port Container Terminal Co., Ltd.	\$ 166,640	10.00	\$ 76,640	10.00
United Venture Capital Corp.	52,352	9.04	65,440	9.04
China Technology Venture Capital Corp.	30,000	8.96	30,000	8.96
Kingmax Technology Corp.	21,835	1.38	21,835	1.38
Ascentek Venture Capital Corp.	14,056	2.14	14,056	2.14
SF Technology Venture Capital Corp.	8,968	7.24	20,534	7.24
United Raw Material Solutions Inc.	5,898	2.76	5,899	2.76
Tytech Co., Ltd.	-	-	1,500	1.11
	<u>299,749</u>		<u>235,904</u>	
Domestic unquoted preferred stocks				
New Century Infocomm Co., Ltd.	<u>481,644</u>	1.68	<u>659,200</u>	1.68
Overseas unquoted common stocks				
Antwerp International Terminal	58,978	16.33	58,978	16.33
B2B.Com Holdings Ltd.	5,043	8.00	5,043	8.00
Zoll Pool Hafen Hamburg	477	6.00	429	6.00
Yangtze River Express Airlines Company Limited	-	12.00	607,082	12.00
	<u>64,498</u>		<u>671,532</u>	
	<u>\$ 845,891</u>		<u>\$ 1,566,636</u>	

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

The stockholders' meeting of New Century Infocomm Co., Ltd. resolved to reduce by 15.7895% its capital in June 2007. The record date of capital reduction was August 21, 2007. The Corporation had received proceed of capital reduction of \$126,316 thousand at NT\$1.57895 per share in cash.

The Group recognized impairment loss of \$611,552 thousand in 2007 because of accumulated loss of Yangtze River Express Airlines Company Limited.

## 9. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31			
	2007		2006	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Chunghwa Investment Co., Ltd.	\$ 857,570	40.00	\$ 795,760	40.00
West Basin Container Terminal LLC	490,568	40.00	416,833	40.00
Yunn Wang Investment Co., Ltd.	272,623	49.75	-	-
Formosa International Development Corporation	241,022	30.00	-	-
Chang Ming Logistics Company Limited (former Chongqing Changming Terminal Stevedoring Co., Ltd.)	225,681	49.00	212,986	49.00

(Continued)

	<b>December 31</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Carrying Value</b>	<b>% of Ownership</b>	<b>Carrying Value</b>	<b>% of Ownership</b>
Transyang Shipping Pte. Ltd.	\$ 203,708	49.00	\$ 67,945	49.00
United Terminal Leasing LLC	45,847	40.00	41,140	40.00
Yang Ming (Netherlands) B.V.	10,292	70.00	6,667	70.00
Yang Ming (Vietnam) Corp.	9,070	49.00	4,487	49.00
Corstor Ltd.	32	50.00	32	50.00
Yang Ming Italy S.p.A.	-	-	18,435	50.00
Nexus International Express, Inc.	-	-	-	49.00
	<u>\$ 2,356,413</u>		<u>\$ 1,564,285</u>	

(Concluded)

As of December 31, 2007 and 2006, investment income (loss) recognized under the equity method was as follows:

<b>Investee</b>	<b>Years Ended December 31</b>	
	<b>2007</b>	<b>2006</b>
Transyang Shipping Pte. Ltd.	\$ 137,775	\$ 2,473
West Basin Container Terminal LLC	76,715	84,208
Chunghwa Investment Co., Ltd.	59,997	20,508
Yang Ming (Netherlands) B.V.	9,166	2,985
United Terminal Leasing LLC	4,970	3,864
Yunn Wang Investment Co., Ltd.	1,678	-
Others	<u>(8,741)</u>	<u>(6,982)</u>
	<u>\$ 281,560</u>	<u>\$ 107,056</u>

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

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

For financing the investment project on Euromax terminal in Rotterdam, the board of directors of YMTC resolved to increase the capital investment by €12,620,000 in Yang Ming Line (Singapore) Pte. Ltd.

## 10. PREPAYMENTS FOR LONG-TERM INVESTMENT IN STOCKS

	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
Formosa International Development Corporation (former CPK-Bentham Joint Venture Company)	\$ -	\$ 177,996
Golden Logistics Corp. (former Golden Logistics (SHA) Corp.)	<u>-</u>	<u>9,758</u>
	<u>\$ -</u>	<u>\$ 187,754</u>



## 11. PROPERTIES

	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
Accumulated depreciation		
Buildings	\$ 188,092	\$ 157,632
Containers and chassis	10,253,609	10,737,129
Ships	12,418,134	11,932,187
Leased assets	3,491,755	3,124,671
Leasehold improvements	2,067,388	171,934
Miscellaneous equipments	<u>136,682</u>	<u>1,787,364</u>
	<u>\$ 28,555,660</u>	<u>\$ 27,910,917</u>

Information about capitalized interest on properties was as follows:

	<b>Years Ended December 31</b>	
	<b>2007</b>	<b>2006</b>
Capitalized interest	\$ 78,975	\$ 107,116
Capitalization rated	3.20%-3.472%	3.557%-5.938%

YMTC leases containers and chassis under capital lease agreements. The terms of the leases were from five years to nine years for containers and from five years to eight years for chassis. The annual rent payable on leased containers under the agreements is US\$5,471 thousand. YMTC has the option to buy, at the end of the lease terms, all leased containers at a bargain purchase price of US\$1 per unit. The annual rent payable on leased chassis is based on contract terms, and, at the end of the lease terms, the ownership of all the leased chassis will be transferred to YMTC at no additional cost.

YML-BVI leases ships under 25-year capital lease agreements starting in March 2001. The lease contracts were secured by standby letters credit issued by the Bank of Scotland and the Canadian Imperial Bank of Commerce (CIBC). YML-BVI deposited a portion of its lease payments in the Bank of Scotland and CIBC as collaterals (included in refundable deposits).

The related information for future rentals is shown in Note 26. The details of these leases as of December 31, 2007 and 2006 were as follows:

	<b>December 31</b>			
	<b>2007</b>		<b>2006</b>	
	<b>U.S. Dollars (Thousands)</b>	<b>New Taiwan Dollars (Thousands)</b>	<b>U.S. Dollars (Thousands)</b>	<b>New Taiwan Dollars (Thousands)</b>
Total capital lease obligations (undiscounted)	\$ 421,982	\$ 13,689,090	\$ 434,852	\$ 14,176,194
Less: Unamortized interest expense	<u>(185,628)</u>	<u>6,021,767</u>	<u>(198,839)</u>	<u>(6,482,158)</u>
	<u>\$ 236,354</u>	<u>\$ 7,667,323</u>	<u>\$ 236,013</u>	<u>\$ 7,694,036</u>

## 12. ASSETS LEASED TO OTHERS, NET

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Cost		
Land	\$ 2,944,499	\$ 2,077,416
Buildings	<u>1,243,575</u>	<u>887,584</u>
	4,188,074	2,965,000
Less: Accumulated impairment - land	10,507	10,507
Accumulated impairment - buildings	2,832	2,832
Accumulated depreciation - buildings	<u>107,264</u>	<u>95,590</u>
	<u>\$ 4,067,471</u>	<u>\$ 2,856,071</u>

Future rental payments receivable were summarized as follows:

<b>Fiscal Year</b>	<b>Amount</b>
2008	\$ 147,251
2009	88,297
2010	15,229
2011	12,443
2012	6,402

## 13. NONOPERATING ASSETS, NET

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Cost		
Land	\$ 217,715	\$ 260,043
Buildings	<u>16,896</u>	<u>4,894</u>
	234,611	264,937
Accumulated depreciation - buildings	<u>3,845</u>	<u>4,551</u>
	<u>\$ 230,766</u>	<u>\$ 260,386</u>

## 14. LONG-TERM DEBTS

<u>December 31, 2007</u>	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
Long-term secured bank loans	\$ 963,043	\$ 12,574,494	\$ 13,537,537
Long-term loans from related parties	-	2,912	2,912
Long-term secured loans	1,176	3,385	4,561
Domestic unsecured bonds	1,034,000	18,706,000	19,740,000
Domestic unsecured convertible bonds	59,400	-	59,400
Interest premium - domestic unsecured convertible bonds	829	-	829
Capital leases	<u>342,168</u>	<u>7,325,155</u>	<u>7,667,323</u>
	<u>\$ 2,400,616</u>	<u>\$ 38,611,946</u>	<u>\$ 41,012,562</u>

(Continued)

<u>December 31, 2006</u>	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
Long-term secured bank loans	\$ 726,501	\$ 5,047,433	\$ 5,773,934
Long-term loans from related parties	-	4,142	4,142
Domestic unsecured bonds	848,000	19,740,000	20,588,000
Domestic secured bonds	3,000,000	-	3,000,000
Domestic unsecured convertible bonds	465,200	-	465,200
Interest premium - domestic unsecured convertible bonds	4,142	-	4,142
Capital leases	<u>208,660</u>	<u>7,485,376</u>	<u>7,694,036</u>
	<u>\$ 5,252,503</u>	<u>\$ 32,276,951</u>	<u>\$ 37,529,454</u> (Concluded)

### **Long-term secured Bank Loans**

On December 27, 2005, Yang Ming-Liberia provided four 8,200 TEU ships as collaterals for the eight-year secured loan of US\$221,760 thousand from Mega International Commercial Bank. As of December 31, 2007, the loan was fully obtained and will be fully paid by August 22, 2014. The interest rates are at 3-month or 6-month LIBOR plus spread. The interest rates ranged from 5.3750%-5.8750% and 5.8125% to 5.9375% for the years ended December 31, 2007 and 2006. The loan will be repayable after one year from the date the loan was obtained and every six months thereafter at 15 equal installments of US\$3,696 thousand. In 2007 and 2006, the loan amounts of US\$199,584 thousand and US\$174,240 thousand were not paid and US\$29,568 thousand and US\$22,176 thousand to be paid in 2008 and 2007 were classified as current portion of long-term secured bank loans.

On August 8, 2007, Yang Ming-Liberia provided five 5,551 TEU ships as collaterals for the seven-year secured loan of US\$215,000 thousand from Cathay United Bank. The loan will be fully paid by August 8, 2014. The interest rates are at 3-month or 6-month LIBOR plus spread. The interest rates ranged from 5.13031% to 5.62344% for the year ended December 31, 2007. The loan will be repayable after one and a half years from the date the loan was obtained and every six months thereafter at 12 equal installments of US\$17,917 thousand. As of December 31, 2007, the principal of the loan was not started to be repaid.

Karlman Properties provided real estates in Hong Kong as collaterals for the fifteen-year secured loan of HK\$16,000 thousand from Shanghai Commercial Bank maturing on May 21, 2016 with interest rate of 4.50% per annum. The unpaid loan amounted to HK\$9,471 thousand and HK\$10,425 thousand at December 31, 2007 and 2006 with current portion of HK\$927 thousand and HK\$850 thousand, respectively.

Jing Ming provided its land as collateral for the fifteen-year secured loan of \$50,000 thousand from Bank of Taiwan. The interest is paid monthly in the first two years after the loan was obtained, and paid quarterly thereafter. The interest rate is 2.53% in the first two years and 2.73% thereafter. Jing Ming will pay the principal in equal installments from August, 2008 and \$962 thousand to be paid in 2008 was classified as current portion of long-term secured bank loans.

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

In order to purchase transportation facility, Young-Carrier Company Limited mortgaged the same facility for HK\$1,363 thousand which is amortized over 60 installments. The mortgage will be lifted by December, 2011 with interest rate of 2.9%. As of December 31, 2007, the mortgage amounted HK\$1,091 thousand was not paid and HK\$273 thousand to be paid in 2008 was classified as current portion of long-term secured loans.

## Domestic Unsecured Bonds

On various dates, YMTC issued domestic unsecured bonds; the dates and the aggregate face values were as follows: \$3,000,000 thousand on June 1, 2000 (the "June 2000 Bonds"); \$2,400,000 thousand on November 20, 2000 (the "November 2000 Bonds"); \$1,100,000 thousand on July 16, 2001 (the "July 2001 Bonds"), \$1,600,000 thousand on June 18, 2004 (the "June 2004 Bonds"), \$5,000,000 thousand from October 8 to October 20 in 2004 (the "October 2004 Bonds"); \$2,500,000 thousand from December 8 to December 14 in 2004 (the "December 2004 Bonds") \$6,000,000 thousand on October 23, 2006 (the "October 2006 Bonds").

Other bond features and terms are as follows:

June 2000 Bonds: Type A - Aggregate face value: \$1,200,000 thousand; repayments: 33% - June 1, 2005, 33% - June 1, 2006, and 34% - June 1, 2007; 5.7% annual interest. The Corporation had fully repaid as of December 31, 2007.

Type B - Aggregate face value: \$1,800,000 thousand; repayments: 33% - June 1, 2008, 33% - June 1, 2009, and 34% June 1, 2010; 6.09% annual interest.

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

July 2001 Bonds: Repayments: 20% - July 2006, 40% - July 2007, and 40% - July 2008; 4.49% annual interest. The Corporation had repaid \$660,000 thousand as of December 31, 2007.

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

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

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

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

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

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

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

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

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

### **Domestic Secured Bonds**

YMTC issued five-year domestic secured bonds between June 27, 2002 and July 5, 2002, with an aggregate face value of \$3,000,000 thousand and 3.85% annual interest. The Corporation had fully repaid as of December 31, 2007.

### **Domestic Unsecured Convertible Bonds**

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

- a. Lump-sum payment to the holders upon maturity (in 2008) at 101.256% of the face value;
- b. Conversion by the holders, from November 2003 to 10 days before the due date, into YMTC's common shares at the prevailing conversion price (NT\$19.70 dollars per share as of December 31, 2007);
- c. Reselling to YMTC by the holders before maturity. The reselling of Type A bonds starts from August 7, 2005 at face value while that of Type B bonds starts from August 7, 2006 at 100.451% of the face value; or
- d. Redemption by YMTC, under certain conditions, at face value before bond maturity.

As of December 31, 2007, the 2003 Convertible Bonds with aggregate face value of \$7,878,200 thousand had been converted into 312,917 thousand common shares of YMTC, and the aggregate face value of \$62,400 thousand had been sold to the YMTC by the holders.

The above converted bonds with aggregate face value of \$156,700 thousand were exercised by bondholders from October 1, 2007 to December 31, 2007 and totally converted into 7,954 thousand common shares. According to the legal interpretations issued by the Ministry of Economic Affairs (MOEA), the revision of registration was made after the stock was issued. The revision of stock registration was approved by MOEA in January 2008.

As of December 31, 2007, the Group had no credit lines available for long-term bank loans.

### **Capital Lease**

Refer to the Note 11 to financial statements.

## **15. RESERVE FOR LAND VALUE INCREMENT TAX**

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

## 16. UNREALIZED GAIN ON SALE AND LEASEBACK

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Chassis	\$ 7,874	\$ 15,655
Vessel Ming North	<u>-</u>	<u>6,321</u>
	<u>\$ 7,874</u>	<u>\$ 21,976</u>

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

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

## 17. PENSION PLAN

### a. Pension plan of YMTC

YMTC adopted three pension plans after its privatization on February 15, 1996. These plans are as follows:

The Labor Pension Act (the “Act”) took effect on July 1, 2005. This Act provides for a defined contribution plan featuring a portable pension. Employees can choose to remain subject to the pension mechanism under the Labor Standards Law and the Maritime Labor Law, or choose to be subject to the pension mechanism under the Act, with their service years accumulated before the enforcement of this Act to be retained. Employees hired after July 1, 2005 can only choose to be subject to the pension mechanism under the Act.

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

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

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

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

Before YMTC's privatization, qualified employees received pension payments for service year before the start of the privatization. The service years of the employees who received pre-privatization pension payments and continued to work in YMTC after privatization will be excluded from the calculation of pension payments after privatization.

b. Pension plan of subsidiaries

The Labor Pension Act (the "Act") took effect on July 1, 2005. This Act provides for a defined contribution plan featuring a portable pension. Employees can choose to remain subject to the pension mechanism under the Labor Standards Law and the Maritime Labor Law, or choose to be subject to the pension mechanism under the Act, with their service years accumulated before the enforcement of this Act to be retained. Employees hired after July 1, 2005 can only choose to be subject to the pension mechanism under the Act.

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

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

Some consolidated subsidiaries, which are mainly for investment holding purpose, have either very few or no staff. These subsidiaries have no pension plans and thus do not contribute to pension funds and do not recognize pension costs. Except for these companies, the consolidated subsidiaries all contribute to pension funds and recognize pension costs based on local government regulations. They have recognized pension cost of \$139,115 thousand and \$139,087 thousand for the years ended December 31, 2007 and 2006, respectively.

c. Information of the pension cost under the Act

Under the Act, the employer's monthly rate of contribution to the pension fund from July 1, 2005, should be at least 6% of the employees' monthly wages. The pension costs under the defined contribution plan amounted to \$33,549 thousand and \$29,361 thousand for the years ended December 31, 2007 and 2006, respectively.

