

Yang Ming Marine Transport Corporation

**Financial Statements for the
Six Months Ended June 30, 2007 and 2006 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Yang Ming Marine Transport Corporation

We have audited the accompanying balance sheets of Yang Ming Marine Transport Corporation as of June 30, 2007 and 2006 and the related statements of income, changes in stockholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except for the matter described in the next paragraph, 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 provide a reasonable basis for our opinion.

We were unable to obtain audited financial statements supporting the Corporation's investments in some equity-method investees with carrying value of NT\$7,025,887 thousand and NT\$5,807,957 thousand as of June 30, 2007 and 2006, respectively, and credit balance of equity-method investees with carrying value of NT\$355,029 thousand and NT\$279,258 thousand as of June 30, 2007 and 2006. We were unable to satisfy ourselves on the carrying value of the investments in the investees or the equity in their net income by other auditing procedures. The Corporation's equity of NT\$938,265 thousand and (NT\$324,323) thousand in the net income (loss) of these investees was included in the net income for the six months ended June 30, 2007 and 2006, respectively, as stated in Note 9; other information of the Corporation's investments is shown in Note 29 to the financial statements.

In our opinion, except for the effects of such adjustment, if any, as might have been made had we applied audit procedures on the financial statements of investees referred to in preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Yang Ming Marine Transport Corporation as of June 30, 2007 and 2006, and the results of its operations and 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 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.

We have also reviewed the consolidated financial statements of Yang Ming Marine Transport Corporation and subsidiaries as of and for the six months ended June 30, 2007 and 2006 and have issued a qualified review report dated August 7, 2007.

August 7, 2007

Notice to Readers

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

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

YANG MING MARINE TRANSPORT CORPORATION

BALANCE SHEETS

JUNE 30, 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	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 3,320,259	4	\$ 4,961,282	6	Short-term bank loans (Note 13)	\$ 2,100,000	3	\$ -	-
Financial assets at fair value through profit or loss - current (Notes 2, 3 and 5)	1,262,185	2	1,417,483	2	Payable to related parties (Note 25)	1,236,573	1	928,119	1
Available-for-sale financial assets - current (Notes 2 and 6)	2,672,375	3	7,510,908	9	Income tax payable (Notes 2 and 21)	42,399	-	275,054	-
Accounts receivable, net of allowance for doubtful accounts of \$ 35,391 thousand and \$46,510 thousand at June 30, 2007 and 2006 (Notes 2 and 7)	762,867	1	598,975	1	Accrued expenses (Notes 15 and 25)	5,346,848	6	4,582,547	6
Accounts receivables from related parties (Notes 2 and 25)	2,975,617	4	1,600,509	2	Dividends payable (Note 19)	753,527	1	5,742,445	7
Other receivables from related parties (Note 25)	4,724,903	6	9,699,634	12	Payable for equipment	1,023,689	1	939,177	1
Shipping fuel, net (Note 2)	2,671,965	3	1,991,816	3	Advances from customers	1,778,957	2	1,117,330	2
Prepaid expenses (Note 25)	214,086	-	359,227	-	Current portion of long-term interest-bearing debts (Notes 2 and 14)	3,425,977	4	1,841,377	2
Advances to shipping agents (Note 25)	300,184	-	413,117	1	Payable to shipping agents (Note 25)	1,340,100	2	1,516,317	2
Other current assets (Notes 2 and 21)	224,803	-	95,403	-	Other current liabilities	168,254	-	189,612	-
Total current assets	19,129,244	23	28,648,354	36	Total current liabilities	17,216,324	20	17,131,978	21
LONG-TERM INVESTMENTS (Notes 2, 3, 5, 6, 8 and 9)					LONG-TERM DEBTS, NET OF CURRENT PORTION				
Financial assets at fair value through profit or loss - noncurrent	-	-	32,434	-	Hedging derivative financial liability - noncurrent (Notes 2 and 3)	51,084	-	70,615	-
Available-for-sale financial assets - noncurrent	2,427,144	3	-	-	Bonds (Notes 2, 14 and 26)	19,146,000	23	16,680,000	21
Financial assets measured at cost - noncurrent	833,578	1	794,819	1	Capital lease obligations (Notes 2, 10, 14 and 27)	256,913	-	330,209	-
Investments accounted for using equity method	19,883,362	23	17,655,180	22	Total long-term debts	19,453,997	23	17,080,824	21
Total long-term investments	23,144,084	27	18,482,433	23	RESERVE FOR LAND VALUE INCREMENT TAX (Note 16)	479,639	1	479,639	1
PROPERTIES (Notes 2, 10, 25 and 26)					OTHER LIABILITIES				
Cost					Accrued pension liabilities (Notes 2 and 18)	957,510	1	832,978	1
Land	330,069	-	158,624	-	Deferred income tax liabilities - noncurrent (Notes 2 and 21)	2,535,936	3	2,332,702	3
Buildings	719,561	1	626,003	1	Others (Notes 2 and 17)	149,476	-	172,377	-
Containers and chassis	23,781,102	28	20,669,994	26	Total other liabilities	3,642,922	4	3,338,057	4
Ships	5,131,276	6	6,325,929	8	Total liabilities	40,792,882	48	38,030,498	47
Leased containers and chassis	2,041,688	3	2,041,688	3	STOCKHOLDERS' EQUITY				
Leasehold improvements	209,070	-	209,070	-	Capital stock - \$10 par value				
Miscellaneous equipment	2,366,336	3	2,039,047	2	Authorized - 3,000,000 and 2,400,000 thousand shares at June 30, 2007 and 2006				
Total cost	34,579,102	41	32,070,355	40	Issued - 2,299,005 and 2,289,835 thousand shares at June 30, 2007 and 2006	22,990,052	27	22,898,344	28
Accumulated depreciation	19,756,837	24	18,037,239	23	Stock dividend for distribution - 18,392 thousand shares at June 30, 2007	183,920	1	-	-
Construction in progress	14,822,265	17	14,033,116	17	Total capital stock	23,173,972	28	22,898,344	28
Net properties	15,490,058	18	14,821,826	18	Capital surplus				
OTHER ASSETS					Paid-in capital in excess of par value	7,378,541	9	7,286,090	9
Assets leased to others, net (Notes 2 and 11)	2,570,124	3	2,846,169	4	Treasury stock transactions	1,480,009	2	1,474,322	2
Nonoperating assets, net (Notes 2, 12 and 26)	260,386	-	260,386	-	From long-term equity-method investment	8,872	-	11,036	-
Advances on long-term rent agreements	291,803	1	303,633	-	Total capital surplus	8,867,422	11	8,771,448	11
Deferred charges, net (Note 2)	102,561	-	48,435	-	Retained earnings				
Long-term receivables from related parties (Notes 9 and 25)	23,280,607	28	15,090,285	19	Legal reserve	3,212,821	4	3,098,505	4
Miscellaneous (Note 26)	228,496	-	233,903	-	Special reserve	2,067,513	2	2,074,929	3
Total other assets	26,733,977	32	18,782,811	23	Unappropriated earnings	6,046,372	7	5,841,749	7
					Total retained earnings	11,326,706	13	11,015,183	14
					Other items of stockholders' equity				
					Cumulative translation adjustments	202,925	-	109,054	-
					Net loss not recognized as pension cost	(96,743)	-	(39,630)	-
					Unrealized loss on financial instruments	230,199	-	(46,124)	-
					Total other items of stockholders' equity	336,381	-	23,300	-
					Treasury stocks - 452 thousand shares at June 30, 2006	-	-	(3,349)	-
					Total stockholders' equity	43,704,481	52	42,704,926	53
TOTAL	\$84,497,363	100	\$80,735,424	100	TOTAL	\$84,497,363	100	\$80,735,424	100

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

(With Deloitte & Touche audit report dated August 8, 2007)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

	2007		2006	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 25)	\$51,644,288	100	\$42,265,098	100
OPERATING COSTS (Notes 2, 22 and 25)	<u>52,377,673</u>	<u>101</u>	<u>41,924,320</u>	<u>99</u>
GROSS INCOME (LOSS)	<u>(733,385)</u>	<u>(1)</u>	<u>340,778</u>	<u>1</u>
OPERATING EXPENSES (Notes 22 and 27)				
Selling	656,726	1	609,456	2
General and administrative	<u>149,538</u>	<u>1</u>	<u>134,336</u>	<u>-</u>
Total operating expenses	<u>806,264</u>	<u>2</u>	<u>743,792</u>	<u>2</u>
OPERATING LOSS	<u>(1,539,649)</u>	<u>(3)</u>	<u>(403,014)</u>	<u>(1)</u>
NONOPERATING INCOME AND GAINS				
Equity in investees' net income (Notes 2 and 9)	1,593,768	3	1,919,726	5
Gain on disposal of properties (Note 2)	1,331,601	3	27,511	-
Interest (Note 25)	450,547	1	321,457	1
Gain on disposal of financial instruments, net	118,019	-	21,353	-
Valuation gain on financial instruments, net (Notes 2 and 5)	79,196	-	-	-
Reversal of allowance for loss on shipping fuel (Note 2)	56,776	-	25,631	-
Foreign exchange gain, net	20,436	-	54,674	-
Others (Note 25)	<u>73,846</u>	<u>-</u>	<u>111,608</u>	<u>-</u>
Total nonoperating income and gains	<u>3,724,189</u>	<u>7</u>	<u>2,481,960</u>	<u>6</u>
NONOPERATING EXPENSES AND LOSSES				
Interest (Notes 2 and 10)	442,110	1	391,526	1
Impairment loss on financial assets measured at cost (Note 2)	51,240	-	10,400	-
Valuation loss on financial instruments, net (Notes 2 and 5)	-	-	35,144	-
Others	<u>64,671</u>	<u>-</u>	<u>68,774</u>	<u>-</u>
Total nonoperating expenses and losses	<u>558,021</u>	<u>1</u>	<u>505,844</u>	<u>1</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 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 ACCOUNTING PRINCIPLES	\$ 1,626,519	3	\$ 1,573,102	4
INCOME TAX EXPENSE (Notes 2 and 21)	<u>449,931</u>	<u>1</u>	<u>559,858</u>	<u>2</u>
NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	1,176,588	2	1,013,244	2
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES, NET OF INCOME TAX EXPENSE OF \$2,222 THOUSAND (Note 3)	<u>-</u>	<u>-</u>	<u>16,896</u>	<u>-</u>
NET INCOME	<u>\$ 1,176,588</u>	<u>2</u>	<u>\$ 1,030,140</u>	<u>2</u>

	2007		2006	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
BASIC EARNINGS PER SHARE (Note 23)	<u>\$ 0.71</u>	<u>\$ 0.51</u>	<u>\$ 0.70</u>	<u>\$ 0.45</u>
DILUTED EARNINGS PER SHARE (Note 23)	<u>\$ 0.70</u>	<u>\$ 0.51</u>	<u>\$ 0.69</u>	<u>\$ 0.45</u>

Pro forma information assuming that the stocks of Corporation held by subsidiaries are accounted for as investments rather than as treasury stocks (Notes 2, 20 and 23) is as follows:

	2007	2006
NET INCOME FROM CONTINUING OPERATIONS	<u>\$ 1,176,588</u>	<u>\$ 1,047,902</u>
NET INCOME	<u>\$ 1,176,588</u>	<u>\$ 1,064,798</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.51</u>	<u>\$ 0.47</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.51</u>	<u>\$ 0.46</u>

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

(With Deloitte & Touche audit report dated August 8, 2007)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2007 AND 2006
(In Thousands of New Taiwan Dollars)