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

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

1) Net periodic pension cost was as follows:

	<b>2007</b>	<b>2006</b>
Service cost	\$ 143,708	\$ 151,924
Interest cost	59,612	42,202
Expected return on plan assets	(12,874)	(11,078)
Amortization of net transition assets or obligation	3,389	3,389
Amortization of prior service cost	14,580	436
Amortization of net loss	<u>21,249</u>	<u>10,603</u>
Net pension cost	<u>\$ 229,664</u>	<u>\$ 197,476</u>

2) Reconciliation of funded status of the pension plan to accrued pension cost at end of year

	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
Benefit obligation		
Vested benefit obligation (VBO)	\$ 631,792	\$ 514,723
Non-vested benefit obligation	<u>1,003,517</u>	<u>793,815</u>
Accumulated benefit obligation (ABO)	1,635,309	1,308,538
Additional benefits based on future salaries	<u>470,490</u>	<u>451,760</u>
Projected benefit obligation	2,105,799	1,760,298
Fair value of plan assets	<u>(544,581)</u>	<u>(396,079)</u>
Plan funded status	1,561,218	1,364,219
Unrecognized net transition asset	(47,974)	(34,365)
Unrecognized prior service cost	(3,491)	(3,927)
Unrecognized pension cost	(427,620)	(469,877)
Additional minimum pension liability	<u>68,885</u>	<u>116,467</u>
Accrued pension cost	<u>\$ 1,151,018</u>	<u>\$ 972,517</u>
Vested benefits	<u>\$ 810,596</u>	<u>\$ 653,497</u>

3) Actuarial assumptions

Discount rate	3.00%	2.50-2.75%
Rate of increase in compensation	2.00-2.75%	2.00-2.75%
Expected rate of return on plan assets	3.00%	2.75%

4) Contribution and benefits paid

Contributions	<u>\$ 99,010</u>	<u>\$ 91,645</u>
Payment of benefits	<u>\$ 49,577</u>	<u>\$ 39,411</u>



## 18. STOCKHOLDERS' EQUITY

### a. Global depositary receipts

On November 14, 1996, YMTC issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 dollar per unit. The holders of the GDRs may not exchange them for YMTC's stocks. However, starting February 14, 1997, the holders of the GDR may request the depository bank to sell the shares represented by the GDRs. As of December 31 2007, there were 4,581,780 units outstanding, representing 45,817,864 shares, 1.98% of total issued shares.

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

### b. Capital surplus

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

### c. Appropriation of earnings and dividend policy

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

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

These appropriations and other allocations of earnings should be resolved by the stockholders in the following year and given effect to in the financial statements of that year.

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

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

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

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

The stockholders resolved to appropriate the 2006 and 2005 earnings on June 27, 2007 and June 23, 2006, respectively, as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (Dollars)</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Legal reserve	\$ 114,316	\$ 925,574		
Special reserve	(7,416)	925,574		
Bonus to employees	58,478	106,426		
Cash dividends	735,682	5,724,586	\$0.32	\$2.50
Stock dividends	183,920	-	0.08	-

Because of the conversion of the 2003 convertible bonds, the actual cash dividends and stock dividends per share in 2006 were NT\$0.31953484 and NT\$0.07988370.

Had YMTC recognized bonus to employees as expense in 2006 and 2005, the primary and diluted income tax earnings per share in 2006 would have declined from NT\$0.50 to NT\$0.47 and from NT\$0.50 to NT\$0.47, and in 2005 would have declined from NT\$4.11 to NT\$4.06 and NT\$4.06 to NT\$4.01, respectively.

As of March 3, 2008, YMTC's board of directors had not decided the appropriation of the 2006 earnings. Information on the appropriation of the YMTC's earnings is available on the Market Observation Post System website site of the Taiwan Stock Exchange.

## 19. TREASURY STOCKS

<u>Reason for Repurchase</u>	<u>Outstanding Shares (Thousands)</u>			
	<u>Beginning of the Period</u>	<u>Increase</u>	<u>Decrease</u>	<u>End of the Period</u>
<u>Year ended December 31, 2006</u>				
Stocks of YMTC held by subsidiaries	<u>22,248</u>	<u>-</u>	<u>22,248</u>	<u>-</u>

On January 1, 2002, YMTC reclassified the shares of YMTC held by subsidiaries from investments into treasury stocks. The proceeds from the subsidiaries' disposal of these shares were \$445,138 thousand in 2006.

Although YMTC's shares held by subsidiaries are treated as treasury stocks instead of investments, the subsidiaries retain stockholders' rights on those shares, except the right of voting under the revised Company Law and the right to subscribe for new shares issued by YMTC.

## 20. INCOME TAX

- a. The government enacted the Alternative Minimum Tax Act (the “AMT Act”), which became effective on January 1, 2006. The alternative minimum tax (“AMT”) imposed under the AMT Act is a supplemental tax levied at a rate of 10% which is payable if the income tax payable determined pursuant to the Income Tax Law is below the minimum amount prescribed under the AMT Act. The taxable income for calculating the AMT includes most of the income that is exempted from income tax under various laws and statutes. The Group has considered the impact of the AMT Act in the determination of its tax liabilities.
- b. A reconciliation of income tax expense based on income before income tax at the statutory rate and income tax expense was as follows:

	<b>2007</b>	<b>2006</b>
Income tax expense at statutory rate	\$ 2,094,325	\$ 523,590
Tax effect on adjusting items:		
Permanent differences	(1,060,846)	(306,893)
Temporary differences	326,771	(369,317)
Loss carryforwards used	(189,133)	251,455
Others	(8,581)	(16,673)
Additional 10% income tax on undistributed earnings	8,242	250,879
Additional income tax under the AMT	<u>11,704</u>	<u>6,728</u>
Income tax payable - current	1,182,482	339,769
Overseas income tax	113,621	155,673
Deferred income tax expenses		
Temporary differences	(220,445)	102,149
Loss carryforwards	189,133	(49)
Adjustment in valuation allowance	(13,257)	-
Adjustment of prior years' taxes	<u>58,321</u>	<u>(65,889)</u>
Income tax expense - current	<u>\$ 1,309,855</u>	<u>\$ 531,653</u>

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

	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
Current (included in other current assets)		
Deferred income tax assets		
Unrealized foreign exchange loss	\$ 36,866	\$ -
Unrealized loss shipping fuel valuation losses	-	14,193
Others	<u>7,910</u>	<u>2,492</u>
	<u>44,776</u>	<u>16,685</u>
Deferred income tax liabilities		
Unrealized gain on financial instruments	-	(2,222)
Others	<u>(3,712)</u>	<u>(3,695)</u>
	<u>(3,712)</u>	<u>(5,917)</u>
	<u>\$ 41,064</u>	<u>\$ 10,768</u>

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Noncurrent		
Deferred income tax assets		
Deferred pension cost	\$ 188,771	\$ 124,562
Investments loss recognized on overseas equity-method investments	63,574	34,869
Impairment loss on financial assets measured at cost	2,250	-
Loss carryforward	-	280,243
Unrealized loss on financial instruments	-	11,967
Others	6,106	787
Less: Valuation allowance	<u>(13,440)</u>	<u>(38,137)</u>
	<u>247,261</u>	<u>414,291</u>
Deferred income tax liabilities		
Investments gain recognized on overseas equity-method investments	(2,055,411)	(2,347,084)
Differences in estimated service lives of properties	(419,963)	(340,636)
Unrealized gain on financial instruments	<u>(1,575)</u>	<u>-</u>
	<u>(2,476,949)</u>	<u>(2,687,720)</u>
	<u>\$ (2,229,688)</u>	<u>\$ (2,273,429)</u>

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

d. Information about integrated income tax was as follows:

	<b>December 31, 2007</b>	<b>Estimated Ratio of 2007</b>	<b>Actual Ratio of 2006</b>
Balance of the imputation credit account (ICA)			
YMTC	<u>\$ 511,491</u>	13.03%	11.85%
Kuang Ming	<u>\$ 795</u>	20.44%	33.33%
Ching Ming	<u>\$ 3,118</u>	11.19%	11.47%
Honming	<u>\$ 8,555</u>	33.33%	33.33%
Jing Ming	<u>\$ 8,129</u>	33.33%	33.42%
Yes Logistics	<u>\$ 4,501</u>	-	-

Yes Logistics had no unappropriated earnings as of December 31, 2007. Thus, the ICA balance will be accumulated until dividend distribution in the future.

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of YMTC and subsidiaries in ROC are based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2007 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

e. As of December 31, 2007 and 2006, the balances of YMTC's unappropriated retained earnings generated before June 30, 1998 aggregated \$2,064,438 thousand.

f. Investment tax credits information

The unused investment tax credits as of December 31, 2007 are summarized as follows:

<b>Regulatory Basis of Tax Credits</b>	<b>Items</b>	<b>Total Investment Tax Credits</b>	<b>Unused Investment Tax Credits</b>	<b>Expiry Year</b>
<u>Yes Logistics</u>				
Statute for Upgrading Industries	Training	<u>\$55</u>	<u>\$55</u>	2010

g. Status of income tax returns:

Income tax returns of YMTC through 2004 had been assessed by tax authorities.

**21. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES**

	<b>2007</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Personnel expenses			
Salary	\$ 1,723,356	\$ 3,389,461	\$ 5,112,817
Insurance	37,934	329,261	367,195
Pension	120,597	289,603	410,200
Others	103,590	201,508	305,098
Depreciation	4,545,375	956,220	5,501,595
Amortization	<u>277,513</u>	<u>22,235</u>	<u>299,748</u>
	<u>\$ 6,808,365</u>	<u>\$ 5,188,288</u>	<u>\$ 11,996,653</u>
	<b>2006</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Personnel expenses			
Salary	\$ 1,474,725	\$ 2,374,828	\$ 3,849,553
Insurance	58,754	263,215	321,969
Pension	113,506	258,740	372,246
Others	81,860	129,301	211,161
Depreciation	4,320,343	200,611	4,520,954
Amortization	<u>176,123</u>	<u>27,212</u>	<u>203,335</u>
	<u>\$ 6,225,311</u>	<u>\$ 3,253,907</u>	<u>\$ 9,479,218</u>

## 22. EARNINGS PER SHARE

(In Dollars)

	<u>December 31</u>			
	<u>2007</u>		<u>2006</u>	
	<u>Pretax</u>	<u>After Tax</u>	<u>Pretax</u>	<u>After Tax</u>
<u>Basic EPS (NT\$)</u>				
Income before cumulative effect of changes in accounting principles	\$ 3.02	\$ 2.60	\$ 0.71	\$ 0.49
Cumulative effect of changes in accounting principles	-	-	0.01	0.01
Consolidated net income - attributed to controlling interest	<u>\$ 3.02</u>	<u>\$ 2.60</u>	<u>\$ 0.72</u>	<u>\$ 0.50</u>
<u>Diluted EPS (NT\$)</u>				
Income before cumulative effect of change in accounting principles	\$ 3.00	\$ 2.58	\$ 0.70	\$ 0.48
Cumulative effect of changes in accounting principles	-	-	0.01	0.01
Consolidated net income - attributed to controlling interest	<u>\$ 3.00</u>	<u>\$ 2.58</u>	<u>\$ 0.71</u>	<u>\$ 0.49</u>

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

	<u>Amount (Numerator)</u>		<u>Capital Stock (Denominator) (in Thousand Shares)</u>	<u>Net Income Per Share (Dollars)</u>	
	<u>Income Before Income Tax</u>	<u>Net Income</u>		<u>Income Before Income Tax</u>	<u>Net Income</u>
<u>Year ended December 31, 2007</u>					
Basic EPS	\$ 7,005,088	\$ 6,020,284	2,318,161	<u>\$ 3.02</u>	<u>\$ 2.60</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>666</u>	<u>499</u>	<u>13,553</u>		
Diluted EPS	<u>\$ 7,005,754</u>	<u>\$ 6,020,783</u>	<u>2,331,714</u>	<u>\$ 3.00</u>	<u>\$ 2.58</u>
<u>Year ended December 31, 2006</u>					
Basic EPS	\$ 1,648,113	\$ 1,143,155	2,304,825	<u>\$ 0.72</u>	<u>\$ 0.50</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>1,248</u>	<u>936</u>	<u>23,614</u>		
Diluted EPS	<u>\$ 1,649,361</u>	<u>\$ 1,144,091</u>	<u>2,328,439</u>	<u>\$ 0.71</u>	<u>\$ 0.49</u>

The average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of stock dividends and employee stock bonuses. This adjustment caused the basic and diluted after income tax EPS for the year ended December 31, 2006 to decrease from NT\$0.50 to NT\$0.50 and from NT\$0.50 to NT\$0.49, respectively.

### 23. DISCLOSURE FOR FINANCIAL INSTRUMENTS

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

	<b>December 31</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>
<u>Assets</u>				
Financial assets at fair value				
through profit or loss - current	\$ 2,413,912	\$ 2,413,912	\$ 1,721,773	\$ 1,721,773
Available-for-sale financial				
assets - current	561,136	561,136	7,506,153	7,506,153
Held-to-maturity financial assets -				
current	9,570	9,570	-	-
Available-for-sale financial				
assets - noncurrent	4,047,709	4,047,709	-	-
Held-to-maturity financial assets -				
noncurrent	-	-	9,617	9,617
Financial asset measured at				
cost - noncurrent	845,891	-	1,566,636	-
Investments accounted for using				
equity method	2,356,413	-	1,564,285	-
Prepayment for long-term				
investment in stock	-	-	187,754	-
Cash surrender value of life				
insurance	11,396	11,396	6,802	6,802
Hedging derivative financial				
assets - noncurrent	9,172	9,172	-	-
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss - current	1,944	1,944	-	-
Hedging derivative financial				
liability - noncurrent	2,871	2,871	47,871	47,871
Long-term loans	13,540,922	13,540,922	5,773,934	5,773,934
Bonds	19,800,229	20,218,813	24,057,342	24,307,673
Capital leases	7,667,323	7,667,323	7,694,036	7,694,036

Place of transaction:

Place of Transaction	December 31			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Financial assets</u>				
Overseas (including foreign institutions in Taiwan)	\$ 23,308	\$ 23,308	\$ 32,620	\$ 32,620
<u>Financial liabilities</u>				
Overseas (including foreign institutions in Taiwan)	4,815	4,815	47,871	47,871

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

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

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

The Group uses the exchange quotations of the Reuters (or the Associated Press) to calculate market value of each interest rate swap and forward contract based on the related net cash flow and the exchange rate.

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



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

	<u>Quoted Price</u>		<u>Estimated Price</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 2,399,776	\$ 1,689,153	\$ 14,136	\$ 32,620
Available-for-sale financial assets - current	561,136	7,506,153	-	-
Held-to-maturity financial assets - current	-	-	9,507	-
Available-for-sale financial assets - noncurrent	4,047,709	-	-	-
Held-to-maturity financial assets - noncurrent	-	-	-	9,617
Hedging derivative financial assets - noncurrent	-	-	9,172	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	1,944	-
Hedging derivative financial liabilities - noncurrent	-	-	2,871	47,871

- d. Net gain (loss) on changes of the fair value determined using valuation technique was \$13,727 thousand and (\$983) thousand for the years ended December 31, 2007 and 2006.
- e. Financial assets and liabilities affected by interest rate were as follows:

	<u>December 31</u>			
	<u>2007</u>		<u>2006</u>	
	<u>Financial Assets</u>	<u>Financial Liabilities</u>	<u>Financial Assets</u>	<u>Financial Liabilities</u>
<u>Risk of interest rate change</u>				
Fair value risk	\$ 5,033,839	\$ 19,324,488	\$ 2,805,371	\$ 23,574,930
Cash flow risk	12,012,890	21,789,036	10,617,940	14,034,516

- f. Information about financial risks

1) Market risk

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

For the years ended December 31, 2007 and 2006, the interest rate swap contracts held by YMTC were for nontrading purposes, i.e., to hedge overall fluctuations on interest rates. YMTC and subsidiaries use interest rate swap contracts with gains or losses that offset the gains or losses on floating interest-bearing liabilities. Through these contracts, YMTC and subsidiaries hedges most of the risks in the market. In addition, YMTC and subsidiaries evaluate the hedging effectiveness of the contracts periodically.

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

YMTC and subsidiaries use equity-linked notes for trading purposes to earn investment income. YMTC and subsidiaries will settle the notes on contract value if the underlying equity stock market value is higher than contract value; otherwise, YMTC will convert the notes to beneficiary certificates representing the shares of underlying equity stock and earn dividends before selling the stock in the market.

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

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

The Corporation's purpose for trading crude oil swap and oil swap option is to reduce the cost burden from oil price increase or the price risk of other hedging instruments. The purpose of the Corporation's hedge strategy is to transfer the crude oil market risk.

The Corporation evaluates the risk exposure and hedge position periodically. The hedging instruments will be settled in cash.

When oil price goes down, the Corporation's bunker cost burden will go down as well to offset the possible hedge position loss. Therefore, the market risk exposure of the Corporation should be limited and controllable.

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

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

## 2) Credit risk

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

3) Liquidity risk

YMTC and its subsidiaries have sufficient operating capital to meet the cash demand. Thus, YMTC and its subsidiaries do not have liquidity risk.

YMTC entered into interest rate swaps to hedge cash flow risks for the years ended December 31, 2007 and 2006. The interest rate swap contracts are settled at net amounts; thus, and the expected cash demand is not significant.

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

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

4) Cash flow risk on interest rate

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

g. Cash flow hedge

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

Hedged Items	Financial Instruments Designated	Designated Hedging Instruments				Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
		December 31					
		2007		2006			
		Notional Amount	Fair Value	Notional Amount	Fair Value		
Bonds with floating interest rate	Interest rate swap	\$ (500,000)	\$ 9,172	\$ (500,000)	\$ (18,306)	June 18, 2004 - June 18, 2011	June 18, 2004 - June 18, 2011
Bonds with floating interest rate	Interest rate swap	(500,000)	(2,871)	(500,000)	(29,565)	June 18, 2004 - June 18, 2011	June 18, 2004 - June 18, 2011

**24. RELATED-PARTY TRANSACTIONS**

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

The transactions with related parties were conducted under contract terms.

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

Related Party	Relationship with the Group
Yang Ming Italy S.P.A	Equity-method investee (had been a subsidiary of YMTC since January 2007)
Yang Ming (Vietnam) Corp.	Equity-method investee
West Basin Container Terminal LLC	Equity-method investee
Yang Ming (Netherlands) B.V.	Equity-method investee
Transyang Shipping Ptd. Ltd.	Equity-method investee

(Continued)

<u>Related Party</u>	<u>Relationship with the Group</u>
Nexus International Express, Inc.	Equity-method investee
Yang Ming Cultural Foundation	YMTC's donation is equal to foundation's capital
Leader Container Transportation Co., Ltd.	The company's supervisor is Jing Ming's Chairman
Marine Container Service India P. Ltd.	The company is a major shareholder of Yang Ming Line (India) Pvt. Ltd.
Bay Container Terminal PVT Ltd.	The company is a major shareholder of Yang Ming Line (India) Pvt. Ltd.
Taiwan Navigation Co., Ltd.	More than half of the directors are identical

(Concluded)

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

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>For the year ended</u>				
Operating revenues				
Leader Container Transportation Co., Ltd.	\$ 238	-	\$ 4,466	-
Nexus International Express, Inc.	-	-	157	-
	<u>\$ 238</u>	<u>-</u>	<u>\$ 4,623</u>	<u>-</u>
Operating costs				
West Basin Container Terminal LLC	\$ 2,742,194	2	\$ 2,357,581	2
Leader Container Transportation Co., Ltd.	396,954	-	395,072	1
Taiwan Navigation Co., Ltd.	216,366	-	-	-
Yang Ming (Netherlands) B.V.	118,929	-	80,206	-
Yang Ming (Vietnam) Corp.	36,394	-	48,553	-
Nexus International Express, Inc.	1,006	-	50,421	-
Yang Ming Italy S.P.A	-	-	137,776	-
	<u>\$ 3,511,843</u>	<u>2</u>	<u>\$ 3,069,609</u>	<u>3</u>
Operating expenses				
Marine Container Service India P. Ltd.	\$ 21,021	-	\$ 18,751	-
Bay Container Terminal PVT Ltd.	1,914	-	1,984	-
	<u>\$ 22,935</u>	<u>-</u>	<u>\$ 20,735</u>	<u>-</u>
<u>December 31</u>				
Accounts receivable from related parties				
Yang Ming (Netherlands) B.V.	\$ 75,758	62	\$ 89,527	19
Yang Ming (Vietnam) Corp.	46,287	38	47,817	10
Yang Ming Italy S.P.A	-	-	329,507	70
Others	666	-	876	1
	<u>\$ 122,711</u>	<u>100</u>	<u>\$ 467,727</u>	<u>100</u>

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Payable to related parties				
Yang Ming (Vietnam) Corp.	\$ 88,591	37	\$ 77,250	29
Yang Ming (Netherlands) B.V.	74,988	32	56,164	21
Leader Container Transportation Co., Ltd.	56,470	24	72,022	27
Taiwan Navigation Co., Ltd.	14,997	6	-	-
Marine Container Service India P. Ltd.	3,142	1	3,870	2
Bay Container Terminal PVT Ltd.	308	-	570	1
Nexus International Express, Inc.	5	-	2,262	1
Yang Ming Italy S.P.A	-	-	50,007	19
	<u>\$ 238,501</u>	<u>100</u>	<u>\$ 262,145</u>	<u>100</u>

The financing provided by the related parties were as follows:

	<u>Maximum Balance for the Period</u>	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Interest Expense</u>	<u>Interest Payable</u>	<u>Pledged</u>
<u>2007</u>						
Long-term debts						
Marine Container Services India P. Ltd	<u>\$ 4,370</u>	<u>\$ 2,912</u>	12%	<u>\$ 675</u>	<u>\$ -</u>	None
<u>2006</u>						
Long-term debts						
Marine Container Services India P. Ltd	<u>\$ 6,026</u>	<u>\$ 4,142</u>	12%	<u>\$ 1,021</u>	<u>\$ -</u>	None

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

The transactions with related parties were conducted under contract terms.

## 25. ASSETS PLEDGED OR MORTGAGED

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

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Properties, net	\$ 17,144,758	\$ 8,884,905
Refundable deposits	7,867,602	7,771,331
Restricted time deposit (included in other current assets)	242,528	124,923
Nonoperating assets, net	89,230	89,230
Pledged time deposits (included in other assets - miscellaneous)	<u>33,078</u>	<u>71,320</u>
	<u>\$ 25,377,196</u>	<u>\$ 16,941,709</u>

## 26. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Note 23 and Schedule E, commitments and contingent liability as of December 31, 2007 were as follows:

- a. Obligations of YMTC to provide crews to two ships of Taiwan Power Company, Ltd. under contracts expiring on various dates by September 2012. The daily compensation under the contracts is \$143 thousand for all the crews.
- b. Leases of office premises, ships and container yard of the Group under operating lease agreements that will expire on various dates until May 2030. The total rental for the year ended December 31, 2007 was \$10,300,322 thousand, and future minimum rentals are as follows:

Fiscal Year	Amount
2008	\$ 9,773,252
2009	6,266,814
2010	6,419,674
2011	5,347,531
2012	4,561,969

Rentals after 2013 will be \$9,454,617 thousand. The present value of those rentals, computed at an annual interest rate of 2.64%, is \$8,992,556 thousand.

- c. Leases of containers and chassis and vessels of the Group under capital lease agreements expiring on various dates until March 2026. The total rental and interests for the year ended December 31, 2007 were about \$495,385 thousand (deducted from leases payable). Future minimum rentals are as follows:

Fiscal Year	Amount
2008	\$ 656,638
2009	408,117
2010	394,799
2011	509,876
2012	521,185

Rentals after 2013 will be \$10,272,095 thousand. The present value of those rentals, computed at an annual interest rate of 2.64%, is \$7,806,383 thousand.

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

Company Name	Nature of Relationship	Guarantee Amount
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	US\$ 5,000,000
All Oceans Transportation Inc.	Subsidiary	US\$ 27,635,000
Yang Ming (America) Corp.	Subsidiary	US\$ 1,500,000
Yang Ming (Liberia) Corp.	Subsidiary	US\$ 436,760,000
United Terminal Leasing LLC	Equity-method investee	US\$ 15,238,000
West Basin Container Terminal LLC	Equity-method investee	US\$ 15,464,000
Olympic Container Terminal LLC	Subsidiary	US\$ 4,700,000

- e. Yang Ming Line Holding Co. guarantee of loan obtained by 40% investee, West Basin Container Terminal LLC (US\$104,000). Yang Ming Line (Hong Kong) guarantee of loan obtained by Karlman Properties Limited (HK\$16,000,000). Yang Ming Line (B.V.I.) Holding Co., Ltd. guarantee of loan obtained by Yangming (UK) Ltd. (US\$1,427,000).
- f. Yes Logistics Corp. guarantee of loan obtained by Yes Logistics Corp. (NT\$499,738 thousand). An equal amount of time deposit in USD was required to be pledged as collateral when Yes Logistics Corp. borrowed up to the line of credit. As of December 31, 2007, the line of credit had yet to be exercised.
- g. YMTC made an agreement to acquire containers. As of December 31, 2007, YMTC had not yet received the containers and thus had not yet made the related payment of US\$26,497,000.
- h. An agreement entered into on October 8, 2004 for YMTC to build the second logistics center in Kaohsiung jointly with the MOTC Harbor Bureau. The center is to be used to package, store, process, transfer and distribute goods. YMTC had paid \$691,544 thousand for this center and is currently awaiting completion of transferring procedure with MOTC Harbor Bureau.
- i. Agreement between AOT and certain shipbuilding corporations to construct 25 vessels for US\$1,749,499,000 and JPY24,250,000,000. As of December 31, 2007, AOT had paid US\$190,651,000, \$1,171,197 thousand and JPY2,734,000,000.
- j. On October 30, 2007, Kao Ming Container Terminal Corp. had signed a contract namely “consulting service for the civil engineering of dock and container yard in the Kaohsiung harbor sixth container center proposition” with CECI Engineering Consultants, Inc., Taiwan which was responsible for the technical service of design and construction of the dock and container yard for \$126,000 thousand. As of December 31, 2007, the payment had not been made.
- k. At the meetings of their respective boards of directors on February 9, 2007, YMTC and Taiwan Navigation Co., Ltd. (more than half of the directors are identical) presented a proposal. Under the proposal, these two companies will enter a strategic alliance through a share swap and collaborate on pursuing new business opportunities. Shares will be exchanged at 1.35 shares of YMTC for every share of Taiwan Navigation Co., Ltd. Thus, YMTC will issue 69,627,226 shares in exchange for 51,575,723 shares of Taiwan Navigation Co., Ltd. However, on December 12, 2007, the board of directors resolved to suspend the proposal of share swap which was further approved by the Securities and Futures Bureau.

On January 16, 2007, YMTC acquired 9,839 thousand shares of Taiwan Navigation Co., Ltd. from Yunn Wang Investment Co., Ltd. (a wholly-owned subsidiary of Taiwan Navigation Co., Ltd.) in open market by block trade (acquisition amount \$271,064 thousand). On March 12, 2007, YMTC acquired 5,211 thousand shares of Yunn Wang Investment Co., Ltd. from Taiwan Navigation Co., Ltd. (acquisition 49.75% of outstanding shares and amount \$179,810 thousand).

As of March 3, 2008, YMTC, its subsidiaries and investments accounted for using equity method acquired directly or indirectly 75,851 thousand shares (acquisition amount \$2,353,547 thousand) of Taiwan Navigation Co., Ltd. representing 18.18% of outstanding shares.

## 27. ADDITIONAL DISCLOSURES

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

- a. Financing provided: Please see Schedule D attached;
- b. Endorsement/guarantee provided: Please see Schedule E attached;

- c. Marketable securities held: Please see Schedule F attached;
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Schedule G attached;
- e. Acquisition of individual real estate properties at costs of at least NT\$100 million or 20% of the paid-in capital: Please see Schedule H attached;
- f. Disposal of individual real estate properties at prices of at least NT\$100 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
- h. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Schedule I attached;
- i. Names, locations, and related information of investees on which the Corporation exercises significant influence: Please see Schedule J attached;
- j. Information about derivatives of investees over which the Corporation has a controlling interest: None;
- k. Information on investment in Mainland China
  - 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investment: Please see Schedule K attached.
  - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None.
- l. Significant transactions between YMTC and its subsidiaries for the years ended December 31, 2007 and 2006: Please see Schedule L.

## 28. SEGMENT INFORMATION

- a. The Group operates in a single business, namely, ocean freight transport.
- b. The Group's geographic area information is presented in Schedule M.
- c. Cargo transport revenues

Line Service	2007		2006	
	Amount	%	Amount	%
U.S. Western coast line	\$ 38,500,490	29	\$ 32,864,901	30
Northwest European line	22,486,376	17	16,435,770	15
U.S. Eastern coast line	18,830,133	14	14,040,320	13
Asia line	16,972,584	13	15,353,928	14
Mediterranean line	16,467,446	12	10,233,732	9

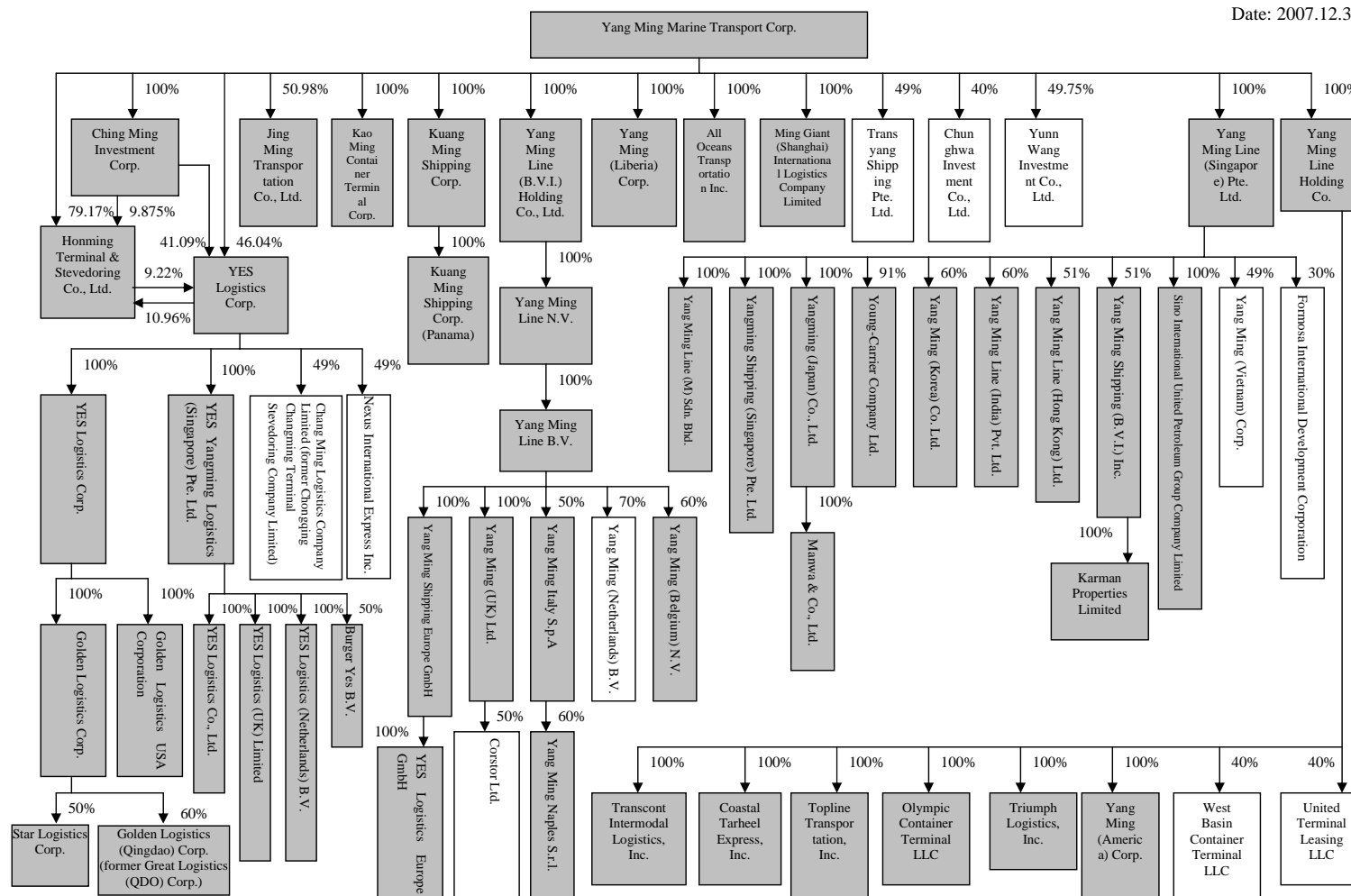
- d. No single customer accounted for at least 10% of the Group's total operating revenues.



**YANG MING MARINE GROUP**

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

Date: 2007.12.31



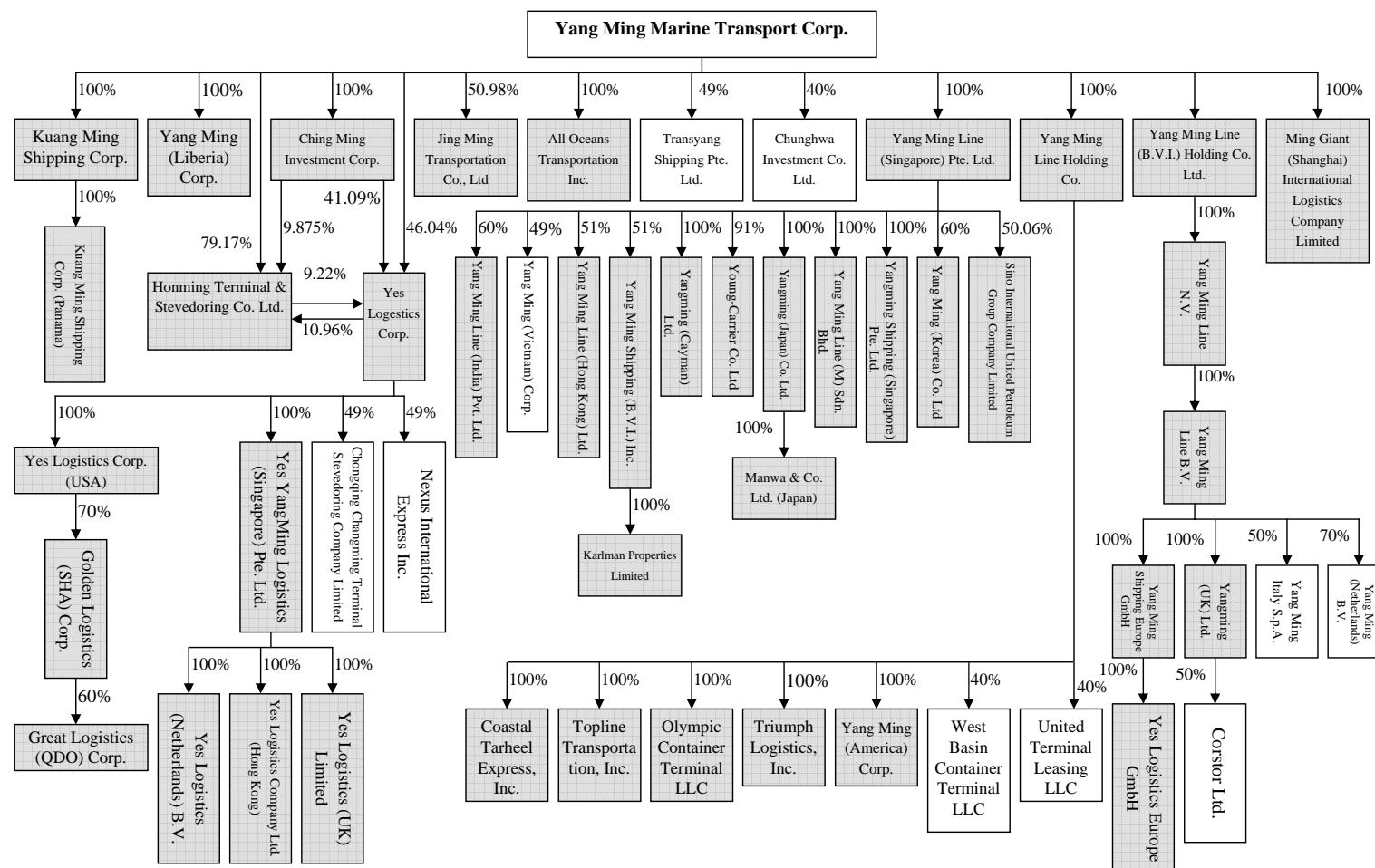
Note 1: Consolidated entities for 2007 are highlighted in above diagram.