	Capital Stock (Notes 2 and 19)			Capital Surplus (Notes 2 and 19)			Retained Earnings (Notes 2 and 19)			Other Items of Stockholders' Equity (Notes 2, 3 and 18)			Treasury Stock (Notes 2 and 20)	Total Stockholders' Equity
	Shares (Thousands)	Amount	Stock Dividend for Distribution	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		
BALANCE, JANUARY 1, 2007	2,289,835	\$ 22,898,344	\$ -	\$ 7,286,090	\$ 1,480,009	\$ 8,876	\$ 3,098,505	\$ 2,074,929	\$ 5,954,764	\$ 168,626	\$ (96,743)	\$ (35,588)	\$ -	\$ 42,837,812
Appropriation of 2006 earnings														
Legal reserve	-	-	-	-	-	-	114,316	-	(114,316)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	(7,416)	7,416	-	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	-	(58,478)	-	-	-	-	(58,478)
Cash dividends - \$0.32 per share	-	-	-	-	-	-	-	-	(735,682)	-	-	-	-	(735,682)
Stock dividends - \$0.08 per share	-	-	183,920	-	-	-	-	-	(183,920)	-	-	-	-	-
Net income for the six months ended June 30, 2007	-	-	-	-	-	-	-	-	1,176,588	-	-	-	-	1,176,588
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	(4)	-	-	-	-	-	11,541	-	11,537
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	-	34,299	-	-	-	34,299
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	256,655	-	256,655
Changes in unrealized loss on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	-	(2,409)	-	(2,409)
Domestic convertible bonds converted into capital stocks	9,170	91,708	-	92,451	-	-	-	-	-	-	-	-	-	184,159
BALANCE, JUNE 30, 2007	2,299,005	\$ 22,990,052	\$ 183,920	\$ 7,378,541	\$ 1,480,009	\$ 8,872	\$ 3,212,821	\$ 2,067,513	\$ 6,046,372	\$ 202,925	\$ (96,743)	\$ 230,199	\$ -	\$ 43,704,481
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)	\$ 47,197,980
Adjustment of adopting newly announced and revised statements of financial accounting standards	-	-	-	-	-	-	-	-	-	1,073	-	(32,559)	-	(31,486)
Appropriation of 2005 earnings														
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	-	-	-	-	274,750	-	-	-	-	-	-	-	161,352	436,102
Net income for the six months ended June 30, 2006	-	-	-	-	-	-	-	-	1,030,140	-	-	-	-	1,030,140
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	-	(83,635)	-	-	-	(83,635)
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	6,837	-	6,837
Changes in unrealized loss on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	-	(20,402)	-	(20,402)
Domestic convertible bonds converted into capital stocks	18	177	-	225	-	-	-	-	-	-	-	-	-	402
BALANCE, JUNE 30, 2006	2,289,835	\$ 22,898,344	\$ -	\$ 7,286,090	\$ 1,474,322	\$ 11,036	\$ 3,098,505	\$ 2,074,929	\$ 5,841,749	\$ 109,054	\$ (39,630)	\$ (46,124)	\$ (3,349)	\$ 42,704,926

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

(With Deloitte & Touche audit report dated August 8, 2007)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,176,588	\$ 1,030,140
Cumulative effect of changes in accounting principle	<u>-</u>	<u>(16,896)</u>
Income before cumulative effect of changes in accounting principles	1,176,588	1,013,244
Depreciation	1,272,754	1,130,633
Amortization	25,474	21,067
Provision for doubtful accounts	11,520	682
Gain on disposal of financial instruments	(117,759)	(17,644)
Gain on disposal of properties, net	(1,331,601)	(27,511)
Provision for pension cost	30,224	26,999
Reversal of allowance for loss on shipping fuel	(56,776)	(25,631)
Equity in investees' net income	(1,593,768)	(1,919,726)
Impairment loss on financial assets measured at cost	51,240	10,400
Cash dividends received on equity-method investee companies	46,401	1,918,979
Valuation (gain) loss on financial instruments	(79,196)	35,144
Deferred income taxes	318,804	227,557
Others	(3,995)	(3,159)
Net changes in operating assets and liabilities		
Financial assets held for trading	(734,476)	(361,312)
Accounts receivable	(170,921)	75,111
Accounts receivable from related parties	(560,613)	(89,336)
Other receivables from related parties	(308,798)	(269,580)
Shipping fuel	(647,255)	(289,481)
Prepaid expenses	153,707	(73,846)
Advances to shipping agents	(63,699)	(183,843)
Other current assets	20,704	18,635
Income tax payable	(194,529)	229,584
Payables to related parties	272,315	(373,327)
Accrued expenses	(329,425)	74,949
Payables to shipping agents	(220,960)	(575,339)
Advances from customers	469,690	111,895
Other current liabilities	45,215	82,284
Advances on long-term rent agreements	<u>5,915</u>	<u>5,915</u>
Net cash provided by (used in) operating activities	<u>(2,513,220)</u>	<u>773,343</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	-	(97,200)
Proceeds from disposal of financial assets at fair value through profit or loss	32,620	207,875
Acquisition of available-for-sale financial assets	(6,419,350)	(12,235,075)
Proceeds from disposal of available-for-sale financial assets	9,013,555	12,250,325
Acquisition of investments accounted for using equity method	(179,810)	(32,460)
Acquisition of financial assets measured at cost	(90,000)	-
Acquisition of properties	(4,101,611)	(4,236,095)

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YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
Proceeds from disposal of properties	\$ 3,805,374	\$ 213,215
Increase in long-term receivables from related parties	(260,751)	(833,552)
Increase in deferred charges	(66,092)	(1,531)
Increase in other assets	(76,425)	(33,069)
Decrease in restricted assets	<u>124,923</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>1,782,433</u>	<u>(4,797,567)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	2,100,000	-
Repayments of principal of bonds	(1,408,000)	(396,000)
Payments of capital lease obligations	(74,345)	(130,124)
Increase (decrease) in other liabilities	(12,700)	7,782
Cash dividend paid	<u>(27)</u>	<u>(106,422)</u>
Net cash provided by (used in) financing activities	<u>604,928</u>	<u>(624,764)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(125,859)	(4,648,988)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>3,446,118</u>	<u>9,610,270</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 3,320,259</u>	<u>\$ 4,961,282</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	234,074	273,530
Less: Capitalized interest	<u>(2,225)</u>	<u>-</u>
Interest paid (excluding capitalized interest)	<u>\$ 231,849</u>	<u>\$ 273,530</u>
Income tax paid	<u>\$ 313,503</u>	<u>\$ 111,265</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Reclassification of nonoperating assets into assets leased to others	<u>\$ -</u>	<u>\$ 47,443</u>
Reclassification of assets leased to others into properties	<u>\$ 257,364</u>	<u>\$ 71,064</u>
Reclassification of investment into deduction to long-term receivables from related parties	<u>\$ 71,558</u>	<u>\$ 67,292</u>
Current portion of interest-bearing long-term debts	<u>\$ 3,425,977</u>	<u>\$ 1,841,377</u>
Domestic unsecured convertible bonds converted into capital stock and capital surplus	<u>\$ 184,159</u>	<u>\$ 402</u>
Declaration of cash dividends	<u>\$ 735,682</u>	<u>\$ 5,724,586</u>
Declaration of bonus to employees	<u>\$ 58,478</u>	<u>\$ 106,426</u>
CASH PAID FOR ACQUISITION OF PROPERTIES		
Increase in properties	\$ 3,577,455	\$ 4,496,480
Decrease (increase) in payables for equipment	<u>524,156</u>	<u>(260,385)</u>
	<u>\$ 4,101,611</u>	<u>\$ 4,236,095</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
PROCEEDS FROM SALE OF PROPERTIES		
Total contracted selling prices	\$ 3,801,049	\$ 1,538,439
Decrease (increase) in long-term receivables from related parties	(2,560,020)	624,269
Decrease (increase) in other receivables from related parties	<u>2,564,345</u>	<u>(1,949,493)</u>
	<u>\$ 3,805,374</u>	<u>\$ 213,215</u>

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

(With Deloitte & Touche audit report dated August 8, 2007)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

1. ORGANIZATION AND OPERATIONS

Yang Ming Marine Transport Corporation (the "Corporation"), established in December 1972, was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Corporation simultaneous to the Corporation's listing of its shares of stock on the ROC Taiwan Stock Exchange. 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. The MOTC owned 35.69% and 35.84% of the Corporation's outstanding capital stock as of June 30, 2007 and 2006, respectively.

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

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

As of June 30, 2007 and 2006, the Corporation had 1,212 and 1,235 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared 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 ROC. In preparing financial statements in conformity with these laws, guidelines and principles, the Corporation 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 could differ from these estimates.

For the convenience of readers, 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.

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

Current/Noncurrent Assets and Liabilities

Current assets include unrestricted cash or cash equivalents, assets held for operating purposes and other assets to be converted into cash or consumed within 12 months after the balance sheet date. Property and equipment and those not classified as current assets are noncurrent assets. Current liabilities are obligations to be settled within 12 months after the balance sheet date. All other assets and 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 assets at fair value through profit or loss include financial assets held for trading and those designated on initial recognition to be measured at fair value with fair value changes recognized in profit or loss. On initial recognition, the financial instruments are measured at fair value, with transaction costs expensed currently. Subsequent changes in fair value are recognized as current gain or loss. Any cash dividends received (including in the period of investment) are recognized as current income. Purchase or sale of financial assets under customary transactions is recognized and derecognized using trade date accounting.

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

If there is no market value, the fair value of the asset will be estimated using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions.

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

Available-for-sale Financial Assets

On initial recognition, available-for-sale financial assets are recorded at fair value plus transaction costs directly attributable to the acquisition of the assets. Gain or loss due to changes in fair value is recognized as adjustments to stockholders' equity, and the related cumulative gain or loss should be recognized in the current year when the financial asset is derecognized. Purchase or sale of financial assets under customary transactions is recognized and derecognized using trade date accounting.

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.

The accounting policy on recognition and de-recognition and the fair value determination of available-for-sale financial assets is the same as that for financial assets at fair value through profit or loss.

Any cash dividends received are recognized as income on the ex-dividend date, but cash dividends declared on the investee's net income before investment acquisition are recognized as a reduction of the carrying value of the investments. Stock dividends received are accounted for only as an increase in the number of shares held but are not recognized as investment income. The carrying amount per share is recalculated on the basis of the total number of shares held after stock dividends are received.

An impairment loss should be recognized if there is objective evidence that a financial asset is impaired. This impairment loss of an equity instrument can be reversed to the extent of the original carrying value and recognized as adjustments to stockholders' equity. Recovery of impairment loss that is clearly attributable to an event which occurred after the impairment loss was recognized is recognized as current income.

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. Rental revenues on ships and containers leased to others and ship management revenue are recognized in the month the services are rendered.

Revenue is measured by the transaction price (after consideration of discount) agreed upon by the Corporation and its clients. The pro forma interest rate method is not used to measure fair value of revenue because the collectibility of accounts receivable on operating revenue is within one year, transaction volumes are huge, and the present value and fair value of receivables approximate each other.

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of individual receivables. The Corporation's periodic review covers the aging status of the receivables, customers' credit and prevailing economic developments.

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.

Financial Assets Measured at Cost

Investments in equity instruments without quoted market prices in an active market, including investments in unlisted stocks and emerging stocks, are measured at cost upon initial recognition.

Any cash dividends received are recognized as income on the ex-dividend date, but dividends declared on income generated before the investment was made are recognized as a reduction of the carrying value of the investments. Stock dividends received are accounted for only as an increase in the number of shares held but are not recognized as investment income. The carrying amount per share is recalculated on the basis of the total number of shares held after stock dividends are received.

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

An impairment loss should be recognized as a charge to current income if there is objective evidence that a financial asset is impaired. This impairment loss cannot be reversed.

Investments Accounted for Using Equity Method

Investments in companies in which the Corporation 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.

If an investee issues additional shares and the Corporation subscribes for these shares at a percentage different from its current equity in the investee, the resulting increase in the Corporation's equity in its investee's net assets is credited to capital surplus. Any decrease in the Corporation's equity in the investee's net assets is debited to capital surplus. If capital surplus is not enough for debiting purposes, the difference is debited to unappropriated earnings.

The equity in the net income or net loss of investees that also have investments in the Corporation (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 Corporation can exercise significant influence but not control over the investee is evaluated based on the investee's book value.

Any equity of the Corporation in a subsidiary's net loss in excess of the related investment is recognized by the Corporation unless the minority interest commits to share in the investee's losses. If the Corporation recognized all the investee's losses and the investee subsequently reports profits, the Corporation will also recognize all the profits until the previously recognized losses have been reversed.

Properties and Assets Leased to Others

Properties and assets leased to others are stated at cost less accumulated depreciation. During construction, the interest on the payment for the construction is capitalized as cost of assets. Major renewals and betterments are capitalized, while maintenance and repairs 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.

Containers and chassis under capital lease and the corresponding obligation are recorded at the lower of the (a) fair market value of leased equipment, or (b) present value of the sum of the future minimum lease payables and the bargain purchase option price. The imputed interest on lease payment is recognized as current interest expense.

Depreciation is computed using the straight-line method over the service lives of properties initially estimated as follows (plus one year to represent the estimated salvage value): buildings, 52 to 55 years; containers and chassis, 6 to 8 years; ships, 13 to 20 years; leased containers and chassis, 5 to 9 years; leasehold improvements, 5 to 10 years; and miscellaneous equipment, 3 to 18 years. Properties being used by the Corporation beyond their initially estimated service lives are depreciated over their newly estimated remaining service lives.

Upon sale or other disposal of properties and assets leased to others, the related cost and accumulated depreciation are removed from the accounts, and resulting gain or loss is credited or charged to current income.

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 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

Convertible bonds issued before December 31, 2005 are recognized as liabilities including bond issuance expenses. The interest-premium of puttable convertible bonds, which is the difference between the specified put price and the par value, is amortized using the effective interest method and is recognized as a liability. Bond issuance expenses are recognized as deferred charges and amortized over the term of the convertible bonds.

To convert bonds to common shares, the Corporation uses the book-value approach, which involves writing off the unamortized issuance costs, recognized interest-premium, unpaid accrued interests and par value of the convertible bonds. The capital stock should be valued at the net written-off carrying amount, and the difference of this amount from the par value of the common stock exchange certificate (capital stock) should be recognized as additional paid-in capital.

Pension

The Corporation has two types of pension plans: Defined benefit and defined contribution.

Under the defined benefit pension plan, pension costs are recognized on the basis of actuarial calculations.

Under the defined contribution pension plan, the Corporation's monthly contributions to employees' individual pension accounts should be made at a fixed percentage of employees' salaries, which are recognized as pension cost.

Unrealized Gain (Loss) on Sale and Leaseback

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

Treasury Stocks

The shares of the Corporation held by subsidiaries were reclassified by the subsidiaries from investments to treasury stocks. The reclassification was based on carrying value of the investment as of January 1, 2002 as shown in their books.

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. Deferred tax liabilities and assets are classified as current or noncurrent on the basis of the classification of the related assets or liabilities for financial reporting. A deferred tax liability or asset that cannot be related to an asset or liability for financial reporting is classified as current or noncurrent according to the expected realization date of the temporary difference.

Income tax credits for certain purchases of eligible equipment, research and development expenses, personnel training expenditures and stock investments are accounted for as reduction of the current period's income tax expense.

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

Income taxes (10%) on undistributed earnings generated since 1998 are recorded as expense in the year when the stockholders resolve to retain the earnings.

Foreign Currency Transactions

Foreign currency transactions (except derivative instruments) are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of prevailing exchange rates when foreign-currency denominated monetary assets and liabilities are settled, are credited or charged to income in the period of settlement.

On the balance sheet dates, the balances of foreign-currency denominated nonmonetary assets and liabilities carried at fair value, such as equity instruments, are restated at the prevailing exchange rates on the date the fair value was determined, and the resulting differences are recorded as adjustment to stockholders' equity or as profit or loss in the current period. Financial assets and liabilities carried at cost are stated at historical exchange rates; while equity-method investments are translated at prevailing exchange rates with exchange differences recorded as cumulative translation adjustments under stockholders' equity.

Derivative Financial Instruments Designated as Hedge Items

Derivative financial instruments designated as hedge items are measured at fair value. The changes in fair values of these instruments are debited or charged to either stockholders' equity or current income depending on the hedged items.

Cash Flow Hedge Accounting

Cash flow hedge accounting involves the recognition of the offsetting effects on profit or loss of changes in fair values of the hedging instrument and the hedged item.

Under the cash flow hedge, the gains or losses from the change in fair value on the hedging instruments are recognized under stockholders' equity. If the hedged forecast transaction would give rise to a financial asset or a financial liability, the gain or loss should be recognized as current income within the period that the asset or liability affects the gains or losses. If a recognized adjustment to stockholders' equity results in irreversible losses, these losses should be immediately charged to current income.

Reclassifications

Certain accounts in the financial statements as of and for the six months ended June 30, 2006 have been reclassified to be consistent with the presentation of financial statements as of and for the six months ended June 30, 2007.

3. CHANGES IN ACCOUNTING PRINCIPLES

- a. First time adoption of the newly announced statements and related revisions of previously issued statements

On January 1, 2006, the Corporation 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 Corporation 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 cost and reclassified as financial assets measured at cost are remeasured at their historical exchange rates using trade date accounting. Related accumulated translation adjustments previously reported as reductions of stockholders' equity are then reversed.

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

	As Cumulative Effect of Changes in Accounting Principles (After Tax)	As Adjustments to Stockholders' Equity (After Tax)
Financial assets at fair value through profit or loss	\$ 16,896	\$ -
Financial assets measured at cost	-	1,073
Hedging derivative financial liability	<u>-</u>	<u>(32,559)</u>
	<u>\$ 16,896</u>	<u>\$ (31,486)</u>

The accounting change decreased income from continuing operations by \$23,242 thousand, decreased net income by \$6,346 thousand, and decreased earnings per share after tax by \$0.002 dollar for the six months ended June 30, 2006.

- b. Newly announced Statement or accounting pronouncement not yet in effect and not yet adopted

Under an issuance from the Accounting Research and Development Foundation of the Republic of China in March 2007, remuneration to directors and supervisors and bonus to employees should be treated as expense rather than earnings distribution. This treatment should be applied to financial statements for the fiscal year beginning on or after January 1, 2008.

The effect of this new issuance on the financial statements as of and for the six months ended June 30, 2008 still could not be estimated since net income for the six months ended June 30, 2008 could not be estimated.

4. CASH AND CASH EQUIVALENTS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Cash		
Petty cash and cash on hand	\$ 2,341	\$ 2,150
Checking deposits and demand deposits	932,585	2,209,971
Time deposits: Interest - 1.90% to 5.45% and 1.53% to 5.35% at June 30, 2007 and 2006	<u>2,385,333</u>	<u>2,295,561</u>
	3,320,259	4,507,682
Cash equivalents		
Commercial paper purchased under resell agreements - interest of 5.50% to 5.52% at June 30, 2006	<u>-</u>	<u>453,600</u>
	<u>\$ 3,320,259</u>	<u>\$ 4,961,282</u>

There were time deposits of \$747 thousand with maturity of over one year as of June 30, 2007.

There were no deposits due over one year as of June 30, 2006.

The overseas deposits as of June 30, 2007 and 2006 are summarized in the accompanying Schedules A and B.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Financial assets held for trading	\$ 1,262,185	\$ 1,188,025
Designated as financial assets at fair value through profit or loss	<u>-</u>	<u>229,458</u>
	<u>\$ 1,262,185</u>	<u>\$ 1,417,483</u>
a. <u>Financial assets held for trading</u>		
Mutual funds	\$ 1,110,360	\$ 362,566
Marketable equity securities	149,291	825,459
Oil swap	<u>2,534</u>	<u>-</u>
	<u>\$ 1,262,185</u>	<u>\$ 1,188,025</u>

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 the Corporation is based on forecasted cash flows, and the risk of the transaction can be controlled by the Corporation.

The purpose of holding the short crude oil swap is for spread trading. By shorting the swap the Corporation can hedge some energy fund investment risk, and make possible profit when the convergence of the two price series appears. The Corporation's 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 Corporation as of June 30, 2007 and 2006.

As of June 30, 2007, the financial assets from outstanding oil swap are set forth below:

	Settlement Date	Contract Price	Fair Value
<u>June 30, 2007</u>			
Oil swap	2007.07.19	US\$2,043 thousand	<u>\$2,534</u>

Net gain arising from financial assets held for trading were NT\$170,836 thousand (including realized settlement gains of NT\$91,640 thousand and valuation gains of NT\$79,196 thousand) for the six months ended June 30, 2007; net losses were \$66,081 thousand (including realized settlement losses of NT\$29,247 thousand and valuation losses of \$36,834 thousand) for the six months ended June 30, 2006.

	<u>June 30</u>	
	2007	2006
b. <u>Designated as financial assets at fair value through profit or loss</u>		
Credit-linked structured time deposit	\$ -	\$ 196,596
Credit-linked notes	-	65,296
Less: Reclassified into noncurrent assets	<u>-</u>	<u>32,434</u>
	<u>\$ -</u>	<u>\$ 229,458</u>

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

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

Net gains arising from designated as financial asset at fair value through profit or loss were \$2,127 thousand (interest revenue) for the six months ended June 30, 2007; net losses were \$884 thousand (including realized settlement losses of \$9,548 thousand, valuation gains of \$1,690 thousand and interest revenue \$8,742 thousand) for the six months ended June 30, 2006.

6. AVAILABLE-FOR-SALE FINANCIAL ASSET

	<u>June 30</u>	
	2007	2006
Bond fund	\$ 2,672,375	\$ 7,510,908
Marketable equity securities	2,427,144	-
Less: Reclassified into current assets	<u>(2,672,375)</u>	<u>(7,510,908)</u>
	<u>\$ 2,427,144</u>	<u>\$ -</u>

7. ACCOUNTS RECEIVABLE

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Accounts receivable	\$ 798,258	\$ 645,485
Less: Allowance for doubtful accounts	<u>(35,391)</u>	<u>(46,510)</u>
	<u>\$ 762,867</u>	<u>\$ 598,975</u>

The changes in allowance for doubtful accounts were as follows:

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Beginning balance	\$ 25,443	\$ 45,828
Add: Accrual of provision for bad debts	11,520	682
Less: Bad debts written off	<u>(1,572)</u>	<u>-</u>
	<u>\$ 35,391</u>	<u>\$ 46,510</u>

8. FINANCIAL ASSETS MEASURED AT COST

	<u>June 30</u>			
	<u>2007</u>		<u>2006</u>	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
Common stock with no quoted market prices				
Taipei Port Container Terminal Co., Ltd.	\$ 166,640	10.00	\$ 76,640	10.00
Preferred stock with no quoted market prices				
New Century Infocomm Co., Ltd.	607,960	1.68	659,200	1.68
Overseas common stock with no quoted market prices				
Antwerp International Terminal	<u>58,978</u>	16.33	<u>58,978</u>	16.33
	<u>\$ 833,578</u>		<u>\$ 794,818</u>	

The above stock investments have no market value and fair value cannot be reasonably measured since the quoted market prices are not available.

9. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>June 30</u>			
	<u>2007</u>		<u>2006</u>	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
All Oceans Transportation, Inc.	\$ 8,360,742	100.00	\$ 7,915,302	100.00
Yang Ming Line (B.V.I.) Holding Co., Ltd.	4,496,733	100.00	3,931,921	100.00
Yang Ming Line (Singapore) Pte. Ltd.	2,088,810	100.00	1,900,895	100.00
Ching Ming Investment Co., Ltd.	1,669,045	100.00	1,602,070	100.00

(Continued)

	June 30			
	2007		2006	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Chunghwa Investment Co., Ltd.	\$ 817,349	40.00	\$ 791,555	40.00
Kuang Ming Shipping Corp.	708,181	100.00	306,133	100.00
Yes Logistics Corp.	517,055	46.04	477,227	78.93
Honming Terminal & Stevedoring Co., Ltd.	347,242	79.17	350,310	79.17
Yang Ming Line Holding Co.	271,081	100.00	238,873	100.00
Ming Giant (Shanghai) International Logistics Co., Ltd.	229,922	100.00	-	-
Yunn Wang Investment Co., Ltd.	169,592	49.75	-	-
Jing Ming Transportation Co., Ltd.	100,489	50.98	89,063	50.96
Transyang Shipping Pte. Ltd.	107,121	49.00	51,831	24.99
Yang Ming (Liberia) Corp.	<u>(136,359)</u>	100.00	<u>(85,912)</u>	100.00
	19,747,003		17,569,268	
Add: Investment deducted from long-term receivables from related parties	<u>136,359</u>		<u>85,912</u>	
	<u>\$ 19,883,362</u>		<u>\$ 17,655,180</u>	

(Concluded)

As of June 30, 2007 and 2006, equity in investees' net income (loss) was as follows:

Investee	Six Months Ended June 30			
	2007		2006	
	Not Gain (Loss) of the Investee	Equity in Net Gain (Loss)	Net Gain (Loss) of the Investee	Equity in Net Gain (Loss)
Yang Ming Line (B.V.I.) Holding Co., Ltd.	\$ 571,383	\$ 571,383	\$ 51,796	\$ 51,796
All Oceans Transportation, Inc.	443,851	443,851	1,927,274	1,927,274
Kuang Ming Shipping Corp.	395,745	396,092	27,330	27,092
Ching Ming Investment Co., Ltd.	82,220	82,220	(8,290)	(42,354)
Yang Ming Line (Singapore) Pte. Ltd.	56,103	56,103	47,002	47,002
Yang Ming Line Holding Co.	40,730	40,730	(48,891)	(48,891)
Transyang Shipping Pte. Ltd.	80,036	39,218	4,081	1,020
Chunghwa Investment Co., Ltd.	53,813	21,525	40,003	16,001
Jing Ming Transportation Co., Ltd.	17,210	8,468	9,417	4,541
Honming Terminal & Stevedoring Co., Ltd.	10,043	7,863	13,304	10,355
Yes Logistics Corp.	6,241	2,874	(8,774)	(6,926)
Ming Giant (Shanghai) International Logistics Co., Ltd.	749	749	-	-
Yunn Wang Investment Co., Ltd.	199,235	(5,416)	-	-
Yang Ming (Liberia) Corp.	<u>(71,892)</u>	<u>(71,892)</u>	<u>(67,184)</u>	<u>(67,184)</u>
		<u>\$ 1,593,768</u>		<u>\$ 1,919,726</u>

The net asset values of the equity-method investees were as follows:

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Total assets of investees	\$ 72,426,002	\$ 50,533,826
Total liabilities of investees	<u>50,375,905</u>	<u>31,307,068</u>
Total net assets	<u>\$ 22,050,097</u>	<u>\$ 19,226,758</u>
The Corporation's equity in investees' net assets	<u>\$ 19,747,298</u>	<u>\$ 17,578,580</u>

The carrying values of the equity-method investments (except those of All Oceans Transportation, Inc. and Yang Ming Line (B.V.I.) Holding Co. Ltd. for the six months ended June 30, 2007 and 2006) were based on unaudited financial statements for the six months ended June 30, 2007 and 2006. The equities in net assets of equity-method investee Yang Ming Line (B.V.I.) Holding Co., Ltd. were partly determined on the basis of the investee's unaudited financial reports as of and for the six months ended June 30, 2007 and 2006, and therefore the auditors issued a qualified opinion. There were no audited financial statements supporting the Corporation's investments in certain equity-method investees with carrying value of \$7,025,887 thousand and credit balance of \$355,029 thousand as of June 30, 2007, and with carrying value of \$5,807,957 thousand and credit balance of \$279,258 thousand as of June 30, 2006. The Corporation's equity of \$938,265 thousand and (\$324,323) thousand in the net income (loss) of these investees was included in the net income for the six months ended June 30, 2007 and 2006, respectively.

Yang Ming (Liberia) Corp. still has an accumulated loss for the six months ended June 30, 2007, because of loss from start up operations in 2006. The Corporation committed to support ship building plan of Yang Ming (Liberia) Corp. The credit balance of \$136,359 thousand and \$85,912 thousand on this investment was reclassified as deduction from long-term receivables from related parties as of June 30, 2007 and 2006.

Control is presumed to exist when the parent company owns, directly or indirectly through subsidiaries, more than half of the voting rights of an entity unless it can be clearly shown that such ownership does not constitute as a control interest. Thus, the consolidated financial statements as of and for the six months ended June 30, 2007 and 2006 include the accounts of the Corporation and its direct and indirect subsidiaries, except Transyang Shipping Pte. Ltd., Chunghwa Investment Co., Ltd. and Yunn Wang Investment Co., Ltd. The intercompany transactions have been eliminated in consolidation.

10. PROPERTIES

	<u>Six Months Ended June 30, 2007</u>								<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	<u>Containers and Chassis</u>	<u>Ships</u>	<u>Leased Containers and Chassis</u>	<u>Leasehold Improvements</u>	<u>Miscellaneous Equipment</u>	<u>Construction in Process</u>	
Cost									
Beginning balance	\$ 158,624	\$ 626,004	\$ 21,975,330	\$ 6,227,717	\$ 2,041,688	\$ 209,070	\$ 2,011,434	\$ 787,882	\$ 34,037,749
Addition	-	-	1,820,232	15,171	-	-	52,897	1,689,155	3,577,455
Sale or disposal	-	-	14,460	2,616,460	-	-	2,391	-	2,633,311
Reclassification	<u>171,445</u>	<u>93,557</u>	<u>-</u>	<u>1,504,848</u>	<u>-</u>	<u>-</u>	<u>304,396</u>	<u>(1,809,244)</u>	<u>265,002</u>
Ending balance	<u>\$ 330,069</u>	<u>719,561</u>	<u>23,781,102</u>	<u>5,131,276</u>	<u>2,041,688</u>	<u>209,070</u>	<u>2,366,336</u>	<u>\$ 667,793</u>	<u>35,246,895</u>
Accumulated depreciation									
Beginning balance		92,481	10,732,084	4,892,014	1,739,048	158,862	1,060,189		18,674,678
Addition		5,714	1,006,455	71,028	82,309	4,645	93,303		1,263,454
Sale or disposal		-	9,560	176,982	-	-	2,391		188,933
Reclassification		<u>7,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>7,638</u>
Ending balance		<u>105,833</u>	<u>11,728,979</u>	<u>4,786,060</u>	<u>1,821,357</u>	<u>163,507</u>	<u>1,151,101</u>		<u>19,756,837</u>
		<u>\$ 613,728</u>	<u>\$ 12,052,123</u>	<u>\$ 345,216</u>	<u>\$ 220,331</u>	<u>\$ 45,563</u>	<u>\$ 1,215,235</u>		<u>\$ 15,490,058</u>

Six Months Ended June 30, 2006									
	Land	Buildings	Containers and Chassis	Ships	Leased Containers and Chassis	Leasehold Improvements	Miscellaneous Equipment	Construction in Process	Total
Cost									
Beginning balance	\$ 133,014	\$ 572,029	\$ 18,336,402	\$ 5,564,775	\$ 2,041,688	\$ 209,070	\$ 2,024,620	\$ 930,060	\$ 29,811,658
Addition	-	-	2,343,025	4,561	-	-	16,261	2,132,633	4,496,480
Sale or disposal	-	-	9,433	1,571,390	-	-	1,834	-	1,528,657
Reclassification	25,610	53,974	-	2,273,983	-	-	-	(2,273,983)	79,584
Ending balance	<u>\$ 158,624</u>	<u>626,003</u>	<u>20,669,994</u>	<u>6,325,929</u>	<u>2,041,688</u>	<u>209,070</u>	<u>2,039,047</u>	<u>\$ 788,710</u>	<u>32,859,065</u>
Accumulated depreciation									
Beginning balance		73,013	9,422,989	4,819,263	1,531,974	143,680	934,362		16,925,281
Addition		5,285	854,277	44,893	122,073	11,256	83,383		1,121,167
Sale or disposal		-	7,310	8,613	-	-	1,806		17,729
Reclassification		8,520	-	-	-	-	-		8,520
Ending balance		<u>86,818</u>	<u>10,269,956</u>	<u>4,855,543</u>	<u>1,654,047</u>	<u>154,936</u>	<u>1,015,939</u>		<u>18,037,239</u>
		<u>\$ 539,185</u>	<u>\$ 10,400,038</u>	<u>\$ 1,470,386</u>	<u>\$ 387,641</u>	<u>\$ 54,134</u>	<u>\$ 1,023,108</u>		<u>\$ 14,821,826</u>

Capitalized interest on properties was as follows:

	June 30	
	2007	2006
Total interest expenses	\$ 442,110	\$ 391,526
Interest capitalized (included in construction in process)	2,225	-
Rate of capitalized interest	3.20%	-

The Corporation leases containers and chassis under capital lease agreements. The related information for future rentals is shown in Note 27. 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. The Corporation has the option to buy, at the end of the lease terms, all leased containers at a bargain purchase price of US\$1 per unit. The 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 the Corporation at no additional cost. The details of these leases as of June 30, 2007 and 2006 were as follows:

	June 30			
	2007		2006	
	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)
Total capital lease obligations (undiscounted)	\$ 12,242	\$ 400,795	\$ 17,799	\$ 576,682
Less: Unamortized interest expense	<u>(1,147)</u>	<u>(37,545)</u>	<u>(1,992)</u>	<u>(64,529)</u>
	<u>\$ 11,095</u>	<u>\$ 363,250</u>	<u>\$ 15,807</u>	<u>\$ 512,153</u>

11. ASSETS LEASED TO OTHERS, NET

	June 30	
	2007	2006
Cost		
Land	\$ 1,890,193	\$ 2,061,639
Buildings	<u>770,300</u>	<u>867,023</u>
	2,660,493	2,928,662
Accumulated depreciation - buildings	<u>90,369</u>	<u>82,493</u>
	<u>\$ 2,570,124</u>	<u>\$ 2,846,169</u>

Depreciation expenses for the six months ended June 30, 2007 and 2006 were \$9,300 thousand and \$9,466 thousand, respectively.

12. NONOPERATING ASSETS, NET

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Cost		
Land	\$ 260,043	\$ 260,043
Buildings	<u>4,894</u>	<u>4,894</u>
	264,937	264,937
Accumulated depreciation - buildings	<u>4,551</u>	<u>4,551</u>
	<u>\$ 260,386</u>	<u>\$ 260,386</u>

13. SHORT-TERM BANK LOANS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Unsecured bank loans - interest of 2.35%-2.45% in 2007	<u>\$ 2,100,000</u>	<u>\$ -</u>

The Corporation borrowed other unsecured loans of US\$21,000 thousand between July 20 and July 30, 2007 and the interest rates ranged from 5.8900% to 5.9323%.

14. INTEREST-BEARING LONG-TERM DEBTS

	Current	Long-term	Total
<u>June 30, 2007</u>			
Domestic unsecured bonds	\$ 1,034,000	\$ 19,146,000	\$ 20,180,000
Domestic secured bonds	2,000,000	-	2,000,000
Domestic unsecured convertible bonds	282,700	-	282,700
Interest premium - domestic unsecured convertible bonds	2,940	-	2,940
Capital leases	<u>106,337</u>	<u>256,913</u>	<u>363,250</u>
	<u>\$ 3,425,977</u>	<u>\$ 19,402,913</u>	<u>\$ 22,828,890</u>
<u>June 30, 2006</u>			
Domestic unsecured bonds	\$ 628,000	\$ 14,180,000	\$ 14,808,000
Domestic secured bonds	500,000	2,500,000	3,000,000
Domestic unsecured convertible bonds	527,600	-	527,600
Interest premium - domestic unsecured convertible bonds	3,833	-	3,833
Capital leases	<u>181,944</u>	<u>330,209</u>	<u>512,153</u>
	<u>\$ 1,841,377</u>	<u>\$ 17,010,209</u>	<u>\$ 18,851,586</u>

Domestic Unsecured Bonds

On various dates, the Corporation 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 repaid residual amount as of June 30, 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 16 2006, 40% - July 16 2007, and 40% - July 16 2008; 4.49% annual interest. The Corporation had repaid \$220,000 thousand as of June 30, 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

The Corporation 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 repaid \$1,000,000 thousand as of June 30, 2007.

Domestic Unsecured Convertible Bonds

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

- a. Lump-sum payment to the holders upon maturity (in 2008) at 101.256% of the face value;
- b. Conversion by the holders, from November 2003 to 10 days before the due date, into the Corporation’s common shares at the prevailing conversion price (NT\$19.90 per share as of June 30, 2007);
- c. Reselling to the Corporation by the holders before maturity. The reselling of Type A bonds starts from August 7, 2005 at face value while that of Type B bonds starts from August 7, 2006 at 100.451% of the face value; or
- d. Redemption by the Corporation, under certain conditions, at face value before bond maturity.