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

**YANG MING MARINE GROUP**

The intercompany relationships and percentages of ownership as of December 31, 2006 are shown below:

Date: 2006.12.31



Note 1: Consolidated entities for 2006 are highlighted in above diagram.

Note 2: The Group accounted for its investments in and its equity in net income or loss of other subsidiaries excluded in the consolidated entities as “equity method investments in shares of stock” and “equity in net income of investees, net,” respectively, except that investments in Formosa International Development Corporation are recognized as prepayments for long-term investment in stocks in the balance sheets.

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

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

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

**YANG MING MARINE TRANSPORT CORPORATION****OVERSEAS DEPOSITS OF YMTC  
DECEMBER 31, 2006**

<b>Country</b>	<b>Currency</b>	<b>Foreign-Currency Amount (Thousands)</b>	<b>New Taiwan Dollar Exchange Rate</b>	<b>New Taiwan Dollar Amount (Thousands)</b>
Japan	USD	(Note)	32.6000	\$ 2
	JPY	\$ 551,193	0.2742	151,151
Hong Kong	USD	1,109	32.6000	36,151
	HKD	6,220	4.1927	26,076
United States	USD	9,329	32.6000	304,130
Indonesia	USD	96	32.6000	3,133
	IDR	5,955	0.0036	22
Malaysia	USD	(Note)	32.6000	13
	MIR	(Note)	9.2482	2
Britain	USD	1	32.6000	28
Germany	USD	1,232	32.6000	40,172
	EUR	2,188	42.9179	93,906
Italy	USD	1	32.6000	41
	EUR	(Note)	42.9179	21
Philippines	USD	1	32.6000	20
	PUP	11,614	0.6656	7,730
Singapore	USD	118	32.6000	3,858
	SAD	210	21.2794	4,464
India	IN	7,485	0.7364	5,512
Thailand	TUB	37,452	0.9030	33,821
Korea	USD	(Note)	32.6000	4
	KEW	2,360,015	0.0351	82,772

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

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**FINANCING PROVIDED**

**DECEMBER 31, 2007**

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

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Year (Note J)	Ending Balance (Note K)	Interest Rate	Nature of Financing (Note A)	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can Be Provided by the Financier
											Item	Value		
0	Yang Ming Marine Transport Corporation	Yang Ming (Liberia) Corp. Antwerp International Terminal	Other receivables	\$ 1,713,850 (Note K)	\$ -	3.47%	2	\$ -	Acquisition of ships	\$ -	-	\$ -	\$ 2,521,672 (Note C)	\$ 20,173,377 (Note B)
			Other receivables	23,371 (EUR 490,000)	23,371 (EUR 490,000)	5.50%	1	180,998 (EUR 3,794,000)	Improve financial structure	-	-	-	180,998 (Note C)	15,130,033 (Note B)
1	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	363,328 (US\$ 11,200,000)	363,328 (US\$ 11,200,000)	4.00%	2	-	Obtain working capital	-	-	-	525,528 (Note E)	583,920 (Note E)
2	Yang Ming Shipping (B.V.I.) Inc.	Karman Properties Limited	Other receivables	100,792 (HK\$ 24,233,000)	100,626 (HK\$ 24,193,000)	-	2	-	Acquisition of office building	-	-	-	419,766 (Note G)	524,708 (Note F)
3	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Line (India) Pvt. Ltd.	Other receivables	5,839 (US\$ 180,000)	3,893 (US\$ 120,000)	2.80%	2	-	Obtain working capital	-	-	-	784,148 (Note H)	1,568,296 (Note D)
4	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line B.V.	Other receivables	42,988 (Note I)	30,825 (Note J)	1.50%	2	-	Investment in Yang Ming (Belgium) N.V., Yangming (UK) Ltd. and Yang Ming Shipping Europe GmbH	-	-	-	4,043,225 (Note G)	5,054,031 (Note E)

Notes:

A. Nature of Financing:

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

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

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

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

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

F. Represents the lender's net asset value.

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

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

I. Equivalent to GBP323,000 and EUR462,000 translated into New Taiwan dollars at the exchange rate of GBP1=NT\$64.7502 and EUR1=NT\$47.7062 as of December 31, 2007.

J. Equivalent to GBP323,000 and EUR207,000 translated into New Taiwan dollars at the exchange rate of GBP1=NT\$64.7502 and EUR1=NT\$47.7062 as of December 31, 2007.

K. Equivalent to US\$15,840,000 and NT\$1,200,000 thousand translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.44 as of December 31, 2007.

L. United States dollars and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.44 and HK\$1=NT\$4.1593 as of December 31, 2007.

M. The balance of Schedule D has been eliminated in consolidation.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

DECEMBER 31, 2007

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

No.	Guarantor	Guaranteed Party		Maximum Amount of Guarantee to Individual Guaranteed Parties	Maximum Balance for the Year (Note G)	Ending Balance (Note G)	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Amount of Guarantee that Can be Provided by the Guarantor
		Name	Nature of Relationship						
0	Yang Ming Marine Transport Corporation	Yang Ming (America) Corp.	Subsidiary	\$ 40,346,754 (Note B)	\$ 48,660 (US\$ 1,500,000)	\$ 48,660 (US\$ 1,500,000)	\$ -	0.10%	\$ 50,433,442 (Note A)
		All Oceans Transportation, Inc.	Subsidiary	40,346,754 (Note B)	984,306 (US\$ 30,342,000)	896,494 (US\$ 27,635,000)	-	1.78%	50,433,442 (Note A)
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	40,346,754 (Note B)	162,200 (US\$ 5,000,000)	162,200 (US\$ 5,000,000)	-	0.32%	50,433,442 (Note A)
		Yang Ming (Liberia) Corp.	Subsidiary	40,346,754 (Note B)	14,168,494 (US\$ 436,760,000)	14,168,494 (US\$ 436,760,000)	-	28.09%	50,433,442 (Note A)
		United Terminal Leasing LLC	Equity-method investee of subsidiary	40,346,754 (Note B)	494,332 (US\$ 15,238,000)	494,332 (US\$ 15,238,000)	-	0.98%	50,433,442 (Note A)
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	40,346,754 (Note B)	501,652 (US\$ 15,464,000)	501,652 (US\$ 15,464,000)	-	0.99%	50,433,442 (Note A)
		Olympic Container Terminal LLC	Subsidiary	40,346,754 (Note B)	152,468 (US\$ 4,700,000)	152,468 (US\$ 4,700,000)	-	0.30%	50,433,442 (Note A)
		Sino International United Petroleum Group Company Ltd.	Subsidiary	40,346,754 (Note B)	1,102,960 (US\$ 34,000,000)	-	-	-	50,433,442 (Note A)
		1	Yang Mine Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	467,136 (Note D)	6,683 (US\$ 206,000)	3,386 (US\$ 104,000)	-
2	Yes Logistics Corp.	Yes Logistics (UK) Ltd.	Subsidiary	600,000 (Note F)	9,713 (GBP 150,000)	-	-	-	1,200,000 (Note E)
		Yes Logistics Co., Ltd.	Subsidiary	600,000 (Note F)	499,738 (US\$ 15,405,000)	499,738 (US\$ 15,405,000)	499,738	0.99%	1,200,000 (Note E)
3	Yang Ming Line (Hong Kong) Ltd.	Karman Properties Limited	Subsidiary	66,549 (Note H)	66,549 (HK\$ 16,000,000)	66,549 (HK\$ 16,000,000)	-	0.13%	83,186 (Note G)
4	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	Subsidiary	2,686,163 (Note J)	46,296 (US\$ 1,427,000)	46,296 (US\$ 1,427,000)	-	0.09%	3,357,703 (Note I)

Notes:

- A. Represents 100% of the paid-in capital of Yang Ming Marine Transport Corporation (the "Corporation").
- B. Represents 80% of the Corporation's paid-in capital.
- C. Represents US\$18,000,000.
- D. Represents 80% of the amount mentioned in Note C.

(Continued)

- E. Represents 100% of the paid-in capital of Yes Logistics Corp.
- F. Represents 50% of the amount mentioned in Note E.
- G. Represents HK\$20,000,000.
- H. Represents 80% of the amount mentioned in Note G.
- I. Represents 100% of the paid-in capital of Yang Ming Line (B.V.I.) Holding Co., Ltd.
- J. Represents 80% of the amount mentioned in Note I.
- K. United States dollars, Great Britain's currency and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.44, GBP\$1=NT\$64.7502 and HK\$1=NT\$4.1593 on December 31, 2007.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2007

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007					Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	Highest Shares/Unites Held in 2007	
Yang Ming Marine Transport Corporation	<u>Common stock</u>								
	Yang Ming Line (BVI) Holding Co., Ltd.	Subsidiary	Investments accounted for using equity method	10,351	\$ 5,054,031	100.00	\$ 5,054,031	10,351	Y
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for using equity method	60,130,000	1,568,296	100.00	1,568,296	60,130,000	Y
	All Oceans Transportation, Inc.	Subsidiary	Investments accounted for using equity method	1,000	5,668,915	100.00	5,668,915	1,000	Y
	Kuang Ming Shipping Corp.	Subsidiary	Investments accounted for using equity method	29,184,000	823,261	100.00	823,261	29,184,000	Y
	Yang Ming Line Holding Co.	Subsidiary	Investments accounted for using equity method	13,500	379,921	100.00	379,921	13,500	Y
	Ching Ming Investment Corp.	Subsidiary	Investments accounted for using equity method	153,000,000	1,716,588	100.00	1,716,588	153,000,000	Y
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for using equity method	31,667,630	361,971	79.17	361,971	31,667,630	Y
	Jing Ming Transportation Co., Ltd.	Subsidiary	Investments accounted for using equity method	7,611,240	117,518	50.98	117,518	7,611,240	Y
	Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	55,251,100	528,060	46.04	528,060	55,251,100	Y
	Yang Ming (Liberia) Corp.	Subsidiary	Investments accounted for using equity method	1	(177,164)	100.00	(177,164)	1	Note N and Y
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments accounted for using equity method	1,345	203,708	49.00	203,708	1,345	
	Chunghwa Investment Co., Ltd.	Equity-method investee	Investments accounted for using equity method	80,000,000	857,570	40.00	857,570	80,000,000	
	Ming Giant (Shanghai) International Logistics Company Limited	Subsidiary	Investments accounted for using equity method	(Note H)	223,529	100.00	223,529	(Note H)	Y
	Kao Ming Container Terminal Corp.	Subsidiary	Investments accounted for using equity method	80,000,000	799,840	100.00	799,840	80,000,000	Y
	Yunn Wang Investment Co., Ltd.	Equity-method investee	Investments accounted for using equity method	5,211,474	272,623	49.75	272,623	5,211,474	
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset measured at cost - noncurrent	17,000,000	166,640	10.00	-	17,000,000	
	Antwerp International Terminal N.V.	-	Financial asset measured at cost - noncurrent	1,486,030	58,978	16.33	-	1,486,030	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	70,758,243	4,011,988	16.96	4,011,988	70,758,243	Note X
	Delta Electronics, Inc.	-	Financial asset at fair value through profit or loss - current	465,000	51,615	0.02	51,615	1,207,000	
	Greatek Electronics Inc.	-	Financial asset at fair value through profit or loss - current	432,000	17,150	0.09	17,150	576,000	
	Chi Mei Optoelectronics Corporation	-	Financial asset at fair value through profit or loss - current	300,000	13,650	-	13,650	1,667,200	
	Tripod Technology Corporation	-	Financial asset at fair value through profit or loss - current	729,000	85,293	0.17	85,293	750,000	
	Shin Zu Shing Co., Ltd.	-	Financial asset at fair value through profit or loss - current	309,000	61,491	0.28	61,491	344,000	
	Taiwan Cooperative Bank	-	Financial asset at fair value through profit or loss - current	80,266	1,850	-	1,850	543,266	
	KGI Securities Co., Ltd.	-	Financial asset at fair value through profit or loss - current	400,000	6,700	0.02	6,700	500,000	
	System Corporation	-	Financial asset at fair value through profit or loss - current	500,000	16,000	0.16	16,000	500,000	
	Aten International Co., Ltd.	-	Financial asset at fair value through profit or loss - current	110,000	10,769	0.10	10,769	349,000	
	Test-Serv Inc.	-	Financial asset at fair value through profit or loss - current	53,000	753	0.09	753	53,000	
	Chenbro Micom Co., Ltd.	-	Financial asset at fair value through profit or loss - current	60,000	1,380	0.06	1,380	109,000	
	<u>Convertible bond</u>								
	Greatwall Ent	-	Financial asset at fair value through profit or loss - current	20	1,865	-	1,865	20	

(Continued)



Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007					Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	Highest Shares/Unites Held in 2007	
Ching Ming Investment Corp.	<u>Mutual fund</u>								
	Allianz Glb inv Glb Eco Trends Fund	-	Financial asset at fair value through profit or loss - current	11,494,965	\$ 210,588	-	\$ 210,588	11,494,965	
	KGI PanAaia TW Enterprise Fund	-	Financial asset at fair value through profit or loss - current	4,995,005	48,252	-	48,252	4,995,005	
	Baring GUF Eastern Europe Fund	-	Financial asset at fair value through profit or loss - current	22,072	121,040	-	121,040	22,072	
	Franklin Mutual European Fund	-	Financial asset at fair value through profit or loss - current	108,820	103,786	-	103,786	108,820	
	Cathay Global Infrastructure Fund	-	Financial asset at fair value through profit or loss - current	862,813	9,664	-	9,664	862,813	
	Paradigm Small Capital Fund	-	Financial asset at fair value through profit or loss - current	255,232	9,997	-	9,997	255,232	
	Yuanta Main Stream Equity Fund	-	Financial asset at fair value through profit or loss - current	205,170	4,046	-	4,046	205,170	
	Allianz Glb Inv Glb Demographic Trends Fund	-	Financial asset at fair value through profit or loss - current	10,000,000	94,400	-	94,400	10,000,000	
	PCA High Technology Fund	-	Financial asset at fair value through profit or loss - current	123,404	6,002	-	6,002	123,404	
	PCA Export Fund	-	Financial asset at fair value through profit or loss - current	168,269	6,016	-	6,016	168,269	
	Prudential Financial Small & Medium Capital Fund	-	Financial asset at fair value through profit or loss - current	241,429	8,242	-	8,242	241,429	
	AIG Equity Fund Japan	-	Financial asset at fair value through profit or loss - current	4,048	28,123	-	28,123	4,048	
	MLIIF Japan Value Fund	-	Financial asset at fair value through profit or loss - current	38,314	14,194	-	14,194	38,314	
	MLIIF World Energy Fund C2	-	Financial asset at fair value through profit or loss - current	17,605	16,397	-	16,397	17,605	
	ABN AMRO Utilities Fund	-	Financial asset at fair value through profit or loss - current	24,331	111,022	-	111,022	24,331	
	Templeton Emerging Markets Bond Fund	-	Financial asset at fair value through profit or loss - current	356,748	204,493	-	204,493	356,748	
	<u>Preferred stock</u>								
	New Century Infocomm Co., Ltd.	-	Financial asset measured at cost - noncurrent	67,368,400	481,644	1.68	-	80,000,000	
	<u>Common stock</u>								
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for using equity method	3,950,000	45,149	9.88	45,149	3,950,000	Y
	Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	49,311,077	471,315	41.09	471,315	49,311,077	Y
	SF Technology Venture Capital Investment Corp.	-	Financial asset measured at cost - noncurrent	2,800,000	8,968	7.24	-	3,200,000	
	United Venture Capital Corp.	-	Financial asset measured at cost - noncurrent	6,400,000	52,352	9.04	-	8,000,000	
	Ascentek Venture Capital Corp.	-	Financial asset measured at cost - noncurrent	1,400,000	14,056	2.14	-	1,400,000	
	China Technology Venture Capital Corporation	-	Financial asset measured at cost - noncurrent	3,000,000	30,000	8.96	-	3,000,000	
	Kingmax Technology Corp.	-	Financial asset measured at cost - noncurrent	1,644,231	21,835	1.38	-	1,644,231	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	630,000	35,721	0.15	35,721	3,359,000	Note X
	China Steel Corporation	-	Financial asset at fair value through profit or loss - current	300,000	13,050	-	13,050	300,000	
Cathay Financial Holding Co., Ltd.	-	Financial asset at fair value through profit or loss - current	1,000,000	67,600	0.01	67,600	1,027,000		
U-Ming Marine Transport Corp.	-	Financial asset at fair value through profit or loss - current	200,000	17,720	0.02	17,720	200,000		
Delta Electronics, Inc.	-	Financial asset at fair value through profit or loss - current	52,500	5,828	-	5,828	52,500		
Powertech Technology Inc.	-	Financial asset at fair value through profit or loss - current	460,000	53,130	0.08	53,130	460,000		
Tripod Technology Corporation	-	Financial asset at fair value through profit or loss - current	430,000	50,310	0.10	50,310	430,000		

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007					Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	Highest Shares/Unites Held in 2007	
	AU Optronics Corp.	-	Financial asset at fair value through profit or loss - current	102,755	\$ 6,525	-	\$ 6,525	152,755	
	Radiant Opto-Electronics Corp.	-	Financial asset at fair value through profit or loss - current	400,526	16,822	0.10	16,822	675,526	
	Novatek Microelectronics Corp.	-	Financial asset at fair value through profit or loss - current	18,250	7,683	-	7,683	18,250	
	Hon Hai Precision Ind Co, Ltd.	-	Financial asset at fair value through profit or loss - current	170,000	34,340	-	34,340	203,000	
	Taiwan Surface Mounting Technology Corp.	-	Financial asset at fair value through profit or loss - current	80,500	4,564	0.06	4,564	293,500	
	High Tech Computer Corp.	-	Financial asset at fair value through profit or loss - current	205,000	122,795	0.04	122,795	205,000	
	Acer Incorporated	-	Financial asset at fair value through profit or loss - current	94,500	6,001	-	6,001	450,000	
	Wellypower Optronics Co., Ltd.	-	Financial asset at fair value through profit or loss - current	110,000	8,965	0.07	8,965	110,000	
	Formosa Petrochemical Corp.	-	Financial asset at fair value through profit or loss - current	350,000	33,950	-	33,950	350,000	
	Coretronic Corporation	-	Financial asset at fair value through profit or loss - current	350,938	15,301	0.06	15,301	393,938	
	Richtek Technology Corp.	-	Financial asset at fair value through profit or loss - current	33,000	9,669	0.03	9,669	70,000	
	Tainan Spinning Co., Ltd.	-	Financial asset at fair value through profit or loss - current	400,000	5,160	0.03	5,160	450,000	
	Greatek Electronics Inc.	-	Financial asset at fair value through profit or loss - current	458,000	18,183	0.10	18,183	569,000	
	Shin Zu Shing Co., Ltd.	-	Financial asset at fair value through profit or loss - current	282,500	56,218	0.25	56,218	282,500	
	Aten International Co., Ltd.	-	Financial asset at fair value through profit or loss - current	461,986	45,228	0.44	45,228	461,986	
	Sporton International Inc.	-	Financial asset at fair value through profit or loss - current	367,000	16,588	0.48	16,588	367,000	
	Kinik Company	-	Financial asset at fair value through profit or loss - current	397,000	12,180	0.01	12,180	200,000	
	<u>Mutual fund</u>								
	Cathay Bond Fund	-	Financial asset at fair value through profit or loss - current	2,399,561	28,089	-	28,089	2,399,561	
	IBT Ta-Chong Bond Fund	-	Financial asset at fair value through profit or loss - current	3,880,685	51,361	-	51,361	9,941,677	
	IBT North American Income Trust Fund	-	Financial asset at fair value through profit or loss - current	500,000	5,460	-	5,460	500,000	
	Hua Nan Global Infrastructure Fund	-	Financial asset at fair value through profit or loss - current	200,000	2,138	-	2,138	200,000	
	Allianz GIS RCM Little Dragon Fund	-	Financial asset at fair value through profit or loss - current	3,209	12,148	-	12,148	3,209	
	IBT Hi-Tech Equity Fund	-	Financial asset at fair value through profit or loss - current	256,937	4,168	-	4,168	277,426	
	IBT China Equity Fund	-	Financial asset at fair value through profit or loss - current	252,653	4,333	-	4,333	270,856	
	Grand Cathay Bond Fund	-	Financial asset at fair value through profit or loss - current	5,352,049	70,252	-	70,252	7,643,507	
	UPAMC Taiwan Power Fund	-	Financial asset at fair value through profit or loss - current	1,000,000	9,200	-	9,200	1,000,000	
	Fidelity European Growth Fund	-	Financial asset at fair value through profit or loss - current	5,136	6,897	-	6,897	5,136	
	Templeton Developing Markets Fund	-	Financial asset at fair value through profit or loss - current	2,254	2,230	-	2,230	2,254	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007					Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	Highest Shares/Unites Held in 2007	
	Fidelity European Aggressive Fund	-	Financial asset at fair value through profit or loss - current	1,277	\$ 1,423	-	\$ 1,423	1,277	
	Fidelity Emerging Markets Fund	-	Financial asset at fair value through profit or loss - current	2,477	2,117	-	2,117	2,477	
	Fuh Hwa Digital Economy Fund	-	Financial asset at fair value through profit or loss - current	483,559	8,554	-	8,554	502,140	
	AIG Global Medallion Fund of Funds	-	Financial asset at fair value through profit or loss - current	1,779,107	21,954	-	21,954	1,779,107	
	Capital Strategin Growth Fund	-	Financial asset at fair value through profit or loss - current	1,000,000	11,700	-	11,700	1,000,000	
	AIG Latin America Fund	-	Financial asset at fair value through profit or loss - current	100,000	1,453	-	1,453	100,000	
	JF (Taiwan) Japan Brilliance Fund	-	Financial asset at fair value through profit or loss - current	1,000,000	8,250	-	8,250	1,000,000	
	Grand Cathay Fund	-	Financial asset at fair value through profit or loss - current	443,066	9,185	-	9,185	443,066	
	Grand Cathay Hi Tech Fund	-	Financial asset at fair value through profit or loss - current	535,045	8,737	-	8,737	535,045	
	Yuanta Main Stream Equity Fund	-	Financial asset at fair value through profit or loss - current	205,170	4,046	-	4,046	205,170	
	Polaris/P-shares Taiwan Dividend ETF	-	Financial asset at fair value through profit or loss - current	500,000	13,165	-	13,165	500,000	
Yang Ming Line (Singapore) Pte. Ltd.	<u>Common stock</u> Yang Ming Shipping (BVI) Inc.	Subsidiary	Investments accounted for using equity method	510	267,601	51.00	267,601	510	Y
	Young-Carrier Company Ltd.	Subsidiary	Investments accounted for using equity method	910,000	470,055	91.00	470,055	910,000	Y
	Yangming (Japan) Co., Ltd.	Subsidiary	Investments accounted for using equity method	3,000	58,881	100.00	58,881	3,000	Y
	Yangming Shipping (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for using equity method	1,000,000	48,876	100.00	48,876	1,000,000	Y
	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	Investments accounted for using equity method	1,000,000	21,049	100.00	21,049	1,000,000	Y
	Yang Ming Line (Hong Kong) Ltd.	Subsidiary	Investments accounted for using equity method	510,000	(88,305)	51.00	(88,305)	510,000	Note U and Y
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	Investments accounted for using equity method	300,000	14,039	60.00	14,039	300,000	Y
	Yang Ming (Korea) Co., Ltd.	Subsidiary	Investments accounted for using equity method	60,000	24,791	60.00	24,791	60,000	Y
	Sino International United Petroleum Group Company Limited	Subsidiary	Investments accounted for using equity method	5,065,475	12,565	100.00	12,565	5,065,475	Y
	Yang Ming (Vietnam) Corp.	Equity-method investee	Investments accounted for using equity method	(Note I)	9,070	49.00	9,070	(Note I)	
	Formosa International Development Corporation	Equity-method investee	Investments accounted for using equity method	(Note G)	241,022	30.00	241,022	(Note G)	
	Yangtze River Express Airlines Company Limited	-	Financial asset measured at cost - noncurrent	(Note P)	-	12.00	-	(Note P)	
	<u>Global depositary receipt</u> Via Source Policy Fund	-	Financial asset held-to-maturity - noncurrent	5	9,570	-	9,570	5	
	<u>Mutual fund</u> World Energy Fund	-	Financial asset at fair value through profit or loss - current	45,328	42,216	-	42,216	45,328	
	Japan Value Fund	-	Financial asset at fair value through profit or loss - current	73,882	27,371	-	27,371	73,882	
Yangming (Japan) Co., Ltd.	<u>Common stock</u> Manwa & Co., Ltd.	Subsidiary	Investments accounted for using equity method	200	2,464	100.00	2,464	200	Y
Yang Ming Shipping (BVI) Inc.	<u>Common stock</u> Karman Properties Limited	Subsidiary	Investments accounted for using equity method	1,000	5,462	100.00	5,462	1,000	Y
Yang Ming Line (BVI) Holding Co., Ltd.	<u>Common stock</u> Yang Ming Line N.V.	Subsidiary	Investments accounted for using equity method	1,500,000	17,145	100.00	17,145	1,500,000	Y

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007					Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	Highest Shares/Unites Held in 2007	
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Subsidiary	Investments accounted for using equity method	2,500	\$ 13,334	100.00	\$ 13,334	2,500	Y
Yang Ming Line B.V.	<u>Common stock</u> Yangming (UK) Ltd. Yang Ming Shipping Europe GmbH Yang Ming Italy S.p.A. Yang Ming (Belgium) B.V. Yang Ming (Netherlands) B.V.	Subsidiary Subsidiary Subsidiary Subsidiary Equity-method investee	Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method	900,000 (Note B) 125,000 375 (Note J)	(101,170) 108,424 29,172 1,385 10,292	100.00 100.00 50.00 60.00 70.00	(101,170) 108,424 29,172 1,385 10,292	900,000 (Note B) 125,000 375 (Note J)	Note D and Y Y Y Y
Yangming (UK) Ltd.	<u>Common stock</u> Corstor Ltd.	Equity-method investee	Investments accounted for using equity method	(Note C)	32	50.00	32	(Note C)	
Yang Ming Shipping Europe GmbH	<u>Common stock</u> Yes Logistics Europe GmbH Zoll Pool Hafen Hamburg	Subsidiary -	Investments accounted for using equity method Financial asset measured at cost - noncurrent	(Note K) (Note Q)	679 477	100.00 6.00	679 -	(Note K) (Note Q)	Y
Yang Ming Italy S.p.A.	<u>Common stock</u> Yang Ming Naples Srl	Subsidiary	Investments accounted for using equity method	(Note L)	689	60.00	689	(Note L)	Y
Yang Ming Line Holding Co.	<u>Common stock</u> West Basin Container Terminal LLC United Terminal Leasing LLC Yang Ming (America) Corp. Triumph Logistics INC. Olympic Container Terminal LLC Topline Transportation, Inc. Coastal Tarheel Express, Inc. Transcont Intermodal Logistics, Inc.	Equity-method investee Equity-method investee Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary	Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method	(Note E) (Note F) 5,000 200 (Note M) 100 100 100 200	490,568 45,847 137,388 (456) (315,667) 6,084 2,531 2,142	40.00 40.00 100.00 100.00 100.00 100.00 100.00 100.00	490,568 45,847 137,388 (456) (315,667) 6,084 2,531 2,142	(Note E) (Note F) 5,000 200 (Note M) 100 100 100 200	Y Y Note D and Y Y Y Y Y
Kuang Ming Shipping Corp.	<u>Common stock</u> Kuang Ming Shipping Corp. (Panama)	Subsidiary	Investments accounted for using equity method	49,500	94,319	100.00	94,319	49,500	Y
	<u>Mutual fund</u> Fuh Hwa Bond Fund	-	Available-for-sale financial asset - current	11,870,768	160,810	-	160,810	13,350,344	
Honming Terminal & Stevedoring Co., Ltd.	<u>Common stock</u> Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	11,068,800	101,876	9.22	101,876	11,068,800	Y
Yes Logistics Corp.	<u>Common stock</u> Honming Terminal & Stevedoring Co., Ltd. Yes Logistics Corp. Yes Yangming Logistics (Singapore) Pte. Ltd. Nexus International Express Inc. B2B Com Holdings Ltd. United Raw Material Solutions Inc. Chang Ming Logistics Company Limited	Subsidiary Subsidiary Subsidiary Equity-method investee - - Equity-method investee	Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Financial asset measured at cost - noncurrent Financial asset measured at cost - noncurrent Investments accounted for using equity method	4,382,370 1,100,000 340,000 328,000 800,000 800,000 (Note R)	50,034 146,565 (17,658) - 5,043 5,898 225,681	10.96 100.00 100.00 49.00 8.00 2.76 49.00	50,034 146,565 (17,658) - 5,043 5,898 225,681	4,382,370 1,100,000 340,000 328,000 800,000 800,000 (Note R)	Y Y Note D and Y Note W
	<u>Mutual fund</u> Capital Income Fund	-	Financial asset at fair value through profit or loss - current	859,645	13,005	-	13,005	8,607,193	
	NAM Short Term Fixed Income Fund	-	Financial asset at fair value through profit or loss - current	228,499	111,026	-	111,026	229,856	
Yes Yangming Logistics (Singapore) (Note 13)	<u>Common stock</u> Yes Logistics UK Limited Yes Logistics Co., Ltd. Yes Logistics (Netherlands) B.V. Burger YES B.V.	Subsidiary Subsidiary Subsidiary Subsidiary	Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method Investments accounted for using equity method	200 1,000,000 (Note S) 9,000	(3,190) (18,450) 4,289 7,880	100.00 100.00 100.00 50.00	(3,190) (18,450) 4,289 7,880	200 1,000,000 (Note S) 9,000	Note D and Y Note D and Y Y Y

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007					Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	Highest Shares/Unites Held in 2007	
Yes Logistics Corp. (U.S.A.)	<u>Common stock</u> Golden Logistics Corp. Golden Logistics USA Corporation	Subsidiary Subsidiary	Investments accounted for using equity method	(Note O)	\$ 131,610	100.00	\$ 131,610	(Note O)	Y
			Investments accounted for using equity method	100	1,053	100.00	1,053	100	Y
Golden Logistics Corp.	<u>Common stock</u> Golden Logistics (Qingdao) Corp. Star Logistics Corp.	Subsidiary Subsidiary	Investments accounted for using equity method	(Note V)	13,242	60.00	13,242	(Note V)	Y
			Investments accounted for using equity method	(Note T)	11,012	50.00	11,012	(Note T)	Y
Golden Logistics (Qingdao) Corp.	<u>Mutual fund</u> Fortis Haitong Money Market Fund	-	Financial asset at fair value through profit or loss - current	2,007,728	8,920	-	8,920	3,070,090	
Star Logistics Corp.	<u>Mutual fund</u> Fullgoal Tian Shi Money Market Fund	-	Financial asset at fair value through profit or loss - current	4,004,383	17,790	-	17,790	4,004,383	
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> PCA Well Pool Fund Mega Diamond Bond Fund	- -	Available-for-sale financial asset - current	27,274,552	347,063	-	347,063	27,274,552	
			Available-for-sale financial asset - current	4,555,242	53,263	-	53,263	4,555,242	

Notes:

- A. Market values were based on closing prices at December 31, 2007 or the net asset value of the fund on December 31, 2007, or, if market prices were unavailable, on the investees' net assets.
- B. The issued capital stock amounted to EUR818,000.
- C. This is equivalent to GBP500, and no shares were issued.
- D. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- E. This is equivalent to US\$3,800,000, and no shares were issued.
- F. This is equivalent to US\$1,000,000, and no shares were issued.
- G. This is equivalent to US\$7,800,000, and no shares were issued.
- H. This is equivalent to US\$7,000,000, and no shares were issued.
- I. This is equivalent to US\$94,000, and no shares were issued.
- J. This is equivalent to EUR13,000, and no shares were issued.
- K. This is equivalent to EUR25,000, and no shares were issued.
- L. This is equivalent to EUR6,000, and no shares were issued.
- M. This is equivalent to US\$1,000,000, and no shares were issued.
- N. This is a deduction of long-term receivables from related parties.
- O. This is equivalent to US\$5,000,000, and no shares were issued.
- P. This is equivalent to US\$18,622,000, and no shares were issued. Initial investment was recognized as impairment loss in 2007, thus the carrying value decreased to zero.
- Q. This is equivalent to EUR10,000, and no shares were issued.
- R. This is equivalent to US\$6,434,000, and no shares were issued.
- S. This is equivalent to EUR30,000, and no shares were issued.
- T. This is equivalent to RMB2,500,000, and no shares were issued.
- U. The loss of subsidiary was recognized in proportion to the Company's equity. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss in excess of the related investments is not charged against the Corporation.
- V. This is equivalent to RMB3,000,000, and no shares were issued.
- W. Because recognize the investee's loss, the carrying value of investment become negative. Then the Corporation committed not to support its operation, and decrease the carrying value to zero.
- X. More than half of the directors are identical.
- Y. The balance has been eliminated in consolidation.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 2007

(In Thousands of New Taiwan Dollars, Except Shares/Units)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Yang Ming Marine Transport Corporation	<u>Common stock</u> Yunn Wang Investment Co., Ltd.	Investments accounted for using equity method	Taiwan Navigation Co., Ltd.	Equity-method investee (Note B)	-	\$ -	5,211,474	\$ 179,810	-	\$ -	\$ -	\$ -	5,211,474	\$ 179,810
	Kao Ming Container Terminal Corp. (Note D)	Investments accounted for using equity method	-	-	-	-	80,000,000	800,000	-	-	-	-	80,000,000	800,000
	Formosa Plastics Corporation	Financial asset at fair value through profit or loss - current	-	-	390,000	20,699	1,287,000	90,824	1,677,000	113,041	111,523	1,518	-	-
	Formosa Chemical & Fibre Corporation	Financial asset at fair value through profit or loss - current	-	-	360,000	19,248	2,818,000	204,075	3,178,000	228,207	223,323	4,884	-	-
	High Tech Computer Corp.	Financial asset at fair value through profit or loss - current	-	-	-	-	331,000	171,653	331,000	175,731	171,653	4,078	-	-
	Delta Electronics, Inc.	Financial asset at fair value through profit or loss - current	-	-	-	-	1,942,000	228,077	1,477,000	174,012	171,685	2,327	465,000	56,392
	Chinese Maritime Transport Ltd.	Financial asset at fair value through profit or loss - current	-	-	-	-	7,425,000	322,447	7,425,000	412,639	322,447	90,192	-	-
	Cathay Financial Holding Co., Ltd.	Financial asset at fair value through profit or loss - current	-	-	-	-	1,817,000	140,290	1,817,000	143,351	140,290	3,061	-	-
	First Financial Holding Co., Ltd.	Financial asset at fair value through profit or loss - current	-	-	-	-	8,039,500	190,404	8,039,500	185,898	190,404	(4,506)	-	-
	Tripod Technology Corporation	Financial asset at fair value through profit or loss - current	-	-	-	-	805,000	107,668	76,000	10,183	10,961	(778)	729,000	96,707
	Shin Zu Shing Co., Ltd.	Financial asset at fair value through profit or loss - current	-	-	-	-	875,000	190,075	566,000	124,806	121,479	3,327	309,000	68,596
	Taiwan Navigation Co., Ltd.	Available-for-sale financial asset - noncurrent	(Note C)	-	-	-	72,577,243	2,367,833	1,819,000	51,316	50,525	791	70,758,243	2,317,308
	<u>Mutual fund</u>													
	Mega Diamond Bond Fund	Available-for-sale financial asset - current	-	-	26,117,313	300,460	8,597,417	100,000	34,714,730	400,626	400,460	166	-	-
	NITC Bond Fund	Available-for-sale financial asset - current	-	-	610,249	100,407	-	-	610,249	100,450	100,407	43	-	-
	AIG Taiwan Bond Fund	Available-for-sale financial asset - current	-	-	31,669,640	403,812	11,762,031	150,000	43,431,671	554,035	553,812	223	-	-
	Fubon Jin-Ju I Fund	Available-for-sale financial asset - current	-	-	58,764,804	718,694	4,078,237	50,000	62,843,041	770,787	768,694	2,093	-	-
	ING Taiwan Income	Available-for-sale financial asset - current	-	-	85,085,926	1,346,978	34,540,481	550,000	119,626,407	1,904,069	1,896,978	7,091	-	-
	Ta Chong Bond Fund	Available-for-sale financial asset - current	-	-	40,684,284	529,823	47,044,246	620,000	87,728,530	1,152,295	1,149,823	2,472	-	-
	Capital Income Fund	Available-for-sale financial asset - current	-	-	48,989,138	729,424	33,571,888	502,000	82,561,026	1,235,811	1,231,424	4,387	-	-
	Capital Money Market Fund	Available-for-sale financial asset - current	-	-	55,381,231	756,214	31,980,905	440,000	87,362,136	1,202,815	1,196,214	6,601	-	-
	Hua Nan Kirin Fund	Available-for-sale financial asset - current	-	-	46,722,606	517,210	8,030,585	89,000	54,753,191	607,085	606,210	875	-	-
	Fuh-Hwa Yuli Bond Fund	Available-for-sale financial asset - current	-	-	25,348,622	314,526	42,005,048	525,000	67,353,670	841,071	839,526	1,545	-	-
	TLAM Solomon Bond Fund	Available-for-sale financial asset - current	-	-	24,028,961	280,194	14,557,412	170,000	38,586,373	450,760	450,194	566	-	-
	Fuh-Hwa Bond Fund	Available-for-sale financial asset - current	-	-	90,532,980	1,206,791	126,542,845	1,700,000	217,075,825	2,909,520	2,906,791	2,729	-	-