As of June 30, 2007, the 2003 Convertible Bonds with aggregate face value of \$7,654,900 thousand had been converted into 301,617 thousand common shares of the Corporation, and the aggregate face value of \$62,400 thousand had been sold to the Corporation by the holders. The revision of registration of the issued stock was approved by Ministry of Economic Affairs, ROC.

As of June 30, 2007, the Corporation had its credit lines available for long-term bank loans.

15. ACCRUED EXPENSES

	June 30	
	2007	2006
Space hire	\$ 2,397,431	\$ 1,992,692
Fuel	1,937,923	1,435,350
Interest	463,376	363,170
Container lease	342,408	281,038
Salary	17,255	260,920
Others	<u>188,455</u>	<u>249,377</u>
	<u>\$ 5,346,848</u>	<u>\$ 4,582,547</u>

16. RESERVE FOR LAND VALUE INCREMENT TAX

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

17. UNREALIZED GAIN ON SALE AND LEASEBACK

	June 30	
	2007	2006
Chassis	\$ 11,765	\$ 19,545
Vessel Ming North	<u>-</u>	<u>6,896</u>
	<u>\$ 11,765</u>	<u>\$ 26,441</u>

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

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

18. PENSION PLAN

The Corporation adopted three pension plans when it was privatized 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 year before retirement. The pension fund, to which the Corporation contributes amounts equal to 13% of salaries every month in 2007 and 2006, respectively, is administered by the employees’ pension reserve fund supervisory committee and deposited in the employees’ committee’s name in the Central Trust of China Co., Ltd.

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 year before retirement.

Pension plan is a defined contribution type scheme under the Act for onshore employees and shipping crews. Starting on July 1, 2005, the Corporation makes monthly contributions to the employees’ individual pension accounts in the Bureau of Labor Insurance at 6% of employees’ salaries every month. The pension cost under the defined contribution plan was \$12,576 thousand and \$9,922 thousand for the six months ended June 30, 2007 and 2006, respectively.

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

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

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

- a. Net periodic pension cost was as follows:

	<u>Six Months Ended June 30</u>	
	2007	2006
Beginning balance	\$ 347,504	\$ 264,517
Contribution	39,485	39,855
Transfer from subsidiaries' pension reserve fund	31,050	
Interest	2,290	1,704
Payment	<u>(4,932)</u>	<u>(2,468)</u>
Ending balance	<u>\$ 415,397</u>	<u>\$ 303,608</u>

- b. Accrued pension costs were as follows:

	<u>June 30</u>	
	2007	2006
Beginning balance	\$ 927,286	\$ 796,181
Pension cost	87,671	87,481
Contribution	(39,485)	(39,855)
Payment	<u>(17,962)</u>	<u>(10,829)</u>
Ending balance	<u>\$ 957,510</u>	<u>\$ 832,978</u>

19. STOCKHOLDERS' EQUITY

- a. Global depositary receipts

On November 14, 1996, the Corporation issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 dollars per unit. The holders of the GDRs may not exchange them for the Corporation's stocks. However, starting February 14, 1997, the holders of the GDR may request the depositary bank to sell the shares represented by the GDRs. As of June 30 2007, there were 4,351,410 units outstanding, representing 43,514,157 shares, 1.89% of total issued shares.

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

- b. Capital surplus

Under the Company Law and related regulations, capital surplus from equity-method investments should not be used for any purpose. 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, and capitalized amounts should be within certain limits.

c. Appropriation of earnings and dividend policy

The Corporation's Articles of Incorporation provides 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 the Corporation 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 the Corporation to finance its capital expenditure and working capital requirements.

Under the Securities and Exchange Law, the Corporation should appropriate a special reserve equal to the debit balance of any stockholders' equity item (other than deficit). Special reserve should also be appropriated at percentage of ownership for the amount of the stock price less than the carrying value of the shares of the Corporation held by subsidiaries. The balance of the reserve is adjusted according to the debit balance of such items as of the end of the Corporation's current financial reporting year.

Under the Company Law, legal reserve should be appropriated until the accumulated reserve equals the Corporation's paid-in capital. This reserve may only be used to offset a deficit. When the reserve reaches 50% of the Corporation'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 the Corporation on earnings generated from July 1, 1998. An imputation credit account (ICA) is maintained by the Corporation 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>	
	2006	2005	2006	2005
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	-

The shareholders' meeting held on June 27, 2007 also resolved to distribute stock dividends out of undistributed earnings in the amount of NT\$183,920 thousand (included in undistributed stock dividends), and the capital stock increase amounted to NT\$23,173,972 thousand. The above capital increase was waiting for approval of the Financial Supervisory Commission of Executive Yuan.

Had the Corporation recognized bonus to employees as expense in 2006 and 2005, the primary and diluted 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.

20. TREASURY STOCKS

Reason for Repurchase	Outstanding Shares (Thousands)			
	Beginning of the Period	Increase	Decrease	End of the Period
<u>Six months ended June 30, 2006</u>				
Stocks of the Corporation held by subsidiaries	<u>22,248</u>	<u>-</u>	<u>21,796</u>	<u>452</u>

As of June 30, 2006, information on the stocks of the Corporation held by subsidiaries was as follows:

Subsidiaries	Number of Shares Held (Thousand Shares)	Carrying Value (Thousand)	Fair Value (Thousand)
<u>Six months ended June 30, 2006</u>			
Ching Ming Investment Corp.	452	<u>\$3,371</u>	<u>\$9,183</u>

On January 1, 2002, the Corporation reclassified the shares of the Corporation held by subsidiaries from investments into treasury stocks. The proceeds from the subsidiaries' disposal of these shares were \$436,102 thousand as of June 30, 2006. As of June 30, 2006, the carrying values of the Corporation's shares held by subsidiaries were \$3,349 thousand.

Although the Corporation'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 the Corporation.

21. INCOME TAX

- a. The Income Basic Tax Act (the "IBT Act"), which took effect on January 1, 2006, requires that the income basic tax should be 10% of the sum of the taxable income as calculated in accordance with the Income Tax Act plus tax benefit regulated by the Income Tax Act or other laws. The tax payable of the current year would be the higher of the income basic tax and income tax payable calculated in accordance with the Income Tax Act. The IBT Act has been considered in the current income tax.

b. Computation of current income tax was as follows:

	Six Months Ended June 30	
	2007	2006
Tax on pretax income at 25% statutory rate	\$ 406,630	\$ 393,275
Add (deduct) tax effects of:		
Permanent differences	(166,126)	(165,718)
Temporary differences	(272,790)	(341,995)
Loss carryforward	32,286	114,438
Income tax (10%) on undistributed earnings	5,076	250,637
Income basic tax	<u>-</u>	<u>24,417</u>
Income tax payable - current	5,076	275,054
Adjustment of prior years' taxes	<u>37,323</u>	<u>-</u>
Income tax expense - current	<u>\$ 42,399</u>	<u>\$ 275,054</u>

c. Income tax expense consisted of:

	Six Months Ended June 30	
	2007	2006
Income tax expense - current	\$ 42,399	\$ 275,054
Overseas income tax	89,891	61,218
Income tax expense - deferred		
Temporary differences	304,882	342,809
Loss carryforward	13,921	(114,438)
Others	<u>(1,162)</u>	<u>(4,785)</u>
	<u>\$ 449,931</u>	<u>\$ 559,858</u>

d. Changes in income tax payable consisted of:

	Six Months Ended June 30	
	2007	2006
Beginning balance	\$ 236,928	\$ 45,470
Income tax expense - current	118,974	340,849
Income tax paid	<u>(313,503)</u>	<u>(111,265)</u>
Ending balance	<u>\$ 42,399</u>	<u>\$ 275,054</u>

e. Deferred income tax assets (liabilities) as of June 30, 2007 and 2006 consisted of the following

	June 30	
	2007	2006
Current (included in other current assets)		
Deferred income tax assets		
Unrealized foreign exchange loss	\$ 14,193	\$ 1,332
Unrealized loss shipping fuel valuation losses	-	10,168
Allowance for doubtful accounts	-	4,816
Others	<u>2,260</u>	<u>2,267</u>
	<u>16,453</u>	<u>18,583</u>

	June 30	
	2007	2006
Deferred income tax liabilities		
Unrealized loss on financial instruments	-	(2,222)
	<u>\$ 16,453</u>	<u>\$ 16,361</u>
Noncurrent		
Deferred income tax assets		
Loss carryforward	\$ 195,213	\$ 114,438
Deferred pension cost	122,122	113,649
Cumulative equity in net loss of investee	34,893	22,164
Unrealized gain on financial instruments	<u>12,771</u>	<u>17,654</u>
	<u>364,999</u>	<u>267,905</u>
Deferred income tax liabilities		
Cumulative equity in net income of investee	(2,635,092)	(2,345,367)
Differences in estimated service lives of containers	<u>(265,843)</u>	<u>(255,240)</u>
	<u>(2,900,935)</u>	<u>(2,600,607)</u>
	<u>\$ (2,535,936)</u>	<u>\$ (2,332,702)</u>

The above deferred income taxes were computed at the 25% income tax rate.

- f. Loss carryforwards as of June 30, 2007 were as follows:

Year of Loss Carryforwards	Total Income Tax Credit	Unused Income Tax Credit	Expiry Year
2006	\$ 162,927	\$ 162,927	2011
2007	<u>32,286</u>	<u>32,286</u>	2012
	<u>\$ 195,213</u>	<u>\$ 195,213</u>	

Income tax returns through 2004 had been examined and cleared by the tax authorities.

- g. Integrated income tax system information was as follows:

	June 30	
	2007	2006
Balance of the imputation credit account (ICA)	\$ 553,576	\$ 763,711
Undistributed earnings generated before June 30, 1998	2,064,438	2,064,438

The estimated creditable tax ratio for the 2006 earnings is 11.00%. The actual creditable tax ratio for the 2005 earnings was 6.61%.

The tax credits will be accumulated until the date of dividend distribution. Upon dividend distribution, the ratio of the imputed tax credits to unappropriated earnings will be used for allocating tax credits to each stockholder. The estimated creditable tax ratio for 2006, for which income tax payable had been taken into account, might differ from the actual ratio on the dividend distribution date.

22. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	<u>Six Months Ended June 30, 2007</u>		
	Operating Costs	Operating Expenses	Total
Personnel expenses			
Salary	\$ 229,945	\$ 408,873	\$ 638,818
Insurance	11,889	27,690	39,579
Pension	33,308	47,611	80,919
Others	23,612	48,321	71,933
Depreciation	1,224,812	38,636	1,263,448
Amortization	<u>18,384</u>	<u>4,270</u>	<u>22,654</u>
	<u>\$ 1,541,950</u>	<u>\$ 575,401</u>	<u>\$ 2,117,351</u>

	<u>Six Months Ended June 30, 2006</u>		
	Operating Costs	Operating Expenses	Total
Personnel expenses			
Salary	\$ 222,667	\$ 375,925	\$ 598,592
Insurance	11,537	27,027	38,564
Pension	38,596	42,772	81,368
Others	23,471	40,571	64,042
Depreciation	1,077,985	37,767	1,115,752
Amortization	<u>11,874</u>	<u>6,238</u>	<u>18,112</u>
	<u>\$ 1,386,130</u>	<u>\$ 530,300</u>	<u>\$ 1,916,430</u>

23. EARNINGS PER SHARE

(In Dollars)

	<u>June 30</u>			
	<u>2007</u>		<u>2006</u>	
	Pretax	After Tax	Pretax	After Tax
<u>Basic EPS</u>				
Income before cumulative effect of changes in accounting principles	\$ 0.71	\$ 0.51	\$ 0.69	\$ 0.44
Cumulative effect of changes in accounting principles	<u>-</u>	<u>-</u>	<u>0.01</u>	<u>0.01</u>
Net income	<u>\$ 0.71</u>	<u>\$ 0.51</u>	<u>\$ 0.70</u>	<u>\$ 0.45</u>
<u>EPS retroactively adjusted for stock dividend distribution</u>				
Income before cumulative effect of changes in accounting principles	\$ 0.70	\$ 0.51	\$ 0.69	\$ 0.44
Cumulative effect of changes in accounting principles	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.01</u>
Net income	<u>\$ 0.70</u>	<u>\$ 0.51</u>	<u>\$ 0.69</u>	<u>\$ 0.45</u>

(Continued)

	June 30			
	2007		2006	
	Pretax	After Tax	Pretax	After Tax
<u>Diluted EPS</u>				
Income before cumulative effect of change in accounting principles	\$ 0.70	\$ 0.51	\$ 0.68	\$ 0.44
Cumulative effect of changes in accounting principles	-	-	0.01	0.01
Net income	<u>\$ 0.70</u>	<u>\$ 0.51</u>	<u>\$ 0.69</u>	<u>\$ 0.45</u>

EPS retroactively adjusted for stock dividend distribution

Income before cumulative effect of changes in accounting principles	\$ 0.70	\$ 0.50	\$ 0.68	\$ 0.43
Cumulative effect of changes in accounting principles	-	-	0.01	0.01
Net income	<u>\$ 0.70</u>	<u>\$ 0.50</u>	<u>\$ 0.69</u>	<u>\$ 0.44</u> (Concluded)

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

	<u>Amount (Numerator)</u>		Capital Stock (Denominator) (in Thousand Shares)	<u>Net Income Per Share (Dollars)</u>	
	Income Before Income Tax	Net Income		Income Before Income Tax	Net Income
<u>Six months ended June 30, 2007</u>					
Basic EPS	\$ 1,626,519	\$ 1,176,588	2,294,385	<u>\$ 0.71</u>	<u>\$ 0.51</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>470</u>	<u>353</u>	<u>18,826</u>		
Diluted EPS	<u>\$ 1,626,989</u>	<u>\$ 1,176,941</u>	<u>2,313,211</u>	<u>\$ 0.70</u>	<u>\$ 0.51</u>
EPS retroactively adjusted for stock dividend distribution					
Basic EPS	<u>\$ 1,626,519</u>	<u>\$ 1,176,588</u>	<u>2,313,740</u>	<u>\$ 0.70</u>	<u>\$ 0.51</u>
Diluted EPS	<u>\$ 1,626,989</u>	<u>\$ 1,176,941</u>	<u>2,331,717</u>	<u>\$ 0.70</u>	<u>\$ 0.50</u>
<u>Six months ended June 30, 2006</u>					
Basic EPS	\$ 1,592,220	\$ 1,030,140	2,283,177	<u>\$ 0.70</u>	<u>\$ 0.45</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>657</u>	<u>493</u>	<u>23,350</u>		
Diluted EPS	<u>\$ 1,592,877</u>	<u>\$ 1,030,633</u>	<u>2,306,527</u>	<u>\$ 0.69</u>	<u>\$ 0.45</u> (Continued)

	<u>Amount (Numerator)</u>		Capital Stock (Denominator) (in Thousand Shares)	<u>Net Income Per Share (Dollars)</u>	
	Income Before Income Tax	Net Income		Income Before Income Tax	Net Income
EPS retroactively adjusted for stock dividend distribution					
Basic EPS	<u>\$ 1,592,220</u>	<u>\$ 1,030,140</u>	<u>2,301,442</u>	<u>\$ 0.69</u>	<u>\$ 0.45</u>
Diluted EPS	<u>\$ 1,592,877</u>	<u>\$ 1,030,633</u>	<u>2,324,979</u>	<u>\$ 0.69</u>	<u>\$ 0.44</u>

The calculation of pro forma net income per share, assuming that the stocks of the Corporation held by subsidiaries are treated as investments rather than as treasury stocks, is as follows:

	<u>Amount (Numerator)</u>		Capital Stock (Denominator) (in Thousand Shares)	<u>Earnings Per Share (Dollars)</u>	
	Income Before Income Tax	Net Income		Income Before Income Tax	Net Income
<u>Six months ended June 30, 2007</u>					
Pro forma basic EPS	\$ 1,626,519	\$ 1,176,588	2,294,385	<u>\$ 0.71</u>	<u>\$ 0.51</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>470</u>	<u>353</u>	<u>18,826</u>		
Pro forma diluted EPS	<u>\$ 1,626,989</u>	<u>\$ 1,176,941</u>	<u>2,313,211</u>	<u>\$ 0.70</u>	<u>\$ 0.51</u>
<u>Six months ended June 30, 2006</u>					
Pro forma basic EPS	\$ 1,626,878	\$ 1,064,798	2,289,830	<u>\$ 0.71</u>	<u>\$ 0.47</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>657</u>	<u>493</u>	<u>23,350</u>		
Pro forma diluted EPS	<u>\$ 1,627,535</u>	<u>\$ 1,065,291</u>	<u>2,313,180</u>	<u>\$ 0.70</u>	<u>\$ 0.46</u>

24. DISCLOSURE FOR FINANCIAL INSTRUMENTS

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

	June 30			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Financial assets at fair value through profit or loss - current	\$ 1,262,185	\$ 1,262,185	\$ 1,417,483	\$ 1,417,483
Available-for-sale financial assets - current	2,672,375	2,672,375	7,510,908	7,510,908
Financial assets at fair value through profit or loss - noncurrent	-	-	32,434	32,434
Available-for-sale financial assets - noncurrent	2,427,144	2,427,144	-	-
Financial asset measured at cost - noncurrent	833,578	-	794,819	-
Investments accounted for using equity method	19,883,362	-	17,655,180	-
Long-term receivables from related parties	23,280,607	23,280,607	15,110,375	15,110,375
Liabilities				
Hedging derivative financial liability - noncurrent	51,084	51,084	70,615	70,615
Bonds	22,465,640	23,259,789	18,339,433	19,157,763

Place of transaction:

Place of Transaction	June 30, 2007		June 30, 2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Financial asset</u>				
Overseas (including foreign institutions in Taiwan)	\$ 2,534	\$ 2,534	\$ 261,892	\$ 261,892
<u>Financial liability</u>				
Overseas (including foreign institutions in Taiwan)	51,084	51,084	70,615	70,615

The Corporation adopted ROC SFAS No. 34, "Accounting for Financial Instruments," on January 1, 2006. Please refer to Note 3 to the financial statements for the cumulative effect of changes in accounting principles and adjustment to stockholders' equity.

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

- 1) Cash and cash equivalents, accounts receivable, accounts receivable from related parties, other receivable from related parties, advances to shipping agents, short-term bank loans, payable to related parties, accrued expenses and payable 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) If quoted market prices are available, these are used as market value of financial assets at fair value through profit or loss and available-for-sale financial assets. Otherwise, the market value is evaluated by the Corporation using the same estimates and assumptions used by other market participants to value the instruments. These estimation and assumptions are available to the Corporation.

If quoted market prices are available, these are used as market value of derivatives. Otherwise, the market value is evaluated by the Corporation using the same estimates and assumptions used by other market participants to value the derivatives. These estimation and assumptions are available to the Corporation.

The Corporation 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 and investments accounted for using equity method are investments in unlisted stocks which had no market value and will require an amount in excess of reasonable cost to determine fair value, thus, no reliable fair value was determined.
 - 4) Fair value of long-term receivable from related parties 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:

	Quoted Price		Estimated Price	
	June 30		June 30	
	2007	2006	2007	2006
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 1,259,651	\$ 1,188,025	\$ 2,534	\$ 229,458
Available-for-sale financial assets - current	2,672,375	7,510,908	-	-
Available-for-sale financial assets - noncurrent	2,427,144	-	-	-
Financial asset at fair value through profit or loss - noncurrent	-	-	-	32,434
<u>Liabilities</u>				
Hedging derivative financial liabilities - noncurrent	-	-	51,084	70,615

- d. Net gain on changes of the fair value determined using valuation technique is \$2,534 thousand and \$1,690 thousand for the six months ended June 30, 2007 and 2006.
- e. Financial asset and liabilities affected by interest rate were as follows:

	<u>June 30, 2007</u>		<u>June 30, 2006</u>	
	Financial Asset	Financial Liabilities	Financial Asset	Financial Liabilities
<u>Risk of interest rate change</u>				
Fair value risk	\$ 2,268,586	\$ 23,565,640	\$ 2,660,601	\$ 17,339,433
Cash flow risk	947,312	1,000,000	2,590,779	1,000,000

- f. Information about financial risks

1) Market risk

For the six months ended June 30, 2007 and 2006, the interest rate swap contracts held by the Corporation were for nontrading purposes, i.e., to hedge overall fluctuations on interest rates. The Corporation uses interest rate swap contracts with gains or losses that offset the gains or losses on floating interest-bearing liabilities. Through these contracts, the Corporation hedges most of the risks in the market. In addition, the Corporation evaluates the hedging effectiveness of the contracts periodically.

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

The Corporation uses equity-linked notes for trading purposes to earn investment income. The Corporation and its subsidiaries will settle the notes on contract value if the underlying equity stock market value is higher than contract value; otherwise, the Corporation 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, the Corporation's observance of proper procedures when buying contracts for trading purposes as well as setting up break-even points helps the Corporation avoid losses that could significantly impact its operations.

The Corporation uses interest-linked notes and credit-linked structured time deposit for trading purposes to earn higher interest income. The Corporation chooses commodities highly correlated to interest rates. The Corporation's observance of proper procedures when buying contracts for trading purposes as well as setting up break-even points helps the Corporation avoid losses that could significantly impact its operations.

The Corporation's purpose for trading crude oil swap is to reduce the cost burden from oil price increase. Because the crude oil swap traded is basically based on the bunker consumption of the Corporation, the market risk is controllable.

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

2) Credit risk

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

3) Liquidity risk

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

The Corporation entered into interest rate swaps to hedge cash flow risks for the six months ended June 30, 2007 and 2006. The interest rate swap contracts are settled at net amounts; thus, the expected cash demand is not significant.

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

4) Cash flow risk on interest rate

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

g. Cash flow hedge

The Corporation uses interest rate swap 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
		June 30					
		2007		2006			
		Notional Amount	Fair Value	Notional Amount	Fair Value		
Bonds with floating interest rate	Interest rate swap	\$ (1,000,000)	\$ (51,084)	\$ (1,000,000)	\$ (70,615)	2004-2011	2004-2011

25. RELATED-PARTY TRANSACTIONS

The significant transactions with related parties for the six months ended June 30, 2007 and 2006 and the related balances, in addition to those mentioned in Note 27 and Schedules E and F, are summarized in the accompanying schedules C and D.

The transactions with related parties were conducted under contract terms.

26. ASSETS PLEDGED OR MORTGAGED

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

	June 30	
	2007	2006
Properties, net	\$ 327,931	\$ 705,361
Nonoperating assets, net	89,230	89,230
Pledged time deposits (included in other assets - miscellaneous)	<u>-</u>	<u>123,444</u>
	<u>\$ 417,161</u>	<u>\$ 918,035</u>

27. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Note 24 and Schedule F, commitments and contingent liability as of June 30, 2007 were as follows:

- a. Obligations to provide crews to two bulk carrier of Chinese Petroleum Corporation 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 under operating lease agreements that will expire on various dates until May 2030. The total rental for the six months ended June 30, 2007 was \$7,065,265 thousand, and future minimum rentals are as follows:

Fiscal Year	Amount
2007 (July 1, 2007 to December 31, 2007)	\$ 4,492,803
2008	2,779,650
2009	1,359,601
2010	1,007,394
2011	760,159

Rentals after 2012 amount to \$1,664,890 thousand. The present value of those rentals, computed at an annual interest rate of 2.515%, is \$1,393,144 thousand.