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
	ShinKong High Yield	Available-for-sale financial asset - current	-	-	-	\$ -	9,015,308	\$ 150,000	9,015,308	\$ 150,304	\$ 150,000	\$ 304	-	\$ -
	Cathay Bond Fund	Available-for-sale financial asset - current	-	-	-	-	18,896,610	220,000	18,896,610	220,028	220,000	28	-	-
	Polaris De-Li Fund	Available-for-sale financial asset - current	-	-	-	-	6,579,294	100,000	6,579,294	100,043	100,000	43	-	-
	ABN AMRO Bond Fund	Available-for-sale financial asset - current	-	-	13,677,877	206,106	-	-	13,677,877	206,223	206,106	117	-	-
	Allianz Glb inv Glb Eco Trends	Financial asset at fair value through profit or loss - current	-	-	-	-	11,494,965	150,000	-	-	-	-	11,494,965	150,000
	Baring GUF Eastern Europe-USD	Financial asset at fair value through profit or loss - current	-	-	-	-	22,072	100,000	-	-	-	-	22,072	100,000
	Franklin Mutual European Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	108,820	100,000	-	-	-	-	108,820	100,000
	Allianz Glb inv Glb Demographic Trends Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	10,000,000	100,000	-	-	-	-	10,000,000	100,000
	ENERGY SELECT SPDR	Financial asset at fair value through profit or loss - current	-	-	-	-	143,300	320,295	143,300	317,403	320,295	(2,892)	-	-
	Templeton Emerging Markets Bond	Financial asset at fair value through profit or loss - current	-	-	-	-	356,748	200,000	-	-	-	-	356,748	200,000
	AIG US Dual Core Inc	Financial asset at fair value through profit or loss - current	-	-	-	-	10,012,014	100,000	10,012,014	97,698	100,000	(2,302)	-	-
Ching Ming Investment Corp.	<u>Common stock</u>													
	Taiwan Navigation Co., Ltd.	Available-for-sale financial asset - noncurrent	-	-	140,000	3,414	3,564,000	114,441	3,074,000	207,877	97,434	110,443	630,000	20,421
	Chinese Maritime Transport Ltd.	Financial asset at fair value through profit or loss - current	-	-	-	-	3,908,000	163,953	3,908,000	167,292	163,953	3,339	-	-
	Cathay Financial Holding Co., Ltd.	Financial asset at fair value through profit or loss - current	-	-	-	-	2,927,000	214,478	1,927,000	143,392	137,623	5,769	1,000,000	76,855
	<u>Mutual fund</u>													
	Fuh-Hwa Bond Fund	Financial asset at fair value through profit or loss - current	-	-	11,335,723	151,102	20,915,395	280,520	32,251,118	432,289	431,622	667	-	-
	Capital Income Fund	Financial asset at fair value through profit or loss - current	-	-	8,612,458	128,235	8,555,938	128,046	17,168,396	257,542	256,281	1,261	-	-
	Capital Money Market Fund	Financial asset at fair value through profit or loss - current	-	-	10,339,552	141,185	-	-	10,339,552	142,882	141,185	1,697	-	-
	IBT Ta-Chong Bond Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	10,703,564	141,098	6,822,879	90,022	89,932	90	3,880,685	51,166
	Grand Cathay Bond Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	7,643,507	100,000	2,291,458	30,000	29,979	21	5,352,049	70,021
Kuang Ming Shipping Corp.	<u>Common stock</u>													
	Shih Wei Navigation Co., Ltd.	Financial asset at fair value through profit or loss - current	-	-	-	-	3,183,000	111,217	3,183,000	114,208	111,217	2,991	-	-
	Cathay Financial Holding Co., Ltd.	Financial asset at fair value through profit or loss - current	-	-	-	-	1,414,000	106,635	1,414,000	102,975	106,635	(3,660)	-	-
	<u>Mutual fund</u>													
	Fuh-Hwa Bond Fund	Available-for-sale financial asset - current	-	-	5,264,811	70,182	30,412,451	410,786	23,806,494	321,374	320,178	1,196	11,870,768	160,790
Yes Logistics Corp.	<u>Mutual fund</u>													
	Capital Income Fund	Financial asset at fair value through profit or loss - current	-	-	6,257,037	92,502	15,005,758	225,399	20,403,150	306,447	304,900	1,547	859,645	13,001
	Ta Chong Gallop Bond Fund	Financial asset at fair value through profit or loss - current	-	-	2,768,652	30,000	11,771,270	128,500	14,539,922	159,391	158,500	891	-	-
	NAM Short Term Fixed Income Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	892,027	427,665	663,528	318,243	317,420	823	228,499	110,245

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Yes Logistics Corp. (U.S.A.)	<u>Common stock</u> Golden Logistics Corp. (Note D)	Investment accounted for using equity method	-	-	-	\$ 32,652	-	\$ 131,677	-	\$ -	\$ -	\$ -	-	\$ 164,329
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> PCA Well Pool Fund	Available-for-sale financial asset - current	-	-	-	-	27,274,552	346,110	-	-	-	-	27,274,552	346,110
	Mega Diamond Bond Fund	Available-for-sale financial asset - current	-	-	-	-	25,585,203	298,500	21,029,961	245,832	245,400	432	4,555,242	53,100

Notes:

- A. Carrying Value is original acquisition amount.
- B. More than half of the director are identical.
- C. Including 9,839 thousand shares acquired from Yunn Wang Investment Co., Ltd. in January 2007 in open market by block trade (acquisition amount \$271,064 thousand).
- D. The balance has been eliminated in consolidated.

(Concluded)



**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATES AT COST OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2007**  
 (Expressed in Thousands of New Taiwan Dollars)

Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction of Related Counter-Party				Price Reference	Purpose of Acquisition	Other Terms
						Owner	Relationship	Transaction Date	Amount			
Building in Neihu District, Taipei City	August 7, 2007	\$ 1,465,000	Fully paid	Aopen Inc.	None	-	-	-	-	Taishin Real Estate Appraiser Firm Global Vision Real Estate Appraiser Firm	Lease	None

**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, 2007**

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	A	\$ 23,417,741 (Note D)	-	\$ -	-	\$ 424,430	\$ -
	Yang Ming (Liberia) Corp.	A	2,212,029 (Note E)	-	-	-	199,506	-
	Yangming (UK) Ltd.	A	319,254 (Note F)	-	-	-	319,254	-
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	1,225,155 (Note G)	-	-	-	-	-
	Young-Carrier Company Ltd.	A	1,318,066	-	-	-	1,265,903	-
	Yang Ming (America) Corp.	A	456,770	-	-	-	456,770	-
	Yang Ming Shipping Europe GmbH	A	202,984	-	-	-	165,695	-
	Yang Ming (Korea) Co., Ltd.	A	164,510	-	-	-	155,602	-
	Yang Ming Line (Hong Kong) Ltd.	A	163,312	-	-	-	163,312	-
	Yangming (Japan) Co., Ltd.	A	145,687	-	-	-	145,687	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	B	981,377 (Note H)	-	-	-	-	-
Yang Ming (Japan) Co., Ltd.	Yang Ming Marine Transport Corporation	C	101,238	-	-	-	101,238	-
Young-Carrier Company Ltd. (Note H)	Yang Ming Marine Transport Corporation	C	215,990	-	-	-	215,990	-
Yang Ming Line (Hong Kong) Ltd. (Note H)	Yang Ming Marine Transport Corporation	C	244,250	-	-	-	244,250	-
Yangming (UK) Ltd.	Yang Ming Marine Transport Corporation	C	968,959 (Note F)	-	-	-	179,392	-
Yang Ming Shipping (B.V.I.) Inc.	Karman Properties Limited	A	100,626	-	-	-	-	-
Yang Ming (America) Corp.	Olympic Container Terminal LLC	B	363,328	-	-	-	-	-

Notes:

- A. Subsidiary of the Corporation.
- B. The same parent company.
- C. Parent company.
- D. Payment made for All Oceans Transportation Inc., dividends receivable and proceeds from sale of ships.
- E. Financing providing and proceeds from sale of ship.
- F. Receivables, net of agency collections and payments.
- G. Dividends receivable.
- H. Proceeds from sale of ships.
- I. Collections between related parties have been made according to "Agency Accounting Procedure" by the Corporation and local business conventions.
- J. The balance has been eliminated in consolidated.

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
YEAR ENDED DECEMBER 31, 2007

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2007	December 31, 2006	Shares	Percentage of Ownership	Carrying Value			
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	\$ 3,272,005	\$ 3,272,005	10,351	100.00	\$ 5,054,031	\$ 1,292,000	\$ 1,292,000	Subsidiary
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	1,113,356	1,113,356	60,130,000	100.00	1,568,296	(501,690)	(501,690)	Subsidiary
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,500,013	153,000,000	100.00	1,716,588	142,167	142,162	Subsidiary
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	5,668,915	752,024	752,024	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	551,944	551,944	55,251,100	46.04	528,060	18,278	8,415	Subsidiary
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	143,168	143,168	29,184,000	100.00	823,261	517,284	517,925	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	316,780	316,780	31,667,630	79.17	361,971	26,553	20,934	Subsidiary
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,844	35,844	7,611,240	50.98	117,518	50,614	25,498	Subsidiary
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	379,921	153,203	153,203	Subsidiary
	Transyang Shipping Pte. Ltd.	Singapore	Shipping services; chartering, sale and purchase of ships; forwarding agency and shipping agency	57,802	57,802	1,345	49.00	203,708	281,171	137,775	Equity-method investee
	Chunghwa Investment Co., Ltd.	Taipei, Taiwan	Investment	800,000	800,000	80,000,000	40.00	857,570	149,988	59,997	Equity-method investee
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,378	3,378	1	100.00	(177,164)	(114,072)	(114,072)	Subsidiary
	Ming Giant (Shanghai) International Logistics Company Limited	Shanghai, China	Warehouse operation and forwarding agency	231,700	231,700	(Note Q)	100.00	223,529	(19,366)	(19,366)	Subsidiary
Yuan Wang Investment Co., Ltd.	Taipei, Taiwan	Investment	179,810	-	5,211,474	49.75	272,623	213,495	1,678	Equity-method investee	
Kao Ming Container Terminal Corp.	Kaohsiung, Taiwan	Terminal operation and stevedoring	800,000	-	80,000,000	100.00	799,840	(1,276)	(1,276)	Subsidiary	
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	39,500	39,500	3,950,000	9.88	45,149	16,573	-	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	493,111	493,111	49,311,077	41.09	471,315	18,278	-	Subsidiary
Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Los Angeles, USA	Terminal operation and stevedoring	132,050	132,050	(Note F)	40.00	490,568	191,788	-	Equity-method investee
	United Terminal Leasing LLC	Los Angeles, USA	Terminal operation and machine lease	34,750	34,750	(Note G)	40.00	45,847	12,424	-	Equity-method investee
	Yang Ming (America) Corp.	New Jersey, U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	137,388	57,419	-	Subsidiary
	Triumph Logistics INC.	U.S.A.	Container transportation	1,699	1,699	200	100.00	(456)	2,945	-	Subsidiary
	Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	31,530	31,530	(Note S)	100.00	(315,667)	(52,701)	-	Subsidiary
	Topline Transportation Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	6,084	1,889	-	Subsidiary
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Coastal Tarheel Express Inc.	U.S.A.	Container transportation	2,430	2,430	100	100.00	2,531	3,721	-	Subsidiary
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	2,444	-	200	100.00	2,142	(295)	-	Subsidiary
	Yang Ming Line N.V.	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	1,500,000	100.00	17,145	712,341	-	Subsidiary
Yang Ming Line N.V.	Yang Ming Line B.V.	Amsterdam, The Netherlands	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	2,500	100.00	13,334	704,294	-	Subsidiary
Yang Ming Line B.V.	Yangming (UK) Ltd.	London, U.K.	Shipping agency, forwarding agency and shipping managers	42,408	42,408	900,000	100.00	(101,170)	673,051	-	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100.00	108,424	14,124	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note	
				December 31, 2007	December 31, 2006	Shares	Percentage of Ownership	Carrying Value				
	Yang Ming Italy S.p.A.	Genova, Italy	Shipping agency	\$ 4,319	\$ 4,319	125,000	50.00	\$ 29,172	\$ (470)	\$ -	Subsidiary	
	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	540	540	(Note I)	70.00	10,292	13,109	-	Equity-method investee	
	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,651	-	375	60.00	1,385	(636)	-	Subsidiary	
Yangming (UK) Ltd.	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	25	25	(Note C)	50.00	32	4,023	-	Equity-method investee	
Yang Ming Italy S.p.A.	Yang Ming Naples S.r.l.	Naples, Italy	Forwarding agency	238	238	(Note K)	60.00	689	7	-	Subsidiary	
Yang Ming Shipping Europe GmbH	Yes Logistics Europe GmbH	Hamburg, Germany	Forwarding agency	945	945	(Note H)	100.00	679	(3)	-	Subsidiary	
Yangming Shipping (Singapore) Pte Ltd.	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	3,229	3,229	910,000	91.00	470,055	47,343	-	Subsidiary	
	Yang Ming Shipping (B.V.I) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51.00	267,601	38,752	-	Subsidiary	
	Yangming (Japan) Co., Ltd.	Tokyo, Japan	Shipping services; chartering, sale and purchase of ships; and forwarding agency	36,235	36,235	3,000	100.00	58,881	15,898	-	Subsidiary	
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(88,305)	(24,589)	-	Subsidiary	
	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	48,876	6,931	-	Subsidiary	
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	21,049	185	-	Subsidiary	
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	14,039	9,020	-	Subsidiary	
	Yang Ming (Vietnam) Corp.	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note J)	49.00	9,070	9,514	-	Equity-method investee	
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	24,792	17,630	-	Subsidiary	
	Sino International United Petroleum Group Company Limited	Hong Kong	Trade	16,300	6,520	5,065,475	100.00	12,565	(13,875)	-	Subsidiary	
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	254,358	176,904	(Note O)	30.00	241,022	(40,525)	-	Equity-method investee	
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	2,464	(19)	-	Subsidiary	
Yang Ming Shipping (B.V.I) Inc.	Karman Properties Limited	Hong Kong	Property agency	4	4	1,000	100.00	5,462	(555)	-	Subsidiary	
Kuang Ming Shipping Corp.	Kuang Ming Shipping Corp. (Panama)	Panama	Forwarding agency	30,887	30,887	49,500	100.00	94,319	46,177	-	Subsidiary	
Honming Terminal & Stevedoring Co., Ltd.	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	110,610	10,610	11,068,800	9.22	101,876	18,278	-	Subsidiary	
Yes Logistics Corp.	Yes Logistics Corp. (USA)	Auckland, USA	Shipping agency, forwarding agency and shipping managers	179,750	26,035	1,100,000	100.00	146,565	(9,038)	-	Subsidiary	
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	6,608	6,608	340,000	100.00	(17,658)	(3,148)	-	Subsidiary	
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	43,824	43,824	4,382,370	10.96	50,034	29,854	-	Subsidiary	
	Nexus International Express Inc.	California, USA	Terminal operation and stevedoring	10,283	10,283	328,000	49.00	(Note U)	-	-	Equity-method investee	
	Chang Ming Logistics Company Limited	Chongqing, China	Terminal operation and stevedoring	209,726	209,726	(Note D)	49.00	225,681	(2,535)	-	Equity-method investee	
Yes Logistics Corp. (U.S.A.)	Golden Logistics Corp.	Shanghai, China	Forwarding agency	164,329	32,652	(Note L)	100.00	131,610	(11,552)	-	Subsidiary	
	Golden Logistics USA Corporation	USA	Container transportation	328	-	100	100.00	1,053	738	-	Subsidiary	
Golden Logistics Corp.	Golden Logistics (Qingdao) Corp.	Qingdao, China	Forwarding agency	12,498	12,498	(Note R)	60.00	13,242	(137)	-	Subsidiary	
	Star Logistics Corp.	Qingdao, China	Forwarding agency	10,850	-	(Note T)	50.00	11,012	(182)	-	Subsidiary	
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistic UK Limited	U.K.	Forwarding agency	344	344	200	100.00	(3,190)	(523)	-	Subsidiary	
	Yes Logistics Co., Ltd.	Hong Kong	Forwarding agency	4,304	4,304	1,000,000	100.00	(Note E)	(18,450)	(5,655)	-	Subsidiary
	Yes Logistics (Netherlands) B.V. Burger Yes B.V.	Netherlands	Forwarding agency	1,224	1,216	(Note N)	100.00	4,289	3,299	-	Subsidiary	
		Netherlands	Forwarding agency	7,587	-	9,000	50.00	7,880	(2)	-	Subsidiary	