- c. Leases of containers and chassis under capital lease agreements expiring on various dates until May 2011. Rental for the six months ended June 30, 2007 was about \$76,009 thousand (deducted from leases payable). Future minimum rentals are as follows:

Fiscal Year	Amount
2007 (July 1, 2007 to December 31, 2007)	\$ 46,565
2008	94,883
2009	20,255
2010	20,255
2011	6,659

- d. Guarantees of build ship agreement, loans obtained and operating need 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
All Oceans Transportation Inc.	Subsidiary	US\$ 28,214
Yang Ming (America) Corp.	Subsidiary	US\$ 1,500
Yang Ming (Liberia) Corp.	Subsidiary	US\$ 221,760
United Terminal Leasing LLC	Indirect equity-method investee	US\$ 14,438
West Basin Container Terminal LLC	Indirect equity-method investee	US\$ 14,528
Olympic Container Terminal LLC	Subsidiary	US\$ 4,700
Sino International United Petroleum Group Company Limited	Subsidiary	US\$ 34,000

- e. One vessel leased by the Corporation to a third party was alleged to have fuel oil leaks, which caused water pollution. As of June 30, 2007, the Corporation had paid US\$1,000,000 as refundable deposits in line with the ongoing legal proceedings on this case. On the basis of conservatism principle, the Corporation had accrued a loss of US\$1,000,000.
- f. The Corporation signed an agreement to acquire containers. As of June 30, 2007, the Corporation has not yet received the containers and thus has not yet made the related payment of US\$4,118 thousand.
- g. An agreement was entered into on October 8, 2004 for the Corporation 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. The estimated investment for the logistics center is around \$600,000 thousand. As of June 30, 2007, the Corporation had paid \$548,372 thousand for this center.
- h. At the meetings of their respective boards of directors on February 9, 2007, Yang Ming Marine Transport Corporation and Taiwan Navigation Co., Ltd. (MOTC owned 26.46% of outstanding shares) 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 Yang Ming Marine Transport Corporation for every share of Taiwan Navigation Co., Ltd. Thus, Yang Ming Marine Transport Corporation will issue 69,627,226 shares in exchange for 51,575,723 shares of Taiwan Navigation Co., Ltd. The board of directors approved the share swap proposal with the expected date of share swap before June 30, 2007. However, on April 10, 2007, the Corporation received a writ of execution from the Court. The writ of execution is a provisional disposition regarding the resolution of the board of directors of Taiwan Navigation Co., Ltd. Taiwan Navigation Co., Ltd has applied for a counter guarantee and filed an interlocutory appeal again or to reverse the provisional disposition. The case is under review by the Court. The boards of directors of Taiwan Navigation Co., Ltd and the Corporation approved the date of share swap postponement to October 31, 2007.

On January 16, 2007, Yang Ming Marine Transport Corporation acquired 9,839 thousand shares of Taiwan Navigation Co., Ltd. from Yunn Wang Investment Co., Ltd. in open market by block trade (acquisition amount \$271,064 thousand). On March 12, 2007, Yang Ming Marine Transport Corporation 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 August 7, 2007, the Corporation, its subsidiaries and investments accounted for using equity method acquired directly or indirectly 77,640 thousand shares (acquisition amount \$2,470,642 thousand) of Taiwan Navigation Co., Ltd. representing 18.61% of outstanding shares.

- i. Agreement between YMTC and All Oceans Transportation Inc. to purchase 3 vessels for US\$51,986 thousand on June 22, 2007 and the vessels will be delivered in August 2007.

28. SUBSEQUENT EVENTS

- a. Agreement between YMTC and All Oceans Transportation Inc. to purchase 1 vessel for US\$17,201 thousand on July 18, 2007. The agreement was approved by the board of directors of YMTC and the vessels will be delivered in August 2007.
- b. Agreement between YMTC and Kuang Ming Shipping Corp. to sell one bulk carrier for \$327,073 thousand. The agreement was approved by the board of directors of YMTC and the bulk carrier will be delivered in August 2007.
- c. On August 7, 2007, the board of directors of YMTC approved an agreement with Aopen Inc. to purchase an office building to lease to others. The contract price based on appraisal report is \$1,465,000 thousand (including sales tax) and will be paid and the ownership of the building will be transferred in August 2007.
- d. On May 16, 2007, the board of directors of YMTC approved to provide a \$7,039,100 thousand guarantee for Yang Ming (Liberia) Corp.'s bank loan. Yang Ming (Liberia) had obtained a bank loan under this guarantee on July 30, 2007.

29. ADDITIONAL DISCLOSURES

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

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

k. Information on investment in Mainland China

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

YANG MING MARINE TRANSPORT CORPORATION**OVERSEAS DEPOSITS
JUNE 30, 2007**

Country	Currency	Foreign-Currency Amount (Thousands)	New Taiwan Dollar Exchange Rate	New Taiwan Dollar Amount (Thousands)
Japan	USD	(Note)	32.7400	\$ 15
	JPY	\$ 714,359	0.2652	189,454
Hong Kong	USD	2,453	32.7400	80,315
	HKD	5,337	4.1887	22,357
United States	USD	5,606	32.7400	183,526
Belgium	EUR	1	44.0320	59
Indonesia	USD	242	32.7400	7,929
	IDR	(Note)	0.0036	(Note)
Malaysia	USD	1	32.7400	18
	MYR	2,022	9.4844	19,179
Britain	USD	1	32.7400	30
	GBP	43	65.5193	2,811
Germany	USD	(Note)	32.7400	3
	EUR	816	44.0320	35,923
Philippines	USD	(Note)	32.7400	7
	PHP	31,686	0.7091	22,469
Singapore	USD	9	32.7400	302
	SGD	527	21.3791	11,268
India	INR	5,393	0.8037	4,334
Thailand	THB	31,241	0.9483	29,626
Korea	USD	(Note)	32.7400	15
	KRW	91,446	0.0354	3,241

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

SCHEDULE B**YANG MING MARINE TRANSPORT CORPORATION****OVERSEAS DEPOSITS
JUNE 30, 2006**

Country	Currency	Foreign-Currency Amount (Thousands)	New Taiwan Dollar Exchange Rate	New Taiwan Dollar Amount (Thousands)
Japan	USD	(Note)	32.4000	\$ 3
	JPY	\$ 4,948,420	0.2823	1,397,364
Hong Kong	USD	1,303	32.4000	42,220
	HKD	5,181	4.1713	21,611
United States	USD	8,487	32.4000	274,977
Belgium	EUR	1	41.1739	26
Indonesia	USD	174	32.4000	5,652
	IDR	6,341	0.0035	22
Malaysia	USD	9	32.4000	290
	MYR	9	8.8151	81
Britain	USD	1	32.4000	44
	GBP	10	59.3180	566
Germany	USD	(Note)	32.4000	1
	EUR	1	41.1739	28
Italy	USD	157	32.4000	5,077
	EUR	14	41.1739	570
Philippines	USD	1	32.4000	30
	PHP	9,888	0.6095	6,027
Singapore	USD	66	32.4000	2,149
	SGD	2,022	20.4107	41,263
India	INR	26,883	0.7034	18,909
Thailand	THB	175,279	0.8485	148,725
Korea	USD	(Note)	32.4000	2
	KRW	775,290	0.0341	26,469

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

YANG MING MARINE TRANSPORT CORPORATION

RELATED PARTY TRANSACTIONS
SIX MONTHS ENDED JUNE 30, 2007 AND 2006
(In Thousands of New Taiwan Dollars)

Related Party	Name of Relationship (See Notes Below)	Operating Revenues														Operating Costs				Nonoperating Income and Gains									
		Charter Hire		Agents' Income		Rent of Container		Cargo Transport Revenue		Rent of Container Section		Ship Management		Other Operating Income		Haulage	Others	Interest Income	Rental Income	Sale of Properties									
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%								
<u>2007</u>																													
Kuang Ming Shipping Corp.	A	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 14,946	O	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	
All Oceans Transportation Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,293,014	D	11	-	-	360,815	80	-	-	-	-	1,506,294	M	40
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	95,000	1	-	-	-	-	-	-	-	-	
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	445,017	-	-	-	-	-	-	-	-	-	
Yangming (Japan) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	123,150	1	-	-	-	-	-	-	-	-	
Young-Carrier Company Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	304,126	2	-	-	-	-	-	-	-	-	
Yangming (Cayman) Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,495	F	-	-	-	-	-	-	-	-	-	-	-	
Yangming (U.K.) Ltd.	A	-	-	51,461	99	322,880	99	-	-	8	-	64,166	71	-	-	1,231,116	K	6	168,288	1	-	-	-	-	-	-	-	-	
Yang Ming Shipping Europe GmbH	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	207,286	1	-	-	-	-	-	-	-	-	
Yang Ming Line (Hong Kong) Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77,328	1	-	-	-	-	-	-	-	-	
Yangming Shipping (Singapore) Pte. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,369	-	-	-	-	-	-	-	-	-	
Kuang Ming Shipping Corp. (Panama)	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,892	H	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Line (M) Sdn. Bhd	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,980	-	-	-	-	-	-	-	-	-	
Yang Ming (America) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	912,666	6	-	-	-	-	-	-	-	-	
Yang Ming (Netherlands) B.V.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,055	-	-	-	-	-	-	-	-	-	
Yes Logistic Corp.	A	-	-	-	-	-	164,185	-	-	-	-	-	7,321	-	-	-	-	-	27,838	-	-	-	-	-	2,000	-	-	-	
Yang Ming Italy S.p.A.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,466	-	-	-	-	-	-	-	-	-	
Yang Ming Line (India) Pvt. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,283	-	-	-	-	-	-	-	-	-	
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	713,057	J	3	-	-	41,939	9	-	-	-	-	-	-	
Yang Ming (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	97,872	1	-	-	-	-	-	-	-	-	
Yang Ming (Vietnam) Corp.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,063	-	-	-	-	-	-	-	-	-	
West Basin Container Terminal LLC	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,236,497	8	-	-	-	-	-	-	-	-	
Olympic Container Terminal LLC	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	149,799	1	-	-	-	-	-	-	-	-	
Yang Ming (Belgium) N.V.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,905	-	-	-	-	-	-	-	-	-	
Yang Ming (Korea) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	97,356	1	-	-	-	-	-	-	-	-	
		\$ -	-	\$ 51,461	99	\$ 322,880	99	\$ 164,185	-	\$ 8	-	\$ 64,166	71	\$ 7,321	-	\$ 4,283,520	-	\$ 4,124,344	24	\$ 402,754	89	\$ 2,000	-	\$ 1,506,294	40				
<u>2006</u>																													
Kuang Ming Shipping Corp.	A	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 17,967	P	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	
All Oceans Transportation, Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,104,163	E	18	-	-	168,941	53	-	-	-	-	1,517,390	N	99
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99,285	1	-	-	-	-	-	-	-	-	
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	316,476	3	-	-	-	-	-	-	-	-	
Yang Ming (America) Co.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	801,032	7	-	-	-	-	-	-	-	-	
Yangming (Japan) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	119,915	1	-	-	-	-	-	-	-	-	
Young-Carrier Company Limited	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	233,889	2	-	-	-	-	-	-	-	-	
Yangming (Cayman) Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151,510	G	1	-	-	-	-	-	-	-	-	-	-	
Yangming (UK) Ltd.	A	26,639	C	4	42,724	97	266,567	98	-	263,944	20	74,082	60	-	-	1,324,922	L	8	168,361	2	-	-	-	-	-	-	-	-	
Yang Ming Shipping Europe GmbH	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	184,414	2	-	-	-	-	-	-	-	-	
Yang Ming Line (Hong Kong) Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91,542	1	-	-	-	-	-	-	-	-	
Yangming Shipping (Singapore) Pte. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42,797	-	-	-	-	-	-	-	-	-	
Kuang Ming Shipping Corp. (Panama)	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,808	I	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Line (M) Sdn. Bhd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,787	-	-	-	-	-	-	-	-	-	
Yang Ming Line (India) Pvt. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,166	-	-	-	-	-	-	-	-	-	
Yang Ming (Vietnam) Corp.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,839	-	-	-	-	-	-	-	-	-	
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,662	12	-	-	-	-	-	-	
Yang Ming Italy S. p. A.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53,269	-	-	-	-	-	-	-	-	-	
Yes Logistics Corp.	A	-	-	-	-	-	91,862	-	-	-	-	-	9,231	-	-	-	-	-	47,420	-	-	-	2,000	-	-	-	-	-	
Yang Ming (Netherlands) B.V.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,724	-	-	-	-	-	-	-	-	-	
West Basin Container Terminal LLC	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,146,127	10	-	-	-	-	-	-	-	-	
Olympic Container Terminal LLC	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	73,545	1	-	-	-	-	-	-	-	-	
Yang Ming Shipping (B.V.I.) Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	76,382	1	-	-	-	-	-	-	-	-	
Yang Ming (Korea) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,059	-	-	-	-	-	-	-	-	-	
		\$ 26,639	4	\$ 42,724	97	\$ 266,567	98	\$ 91,862	-	\$ 263,944	20	\$ 74,082	60	\$ 9,231	-	\$ 4,623,370	27	\$ 3,560,029	31	\$ 207,603	65	\$ 2,000	-	\$ 1,517,390	99				