(Continued)

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is equivalent to EUR818,000, and no shares were issued.
- C. This is equivalent to GBP500, and no shares were issued.
- D. This is equivalent to US\$6,434,000, and no shares were issued.
- E. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- F. This is equivalent to US\$3,800,000, and no shares were issued.
- G. This is equivalent to US\$1,000,000, and no shares were issued.
- H. Paid-in capital was equivalent to EUR25,000, and no shares were issued.
- I. Paid-in capital was equivalent to EUR13,000, and no shares were issued.
- J. This is equivalent to US\$94,000, and no shares were issued.
- K. This is equivalent to EUR6,000, and no shares were issued.
- L. This is equivalent to US\$5,000,000, and no shares were issued.
- M. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as the deduction of long-term receivables from related parties.
- N. This is equivalent to EUR30,000, and no shares were issued.
- O. This is equivalent to US\$7,800,000, and no shares were issued.
- P. Prepayment for investments accounted for using equity method.
- Q. This is equivalent to US\$7,000,000, and no shares were issued.
- R. This is equivalent to RMB3,000,000, and no shares were issued.
- S. This is equivalent to US\$1,000,000, and no shares were issued.
- T. This is equivalent to RMB2,500,000, and no shares were issued.
- U. Because recognize the investee's loss, the carrying value of investment become negative. Then the Corporation committed not to support its operation, and decrease the carrying value to zero.
- V. The balance of investments accounted for using equity method, equity in investee's net income (loss) and investees' net assets of consolidated parties have been eliminated in consolidation.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## INVESTMENTS IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2007

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

Company Name	Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2007	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2007	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of December 31, 2007	Accumulated Inward Remittance of Earnings as of December 31, 2007	Accumulated Investment in Mainland China as of December 31, 2007	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
						Outflow	Inflow								
Yang Ming Marine Transportation Corporation	Yangtze River Express Airlines Company Limited (Note A)	Shipping agency	RMB 500,000,000	Indirect investment through Singapore-based subsidiary's direct investment in Mainland China.	\$ 604,098 (US\$ 18,622,000)	\$ -	\$ -	\$ 604,098 (US\$18,622,000)	12%	\$ (611,552) (Note E)	\$ - (Note E)	\$ -	\$ 831,178 (US\$ 25,622,000)	\$ 1,674,618 (US\$ 51,622,000)	\$ 11,586,689
	Ming Giant (Shanghai) International Logistics Company Limited (Notes B and H)	Warehouse operation and forwarding agency	US\$ 7,000,000	Direct investment in Mainland China	227,080 (US\$ 7,000,000)	-	-	227,080 (US\$ 7,000,000)	100%	(19,366)	223,529	-	-	-	-
Yes Logistics Corp.	Golden Logistics Corp. (Notes C and H)	Shipping agency	US\$ 5,000,000	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	32,440 (US\$ 1,000,000)	129,760 (US\$ 4,000,000)	-	162,200 (US\$ 5,000,000)	100%	(11,552)	131,610	-	370,919 (US\$ 11,434,000)	\$ 370,919 (US\$ 11,434,000)	458,784 (Note F)
	Chang Ming Logistics Company Limited (Notes D and H)	Terminal operation and stevedoring	RMB 104,800,000	Investee's direct investment in Mainland China.	208,719 (US\$ 6,434,000)	-	-	208,719 (US\$ 6,434,000)	49%	(1,242)	225,681	-	-	-	-

## Notes:

- A. The Corporation was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on November 29, 2005 and June 5, 2007.
- B. The Corporation was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on November 22, 2006.
- C. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on June 3, 2004, July 4, 2006 and December 26, 2006.
- D. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on April 11, 2005, August 22, 2006 and November 29, 2006.
- E. Impairment loss was recognized in 2007.
- F. It represents 40% (\$1,146,960 thousand) of the net assets of Yes Logistics Corp. as of December 31, 2007.
- G. U.S. dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.44.
- H. The balance has been eliminated in consolidation.

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS BETWEEN YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**YEARS ENDED DECEMBER 31, 2007 AND 2006**

**(In Thousands of New Taiwan Dollars)**

2007

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
0	YMTC	Yangming-ERO	1	Payables to related parties	\$ 4,705	Conducted as agreed terms	-
				Accounts receivable from related parties	202,984	Conducted as agreed terms	-
				Operating costs	396,549	Conducted as agreed terms	-
		Yangming-UK	1	Advances to shipping agents	68,549	Conducted as agreed terms	-
				Accounts receivable from related parties	124,614	Conducted as agreed terms	-
				Payables to related parties	968,959	Conducted as agreed terms	-
				Other receivable from related parties	194,460	Conducted as agreed terms	-
				Operating revenues	1,451,110	Conducted as agreed terms	1%
				Operating costs	2,787,097	Conducted as agreed terms	2%
		Yes Logistics	1	Operating revenues	270,549	Conducted as agreed terms	-
				Rent income	4,000	Conducted as agreed terms	-
				Operating costs	55,933	Conducted as agreed terms	-
				Accounts receivable from related parties	33,270	Conducted as agreed terms	-
				Other receivable from related parties	5,116	Conducted as agreed terms	-
		Kuang Ming	1	Operating revenues	44,715	Conducted as agreed terms	-
				Operating costs	14,946	Conducted as agreed terms	-
				Rent income	137	Conducted as agreed terms	-
				Accounts receivable from related parties	46,951	Conducted as agreed terms	-
				Other receivable from related parties	4,093	Conducted as agreed terms	-
				Disposal of properties	318,581	Conducted as agreed terms	-
				Operating costs	4,443,307	Conducted as agreed terms	3%
		AOT	1	Interest revenues	718,611	Conducted as agreed terms	-
				Other receivable from related parties	1,654,012	Conducted as agreed terms	1%
				Long-term receivables from related parties	21,763,729	Conducted as agreed terms	19%
				Acquisition of properties	2,287,561	Conducted as agreed terms	2%
				Disposal of properties	1,506,294	Conducted as agreed terms	1%
				Operating costs	190,000	Conducted as agreed terms	-
				Operating costs	775,927	Conducted as agreed terms	-
		Honming Jing Ming	1	Payable to related parties	64,027	Conducted as agreed terms	-
				Other receivable from related parties	402	Conducted as agreed terms	-
		Yang Ming-America	1	Operating costs	1,738,860	Conducted as agreed terms	2%
				Payables to related parties	34,633	Conducted as agreed terms	-
Accounts receivable from related parties	398,493			Conducted as agreed terms	-		
Other receivable from related parties	58,277			Conducted as agreed terms	-		
Operating costs	422,915			Conducted as agreed terms	-		
Olympic Container Terminal LLC Yangming-Japan	1	Operating costs	249,781	Conducted as agreed terms	-		
		Accounts receivable from related parties	145,687	Conducted as agreed terms	-		
		Payables to related parties	101,238	Conducted as agreed terms	-		

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		Young-Carrier	1	Operating costs	\$ 587,430	Conducted as agreed terms	-
				Accounts receivable from related parties	1,318,066	Conducted as agreed terms	1%
		YML Holding	1	Payables to related parties	215,990	Conducted as agreed terms	-
		Yangming-Cayman	1	Long-term receivable from related parties	30,523	Conducted as agreed terms	-
		YML-HK	1	Operating costs	1,495	Conducted as agreed terms	-
				Operating costs	355,262	Conducted as agreed terms	-
				Accounts receivable from related parties	163,312	Conducted as agreed terms	-
		YMS-Singapore	1	Payables to related parties	244,250	Conducted as agreed terms	-
				Operating costs	78,219	Conducted as agreed terms	-
				Accounts receivable from related parties	18,656	Conducted as agreed terms	-
		KMS-Panama	1	Payables to related parties	21,122	Conducted as agreed terms	-
				Operating costs	56,218	Conducted as agreed terms	-
		YML-M	1	Payables to related parties	30,012	Conducted as agreed terms	-
				Operating costs	46,667	Conducted as agreed terms	-
				Accounts receivable from related parties	24,567	Conducted as agreed terms	-
				Other receivable from related parties	64	Conducted as agreed terms	-
				Payables to related parties	6,721	Conducted as agreed terms	-
		YML-India	1	Operating costs	10,918	Conducted as agreed terms	-
				Payables to related parties	32,364	Conducted as agreed terms	-
		Yang Ming-Korea	1	Operating costs	190,157	Conducted as agreed terms	-
				Accounts receivable from related parties	164,510	Conducted as agreed terms	-
				Payables to related parties	89,173	Conducted as agreed terms	-
		YMS-BVI	1	Operating costs	216,685	Conducted as agreed terms	-
		Yang Ming-Liberia	1	Operating costs	1,724,342	Conducted as agreed terms	1%
				Interest revenues	81,154	Conducted as agreed terms	-
				Other receivable from related parties	1,067,242	Conducted as agreed terms	1%
				Long-term receivables from related parties	1,144,787	Conducted as agreed terms	1%
		YML-BVI	1	Long-term receivables from related parties	1,225,155	Conducted as agreed terms	1%
		Ching Ming	1	Rent income	92	Conducted as agreed terms	-
				Other receivable from related parties	2,208	Conducted as agreed terms	-
		Yang Ming-Italy	1	Operating costs	118,582	Conducted as agreed terms	-
				Accounts receivable from related parties	92,003	Conducted as agreed terms	-
				Payables to related parties	21,341	Conducted as agreed terms	-
		Yang Ming-Belgium	1	Operating costs	49,116	Conducted as agreed terms	-
				Advances to shipping agents	37,042	Conducted as agreed terms	-
				Accounts receivable from related parties	31,074	Conducted as agreed terms	-
1	Kuang Ming	YMTC	2	Operating costs	44,715	Conducted as agreed terms	-
				Operating revenues	14,946	Conducted as agreed terms	-
				Administration expenses	137	Conducted as agreed terms	-
				Accounts receivable from related parties	2,430	Conducted as agreed terms	-
				Payables to related parties	48,614	Conducted as agreed terms	-
		AOT	3	Acquisition of properties	318,581	Conducted as agreed terms	-
				Interest expenses	867	Conducted as agreed terms	-
2	AOT	YMTC	2	Operating revenues	4,443,307	Conducted as agreed terms	3%
				Interest expenses	718,611	Conducted as agreed terms	-
				Payables to related parties	23,417,741	Conducted as agreed terms	21%

(Continued)



Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		Yangming-UK	3	Disposal of properties	\$ 2,287,561	Conducted as agreed terms	2%
		Kuang Ming	3	Acquisition of properties	1,506,294	Conducted as agreed terms	1%
		KMS-Panama	3	Operating revenues	858,881	Conducted as agreed terms	-
				Interest revenues	867	Conducted as agreed terms	-
				Interest expenses	178	Conducted as agreed terms	-
		Yang Ming-Liberia	3	Payables to related parties	145	Conducted as agreed terms	-
				Interest revenues	94,049	Conducted as agreed terms	-
				Other receivable from related parties	97,648	Conducted as agreed terms	-
				Long-term receivables from related parties	883,729	Conducted as agreed terms	-
				Payables to related parties	166	Conducted as agreed terms	-
3	Honming	YMTC	2	Operating revenues	190,000	Conducted as agreed terms	-
4	Jing Ming	YMTC	2	Operating revenues	775,927	Conducted as agreed terms	-
				Accounts receivable from related parties	64,027	Conducted as agreed terms	-
		Yes Logistics	3	Payables to related parties	402	Conducted as agreed terms	-
				Operating revenues	3,087	Conducted as agreed terms	-
				Accounts receivable from related parties	569	Conducted as agreed terms	-
5	Yang Ming-America	YMTC	2	Operating revenues	1,738,860	Conducted as agreed terms	1%
				Accounts receivable from related parties	34,633	Conducted as agreed terms	-
		Yangming-UK	3	Long-term payables to related parties	456,770	Conducted as agreed terms	-
				Operating revenues	59,853	Conducted as agreed terms	-
				Accounts receivable from related parties	72,827	Conducted as agreed terms	-
		Yes Logistics	3	Payables to related parties	8,710	Conducted as agreed terms	-
				Payables to related parties	1,754	Conducted as agreed terms	-
				Accounts receivable from related parties	186	Conducted as agreed terms	-
6	Olympic Container Terminal LLC	YMTC	2	Operating revenues	422,915	Conducted as agreed terms	-
7	Yangming-Japan	YMTC	2	Operating revenues	249,781	Conducted as agreed terms	-
				Payables to related parties	145,687	Conducted as agreed terms	-
		Yangming-UK	3	Accounts receivable from related parties	101,238	Conducted as agreed terms	-
				Operating revenues	7,919	Conducted as agreed terms	-
				Payables to related parties	7,003	Conducted as agreed terms	-
				Accounts receivable from related parties	4,625	Conducted as agreed terms	-
8	YML Holding	YMTC	2	Payables to related parties	30,523	Conducted as agreed terms	-
9	Young-Carrier	YMTC	2	Operating revenues	587,430	Conducted as agreed terms	-
				Payables to related parties	1,318,066	Conducted as agreed terms	1%
		Yangming-UK	3	Accounts receivable from related parties	215,990	Conducted as agreed terms	-
				Operating revenues	46,967	Conducted as agreed terms	-
				Payables to related parties	134,969	Conducted as agreed terms	-
				Accounts receivable from related parties	148,139	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
10	Yangming-UK	YMTC	2	Payables to related parties	\$ 387,623	Conducted as agreed terms	-
				Accounts receivable from related parties	968,959	Conducted as agreed terms	-
				Operating costs	1,451,110	Conducted as agreed terms	1%
		Yang Ming-America	3	Operating revenues	2,787,097	Conducted as agreed terms	2%
				Operating costs	59,853	Conducted as agreed terms	-
				Payables to related parties	72,827	Conducted as agreed terms	-
		Yangming-Japan	3	Accounts receivable from related parties	8,710	Conducted as agreed terms	-
				Operating costs	7,919	Conducted as agreed terms	-
				Accounts receivable from related parties	7,003	Conducted as agreed terms	-
		Young-Carrier	3	Payables to related parties	4,625	Conducted as agreed terms	-
				Operating costs	46,967	Conducted as agreed terms	-
				Accounts receivable from related parties	134,969	Conducted as agreed terms	-
		YML-HK	3	Payables to related parties	148,139	Conducted as agreed terms	-
				Operating costs	24,986	Conducted as agreed terms	-
				Accounts receivable from related parties	12,066	Conducted as agreed terms	-
		YMS-Singapore	3	Payables to related parties	34,234	Conducted as agreed terms	-
				Operating costs	26,375	Conducted as agreed terms	-
				Accounts receivable from related parties	1,104	Conducted as agreed terms	-
		YML-M	3	Payables to related parties	7,768	Conducted as agreed terms	-
				Operating costs	5,301	Conducted as agreed terms	-
				Accounts receivable from related parties	1,906	Conducted as agreed terms	-
		YML-India	3	Payables to related parties	3,422	Conducted as agreed terms	-
				Operating costs	59,666	Conducted as agreed terms	-
				Accounts receivable from related parties	45,632	Conducted as agreed terms	-
		Yangming-ERO	3	Payables to related parties	154,884	Conducted as agreed terms	-
				Payables to related parties	1,900	Conducted as agreed terms	-
				Accounts receivable from related parties	2,151	Conducted as agreed terms	-
Yang Ming-Korea	3	Operating costs	38,113	Conducted as agreed terms	-		
		Operating costs	6,461	Conducted as agreed terms	-		
		Accounts receivable from related parties	794	Conducted as agreed terms	-		
Yang Ming-Italy	3	Payables to related parties	5,385	Conducted as agreed terms	-		
		Operating costs	95,005	Conducted as agreed terms	-		
		Accounts receivable from related parties	261,990	Conducted as agreed terms	-		
Yang Ming-Belgium	3	Payables to related parties	73,478	Conducted as agreed terms	-		
		Operating costs	1,790	Conducted as agreed terms	-		
		Accounts receivable from related parties	186	Conducted as agreed terms	-		
				Payables to related parties	346	Conducted as agreed terms	-
11	YML-HK	YMTC	2	Operating revenues	355,262	Conducted as agreed terms	-
				Payables to related parties	163,312	Conducted as agreed terms	-
				Accounts receivable from related parties	244,250	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	24,986	Conducted as agreed terms	-
				Payables to related parties	12,066	Conducted as agreed terms	-
				Accounts receivable from related parties	34,234	Conducted as agreed terms	-
12	YMS-Singapore	YMTC	2	Operating revenues	78,219	Conducted as agreed terms	-
				Payables to related parties	18,656	Conducted as agreed terms	-
				Accounts receivable from related parties	21,122	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		Yangming-UK	3	Operating revenues Payables to related parties Accounts receivable from related parties	\$ 26,375 1,104 7,768	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
13	KMS-Panama	YMTC	2	Operating revenues Accounts receivable from related parties	56,218 30,012	Conducted as agreed terms Conducted as agreed terms	- -
		AOT	3	Interest revenues Accounts receivable from related parties	178 145	Conducted as agreed terms Conducted as agreed terms	- -
14	YML-M	YMTC	2	Operating revenues Payables to related parties Accounts receivable from related parties	46,667 24,631 6,721	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Yangming-UK	3	Operating revenues Payables to related parties Accounts receivable from related parties	5,301 1,906 3,422	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
15	Yes Logistics	YMTC	2	Operating costs Administration expenses Operating revenues	270,549 4,000 55,933	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Jing Ming	3	Payables to related parties Operating costs Payables to related parties	38,386 3,087 569	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Yang Ming-America	3	Accounts receivable from related parties Payables to related parties	1,754 186	Conducted as agreed terms Conducted as agreed terms	- -
		Yangming-ERO	3	Payables to related parties	21,585	Conducted as agreed terms	-
16	YML-BVI	YMTC	2	Long-term payables to related parties	1,225,155	Conducted as agreed terms	1%
17	Ching Ming	YMTC	2	Administration expenses Payables to related parties	92 2,208	Conducted as agreed terms Conducted as agreed terms	- -
18	YML-India	YMTC	2	Operating revenues Accounts receivable from related parties	10,918 32,364	Conducted as agreed terms Conducted as agreed terms	- -
		Yangming-UK	3	Operating revenues Payables to related parties Accounts receivable from related parties	59,666 45,632 154,884	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
19	Yangming-ERO	YMTC	2	Accounts receivable from related parties Payables to related parties Operating revenues	4,705 202,984 396,549	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Yangming-UK	3	Accounts receivable from related parties Payables to related parties Operating revenues	1,900 2,151 38,113	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Yes Logistics	3	Accounts receivable from related parties	21,585	Conducted as agreed terms	-
20	Yang Ming-Liberia	YMTC	2	Operating revenues Interest expenses	1,724,342 81,154	Conducted as agreed terms Conducted as agreed terms	1% -

(Continued)

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

2006

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
0	YMTC	Yangming-ERO	1	Operating costs Accounts receivable from related parties Advances to shipping agents	\$ 359,786 132,385 15,344	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Yangming-UK	1	Operating revenues Operating costs Accounts receivable from related parties Other receivable from related parties Advances to shipping agents	1,266,845 2,606,482 158,154 2,614,125 67,224	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	1% 2% - 3% -
		Yes Logistics	1	Operating revenues Rent income Operating costs	163,407 4,000 42,708	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
				Accounts receivable from related parties	\$ 9,838	Conducted as agreed terms	-
				Payables to related parties	669	Conducted as agreed terms	-
		Kuang Ming	1	Operating costs	37,241	Conducted as agreed terms	-
				Other receivable from related parties	30,823	Conducted as agreed terms	-
				Payables to related parties	756	Conducted as agreed terms	-
		AOT	1	Operating costs	5,348,409	Conducted as agreed terms	5%
				Interest revenues	713,194	Conducted as agreed terms	1%
				Other receivable from related parties	3,110,560	Conducted as agreed terms	3%
				Long-term receivables from related parties	17,227,394	Conducted as agreed terms	18%
				Acquisition of properties	651,448	Conducted as agreed terms	1%
				Disposal of properties	4,519,963	Conducted as agreed terms	5%
		Honming	1	Operating costs	199,404	Conducted as agreed terms	-
		Jing Ming	1	Operating costs	711,795	Conducted as agreed terms	1%
				Payables to related parties	105,675	Conducted as agreed terms	-
		Yang Ming-America	1	Operating costs	1,678,561	Conducted as agreed terms	2%
				Accounts receivable from related parties	527,683	Conducted as agreed terms	1%
				Payables to related parties	28,865	Conducted as agreed terms	-
		Olympic Container Terminal LLC	1	Operating costs	192,293	Conducted as agreed terms	-
				Payables to related parties	14,049	Conducted as agreed terms	-
		Yangming-Japan	1	Operating costs	247,137	Conducted as agreed terms	-
				Accounts receivable from related parties	1,055	Conducted as agreed terms	-
				Payables to related parties	94,029	Conducted as agreed terms	-
		Young-Carrier	1	Operating costs	515,041	Conducted as agreed terms	-
				Accounts receivable from related parties	805,123	Conducted as agreed terms	1%
				Payables to related parties	121,643	Conducted as agreed terms	-
		Yangming-Cayman	1	Operating costs	186,417	Conducted as agreed terms	-
				Prepaid expense	2,070	Conducted as agreed terms	-
		YML-HK	1	Operating costs	175,836	Conducted as agreed terms	-
				Accounts receivable from related parties	189,309	Conducted as agreed terms	-
				Payables to related parties	210,962	Conducted as agreed terms	-
		YMS-Singapore	1	Operating costs	68,215	Conducted as agreed terms	-
				Accounts receivable from related parties	13,927	Conducted as agreed terms	-
				Payables to related parties	27,440	Conducted as agreed terms	-
		KMS-Panama	1	Operating costs	59,668	Conducted as agreed terms	-
				Other receivable from related parties	457	Conducted as agreed terms	-
				Prepaid expense	1,820	Conducted as agreed terms	-
		YML-M	1	Operating costs	41,423	Conducted as agreed terms	-
				Accounts receivable from related parties	63,116	Conducted as agreed terms	-
				Payables to related parties	74,990	Conducted as agreed terms	-
		YML-India	1	Operating costs	27,018	Conducted as agreed terms	-
				Accounts receivable from related parties	20,711	Conducted as agreed terms	-
				Payables to related parties	56,598	Conducted as agreed terms	-
		Yang Ming-Korea	1	Operating costs	117,807	Conducted as agreed terms	-
				Accounts receivable from related parties	103,900	Conducted as agreed terms	-
				Payables to related parties	79,638	Conducted as agreed terms	-
		YMS-BVI	1	Operating costs	169,201	Conducted as agreed terms	-
		YML Holding	1	Other receivable from related parties	10,453	Conducted as agreed terms	-
				Long-term receivable from related parties	20,215	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		Yang Ming-Liberia	1	Operating costs	\$ 58,388	Conducted as agreed terms	-
				Interest revenues	120,432	Conducted as agreed terms	-
				Other receivable from related parties	1,211,552	Conducted as agreed terms	1%
		YML-BVI	1	Long-term receivables from related parties	2,051,423	Conducted as agreed terms	2%
		Ching Ming	1	Long-term receivables from related parties	1,265,066	Conducted as agreed terms	1%
				Other receivable from related parties	2,480	Conducted as agreed terms	-
1	Kuang Ming	YMTC	2	Operating revenues	37,241	Conducted as agreed terms	-
				Payables to related parties	30,823	Conducted as agreed terms	-
		AOT	3	Accounts receivable from related parties	756	Conducted as agreed terms	-
				Interest expenses	2,334	Conducted as agreed terms	-
				Long-term payables to related parties	214,098	Conducted as agreed terms	-
2	AOT	YMTC	2	Operating revenues	5,348,409	Conducted as agreed terms	5%
				Interest expenses	713,194	Conducted as agreed terms	1%
				Payables to related parties	3,110,560	Conducted as agreed terms	3%
				Long-term payables to related parties	17,227,394	Conducted as agreed terms	18%
				Disposal of properties	651,448	Conducted as agreed terms	1%
				Acquisition of properties	4,519,963	Conducted as agreed terms	5%
		Yangming-UK	3	Operating revenues	1,348,951	Conducted as agreed terms	1%
		Kuang Ming	3	Interest revenues	2,334	Conducted as agreed terms	-
				Long-term receivables from related parties	214,098	Conducted as agreed terms	-
		KMS-Panama	3	Long-term receivables from related parties	23,956	Conducted as agreed terms	-
3	Honming	YMTC	2	Operating revenues	199,404	Conducted as agreed terms	-
4	Jing Ming	YMTC	2	Operating revenues	711,795	Conducted as agreed terms	1%
				Accounts receivable from related parties	105,675	Conducted as agreed terms	-
		Yes Logistics	3	Operating revenues	3,654	Conducted as agreed terms	-
				Accounts receivable from related parties	912	Conducted as agreed terms	-
5	Yang Ming-America	YMTC	2	Operating revenues	1,678,561	Conducted as agreed terms	2%
				Payables to related parties	527,683	Conducted as agreed terms	1%
		Yangming-UK	3	Accounts receivable from related parties	28,865	Conducted as agreed terms	-
				Payables to related parties	2,456	Conducted as agreed terms	-
				Accounts receivable from related parties	75,670	Conducted as agreed terms	-
6	Olympic Container Terminal LLC	YMTC	2	Operating revenues	192,293	Conducted as agreed terms	-
				Accounts receivable from related parties	14,049	Conducted as agreed terms	-
7	Yangming-Japan	YMTC	2	Operating revenues	247,137	Conducted as agreed terms	-
				Payables to related parties	1,055	Conducted as agreed terms	-
				Accounts receivable from related parties	94,029	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	2,274	Conducted as agreed terms	-
				Payables to related parties	5,167	Conducted as agreed terms	-
				Accounts receivable from related parties	471	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
8	YML Holding	YMTC	2	Payables to related parties Long-term payables to related parties	\$ 10,453 20,215	Conducted as agreed terms Conducted as agreed terms	- -
9	Young-Carrier	YMTC	2	Operating revenues Payables to related parties	515,041 805,123	Conducted as agreed terms Conducted as agreed terms	- 1%
		Yangming-UK	3	Accounts payable to related parties Operating revenues Payables to related parties Accounts payable to related parties	121,643 46,018 99,414 45,404	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - - -
10	Yangming-Cayman	YMTC	2	Operating revenues Advances from customers	186,417 2,070	Conducted as agreed terms Conducted as agreed terms	- -
11	Yangming-UK	YMTC	2	Operating costs Operating revenues Payables to related parties Advances from related parties	1,266,845 2,606,482 2,772,279 67,224	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	1% 2% 3% -
		AOT	3	Operating costs	1,348,951	Conducted as agreed terms	1%
		YML-BVI	3	Operating costs Payables to related parties	714,290 513,157	Conducted as agreed terms Conducted as agreed terms	1% 1%
		Yangming-Japan	3	Operating costs Accounts receivable from related parties Payables to related parties	2,274 5,167 471	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Yang Ming-Korea	3	Operating costs Accounts receivable from related parties Payables to related parties	2,412 1,216 2,471	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Young-Carrier	3	Operating costs Accounts receivable from related parties Payables to related parties	46,018 99,414 45,404	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		YML-HK	3	Operating costs Accounts receivable from related parties Payables to related parties	15,925 13,990 6,967	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		YMS-Singapore	3	Operating costs Accounts receivable from related parties Payables to related parties	14,385 1,361 6,993	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		YML-M	3	Operating costs Accounts receivable from related parties Payables to related parties	5,607 1,543 3,359	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Yangming-ERO	3	Operating costs Accounts receivable from related parties Payables to related parties	61,026 43,877 27,644	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		YML-India	3	Operating costs Accounts receivable from related parties Payables to related parties	43,602 66,320 98,687	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Yang Ming-America	3	Accounts receivable from related parties Payables to related parties	2,456 75,670	Conducted as agreed terms Conducted as agreed terms	- -

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details					
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue		
12	YML-HK	YMTC	2	Operating revenues	\$ 175,836	Conducted as agreed terms	-		
				Payables to related parties	189,309	Conducted as agreed terms	-		
				Accounts receivable from related parties	210,962	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenues	15,925	Conducted as agreed terms	-		
				Payables to related parties	13,990	Conducted as agreed terms	-		
				Accounts receivable from related parties	6,967	Conducted as agreed terms	-		
13	YMS-Singapore	YMTC	2	Operating revenues	68,215	Conducted as agreed terms	-		
				Payables to related parties	13,927	Conducted as agreed terms	-		
				Accounts receivable from related parties	27,440	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenues	14,385	Conducted as agreed terms	-		
				Payables to related parties	1,361	Conducted as agreed terms	-		
				Accounts receivable from related parties	6,993	Conducted as agreed terms	-		
14	KMS-Panama	YMTC	2	Operating revenues	59,668	Conducted as agreed terms	-		
				Payables to related parties	457	Conducted as agreed terms	-		
		AOT	3	Advances from customers	1,820	Conducted as agreed terms	-		
				Long-term payables to related parties	23,956	Conducted as agreed terms	-		
15	YML-M	YMTC	2	Operating revenues	41,423	Conducted as agreed terms	-		
				Payables to related parties	63,116	Conducted as agreed terms	-		
				Accounts receivable from related parties	74,990	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenues	5,607	Conducted as agreed terms	-		
				Payables to related parties	1,543	Conducted as agreed terms	-		
				Accounts receivable from related parties	3,359	Conducted as agreed terms	-		
16	Yes Logistics	YMTC	2	Operating costs	163,407	Conducted as agreed terms	-		
				Rental expenses	4,000	Conducted as agreed terms	-		
				Operating revenues	42,708	Conducted as agreed terms	-		
		Jing Ming	3	Payables to related parties	9,838	Conducted as agreed terms	-		
				Other receivable from related parties	669	Conducted as agreed terms	-		
				Operating costs	3,654	Conducted as agreed terms	-		
17	YML-BVI	YMTC	2	Long-term payables to related parties	1,265,066	Conducted as agreed terms	1%		
				Operating revenues	714,290	Conducted as agreed terms	1%		
		Yangming-UK	3	Accounts receivable from related parties	513,157	Conducted as agreed terms	1%		
				YML-NV	3	Long-term receivables from related parties	1,755	Conducted as agreed terms	-
						YML-BV	3	Long-term receivables from related parties	20,836
18	Ching Ming	YMTC	2	Payables to related parties	2,480	Conducted as agreed terms	-		
19	YML-India	YMTC	2	Operating revenues	27,018	Conducted as agreed terms	-		
				Payables to related parties	20,711	Conducted as agreed terms	-		
				Accounts receivable from related parties	56,598	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenues	43,602	Conducted as agreed terms	-		
				Payables to related parties	66,320	Conducted as agreed terms	-		
				Accounts receivable from related parties	98,687	Conducted as agreed terms	-		

(Continued)



Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
20	YML-NV	YML-BVI	3	Long-term payables to related parties	\$ 1,755	Conducted as agreed terms	-
21	YML-BV	YML-BVI	3	Long-term payables to related parties	20,836	Conducted as agreed terms	-
22	Yangming-ERO	YMTC	2	Operating revenues	359,786	Conducted as agreed terms	-
				Payables to related parties	132,385	Conducted as agreed terms	-
				Advances from related parties	15,344	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	61,026	Conducted as agreed terms	-
				Payables to related parties	43,877	Conducted as agreed terms	-
				Accounts receivable from related parties	27,644	Conducted as agreed terms	-
23	Yang Ming-Liberia	YMTC	2	Operating revenues	58,388	Conducted as agreed terms	-
				Interest expenses	120,432	Conducted as agreed terms	-
				Payables to related parties	1,211,552	Conducted as agreed terms	1%
				Long-term payables to related parties	2,051,423	Conducted as agreed terms	2%
24	Yang Ming-Korea	YMTC	2	Operating revenues	117,807	Conducted as agreed terms	-
				Payables to related parties	103,900	Conducted as agreed terms	-
				Accounts receivable from related parties	79,368	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	2,412	Conducted as agreed terms	-
				Payables to related parties	1,216	Conducted as agreed terms	-
				Accounts receivable from related parties	2,471	Conducted as agreed terms	-
25	YMS-BVI	YMTC	2	Operating revenues	169,201	Conducted as agreed terms	-

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

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

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

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

GEOGRAPHIC AREA INFORMATION  
YEARS ENDED DECEMBER 31, 2007 AND 2006  
(In Thousands of New Taiwan Dollars)

	2007						2006							
	Domestic Area	Asia	Africa	Europe	America	Adjustment and Eliminations	Combined (Note A)	Domestic Area	Asia	Africa	Europe	America	Adjustment and Eliminations	Combined (Note A)
Sales to customers	\$ 114,533,464	\$ 56,587	\$ -	\$ 18,513,006	\$ 698,175	\$ -	\$ 133,801,232	\$ 92,545,780	\$ 61,284	\$ -	\$ 14,512,558	\$ 179,361	\$ -	\$ 107,298,983
Intracompany sales (Note B)	<u>3,911,277</u>	<u>1,495,651</u>	<u>7,266,124</u>	<u>3,612,688</u>	<u>2,277,846</u>	<u>(18,563,586)</u>	<u>-</u>	<u>2,746,655</u>	<u>1,461,443</u>	<u>6,954,903</u>	<u>3,367,710</u>	<u>1,934,739</u>	<u>(16,465,450)</u>	<u>-</u>
Total revenues	<u>\$ 118,444,741</u>	<u>\$ 1,552,238</u>	<u>\$ 7,266,124</u>	<u>\$ 22,125,694</u>	<u>\$ 2,976,021</u>	<u>\$ (18,563,586)</u>	<u>\$ 133,801,232</u>	<u>\$ 95,292,435</u>	<u>\$ 1,522,727</u>	<u>\$ 6,954,903</u>	<u>\$ 17,880,268</u>	<u>\$ 2,114,100</u>	<u>\$ (16,465,450)</u>	<u>\$ 107,298,983</u>
Segment operating income (Note C)	<u>\$ 2,850,380</u>	<u>\$ 51,054</u>	<u>\$ 2,062,562</u>	<u>\$ 1,219,552</u>	<u>\$ 413,862</u>	<u>\$ -</u>	\$ 6,597,410	<u>\$ (947,178)</u>	<u>\$ 95,405</u>	<u>\$ 2,894,882</u>	<u>\$ (58,210)</u>	<u>\$ 204,177</u>	<u>\$ -</u>	\$ 2,189,076
Investment income recognized under equity method							281,560							107,056
General income, net							3,041,331							1,201,952
General expenses							(873,501)							(754,716)
Interest expense							<u>(1,673,575)</u>							<u>(1,063,232)</u>
Income before income tax							<u>\$ 7,373,225</u>							<u>\$ 1,680,136</u>
Identifiable assets (Note D)	<u>\$ 69,955,653</u>	<u>\$ 2,255,558</u>	<u>\$ 46,208,674</u>	<u>\$ 10,205,980</u>	<u>\$ 1,263,159</u>	<u>\$ (27,666,138)</u>	\$ 102,222,886	<u>\$ 67,698,313</u>	<u>\$ 2,587,453</u>	<u>\$ 37,539,641</u>	<u>\$ 17,656,334</u>	<u>\$ 783,258</u>	<u>\$ (32,178,185)</u>	\$ 94,086,814
Investments in shares of stock							2,356,413							1,564,285
General assets							<u>8,367,773</u>							<u>549,095</u>
Total assets							<u>\$ 112,947,072</u>							<u>\$ 96,200,194</u>

## Notes:

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