(Continued)

- Notes:
- A. Subsidiary of the Corporation.
 - B. An equity-method investee of subsidiary of the Corporation.
 - C. Lease of 1 ship to Yangming (U.K.) Ltd. from January 11, 2006 to March 7, 2006; rent is receivable monthly.
 - D. Lease of 40 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until September 2009; rent is payable monthly.
 - E. Lease of 30 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until September 2009; rent is payable monthly.
 - F. Lease of one ship from Yang Ming (Cayman) Ltd. was under an agreement cancelled before expiry date in March 2007.
 - G. Lease of one ship from Yang Ming (Cayman) Ltd. under an agreement expiring on June 30, 2012; rent is payable quarterly.
 - H. Lease of one ship from Kuang Ming Shipping Corp. (Panama) under an agreement expiring on December 31, 2007; rent is payable monthly.
 - I. Lease of one ship from Kuang Ming Shipping Corp. (Panama) under an agreement expiring on December 31, 2006; rent is payable monthly.
 - J. Lease of 4 ships from Yangming (Liberia) Corp. under several agreements expiring on January 9, 2008; rent is payable monthly .
 - K. Lease of containers from Yangming (U.K.) Ltd. under several agreements expiring on various dates until December 2007; rent is payable monthly.
 - L. Lease of containers from Yangming (U.K.) Ltd. under several agreements expiring on various dates until December 2006; rent is receivable monthly.
 - M. Sale of two ships to All Oceans Transportation Inc. in January and April of 2007 at book value.
 - N. Sale of two ships to All Oceans Transportation Inc. in February and April of 2006 at book value.
 - O. Lease of one ship from Kuang Ming Shipping Corp. under several agreements expiring on April 10, 2008 was under an agreement cancelled before expiry date on June 1, 2007; rent was payable monthly.
 - P. Lease of one ship from Kuang Ming Shipping Corp. under several agreement expiring on April 10, 2007; rent is payable monthly.
 - Q. Other related parties, with which the Corporation had no transactions for the six months ended June 30, 2007, are listed in Schedule J.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

RELATED-PARTY ACCOUNT BALANCES
 JUNE 30, 2007 AND 2006
 (In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (See Notes Below)	Receivables from Related Parties						Advances to Shipping Agents				Long-term Receivable from Related Parties		Payables to Related Parties					
		Accounts Receivables		Other Receivables		Total		Amount		Prepaid Expense		Amount		Accrued Expense		Payables to Shipping Agents		Total	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<u>2007</u>																			
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 31,209	-	\$ 31,209	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
All Oceans Transportation Inc.	A	-	-	1,676,132	H 22	1,676,132	22	-	-	-	-	21,058,972	F 91	-	-	-	-	-	-
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	66,294	5	-	-	66,294	5
Ching Ming Investment Corp.	A	-	-	1,198	-	1,198	-	-	-	-	-	-	-	-	-	-	-	-	-
Yangming (Japan) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	110,697	9	110,697	9
Young-Carrier Company Ltd.	A	1,250,836	16	-	-	1,250,836	16	-	-	-	-	-	-	-	-	264,300	22	264,300	22
Yangming (U.K.) Ltd.	A	128,126	2	863,983	E 11	992,109	13	81,885	27	-	-	-	-	-	-	-	-	-	-
Yang Ming Shipping Europe GmbH	A	278,756	4	-	-	278,756	4	-	-	-	-	-	-	-	-	20,206	2	20,206	2
Yang Ming Line (Hong Kong) Ltd.	A	159,581	2	-	-	159,581	2	-	-	-	-	-	-	-	-	188,519	15	188,519	15
Yangming Shipping (Singapore) Pte. Ltd.	A	18,027	-	-	-	18,027	-	-	-	-	-	-	-	-	-	23,202	2	23,202	2
Kuang Ming Shipping Corp. (Panama)	A	-	-	591	-	591	-	-	-	1,655	1	-	-	5,571	1	-	-	5,571	1
Yang Ming Line (M) Sdn. Bhd	A	57,249	1	-	-	57,249	1	-	-	-	-	-	-	-	-	90,748	7	90,748	7
Yang Ming (America) Corp.	A	636,246	8	-	-	636,246	8	-	-	-	-	-	-	-	-	86,074	7	86,074	7
Yang Ming (Netherlands) B.V.	B	78,051	1	-	-	78,051	1	-	-	-	-	-	-	-	-	115,014	9	115,014	9
Yes Logistics Corp.	A	8,697	-	4,846	-	13,543	-	-	-	-	-	-	-	4,400	-	-	-	4,400	-
Yang Ming Italy S.p.A.	A	105,255	1	-	-	105,255	1	-	-	-	-	-	-	-	-	29,227	2	29,227	2
Yang Ming Line Holding Co.	A	-	-	-	-	-	-	-	-	-	-	30,805	-	-	-	-	-	-	-
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	1,236,196	D 5	-	-	-	-	-	-
Yang Ming Line (India) Pvt. Ltd.	A	26,932	-	-	-	26,932	-	-	-	-	-	-	-	-	-	45,735	4	45,735	4
Yang Ming (Vietnam) Corp.	B	31,947	1	-	-	31,947	1	-	-	-	-	-	-	-	-	89,017	7	89,017	7
Yang Ming (Liberia) Corp.	A	-	-	2,146,944	I 28	2,146,944	28	-	-	-	-	954,634	G 4	-	-	-	-	-	-
Yang Ming (Korea) Co., Ltd.	A	150,184	2	-	-	150,184	2	-	-	-	-	-	-	-	-	96,519	8	96,519	8
Yang Ming (Belgium) N.V.	A	45,730	1	-	-	45,730	1	-	-	-	-	-	-	-	-	-	-	-	-
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	1,050	-	-	-	1,050	-
		<u>\$ 2,975,617</u>	<u>39</u>	<u>\$ 4,724,903</u>	<u>61</u>	<u>\$ 7,700,520</u>	<u>100</u>	<u>\$ 81,885</u>	<u>27</u>	<u>\$ 1,655</u>	<u>1</u>	<u>\$ 23,280,607</u>	<u>100</u>	<u>\$ 77,315</u>	<u>6</u>	<u>\$ 1,159,258</u>	<u>94</u>	<u>\$ 1,236,573</u>	<u>100</u>
<u>2006</u>																			
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 760	-	\$ 760	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
All Oceans Transportation, Inc.	A	-	-	7,659,633	C 68	7,659,633	68	-	-	-	-	10,693,428	F 71	-	-	-	-	-	-
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	43,311	5	-	-	43,311	5
Yang Ming (America) Co.	A	35,639	-	-	-	35,639	-	-	-	-	-	-	-	-	-	41,040	4	41,040	4
Yangming (Japan) Co., Ltd.	A	4,075	-	-	-	4,075	-	-	-	-	-	-	-	-	-	90,811	10	90,811	10
Yang Ming Line Holding Co.	A	-	-	20,091	-	20,091	-	-	-	-	-	-	-	-	-	-	-	-	-
Young-Carrier Company Limited	A	694,910	6	-	-	694,910	6	-	-	-	-	-	-	-	-	268,220	29	268,220	29
Yangming (UK) Ltd.	A	101,694	-	1,953,402	E 17	2,055,096	17	123,124	30	-	-	-	-	-	-	-	-	-	-
Yang Ming Shipping Europe GmbH	A	125,110	1	-	-	125,110	1	10,383	3	-	-	-	-	-	-	-	-	-	-
Yang Ming Line (Hong Kong) Ltd.	A	60,338	1	-	-	60,338	1	-	-	-	-	-	-	-	-	196,352	21	196,352	21
Yangming Shipping (Singapore) Pte. Ltd.	A	82	-	-	-	82	-	-	-	-	-	-	-	-	-	33,682	4	33,682	4
Yang Ming Line (M) Sdn. Bhd.	A	58,262	1	-	-	58,262	1	-	-	-	-	-	-	-	-	67,223	7	67,223	7
Yes Logistics Corp.	A	10,429	-	4,847	-	15,276	-	-	-	-	-	-	-	851	-	-	-	851	-
Yang Ming Italy S. p. A.	B	275,348	3	-	-	275,348	3	-	-	-	-	-	-	-	-	44,578	5	44,578	5
Yang Ming (Korea) Co., Ltd.	A	120,076	1	-	-	120,076	1	-	-	-	-	-	-	-	-	7,000	1	7,000	1
Yang Ming (Netherlands) B.V.	B	49,407	1	-	-	49,407	1	16,961	4	-	-	-	-	-	-	-	-	-	-
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	1,340,113	D 9	-	-	-	-	-	-
Yang Ming (Vietnam) Corp.	B	33,400	-	-	-	33,400	-	3,200	-	-	-	-	-	-	-	85,811	9	85,811	9

(Continued)

Related Party	Nature of Relation-ship (See Notes Below)	Receivables from Related Parties										Payables to Related Parties							
		Accounts Receivables		Other Receivables		Total		Advances to Shipping Agents		Prepaid Expense		Long-term Receivable from Related Parties		Accrued Expense		Payables to Shipping Agents		Total	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Yang Ming Line (India) Pvt. Ltd.	A	\$ 31,739	-	\$ -	-	\$ 31,739	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 49,240	5	\$ 49,240	5
Yang Ming (Liberia) Corp.	A	-	-	56,470	1	56,470	1	-	-	-	-	3,056,744	G 20	-	-	-	-	-	-
Kuang Ming Shipping Corp. (Panama)	A	-	-	375	-	375	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	J	-	-	4,056	-	4,056	-	-	-	-	-	-	-	-	-	-	-	-	-
		<u>\$ 1,600,509</u>	<u>14</u>	<u>\$ 9,699,634</u>	<u>86</u>	<u>\$ 11,300,143</u>	<u>100</u>	<u>\$ 153,668</u>	<u>37</u>	<u>\$ -</u>	<u>-</u>	<u>\$15,090,285</u>	<u>100</u>	<u>\$ 44,162</u>	<u>5</u>	<u>\$ 883,957</u>	<u>95</u>	<u>\$ 928,119</u>	<u>100</u>

- Notes:
- A. Subsidiary of the Corporation
 - B. An equity-method investee of subsidiary of the Corporation.
 - C. Including dividends receivable and the amount of proceeds from disposal of ships.
 - D. Dividends receivable.
 - E. Represents freight expense paid and held on behalf of Yangming (UK) Ltd.
 - F. The amount of proceeds from disposal of ships.
 - G. Including the amount of proceeds from disposal of ships and financing provided (Schedule E).
 - H. Including the payment made for All Oceans Transportation Inc.
 - I. Including financing provided and the payment made for Yang Ming (Liberia) Corp.
 - J. Other related parties with individual balances less than 5% of the total of their respective accounts, including those of Ching Ming Investment Corp. (a subsidiary of the Corporation) and Yang Ming B.V. (a subsidiary of the Corporation).
 - K. Receivables from all Oceans Transportation Inc. and from Yang Ming (Liberia) Corp. will be offset by rentals payable and the payment made for All Oceans Transportation Inc. periodically.
 - L. Other related parties, with which the Corporation had no transactions for the six months ended June 30, 2007, are listed in Schedule J.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

FINANCING PROVIDED

JUNE 30, 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 J)	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.	Other receivables	\$ 1,718,602 (Note I)	\$ 1,294,173 (US\$ 2,876,000)	3.5774%-5.29%	2	\$ -	Acquisition of ships	\$ -	-	\$ -	\$ 2,185,224 (Note C)	\$ 17,481,792 (Note B)
		Antwerp International Terminal	Other receivables	\$ 21,571 (EUR 490,000)	\$ 21,571 (EUR 490,000)	4.778%	1	167,058 (EUR 3,794,000)	Improve financial instructure	-	-	-	167,058 (Note C)	13,111,344 (Note B)
1	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	333,948 (US\$ 10,200,000)	333,948 (US\$ 10,200,000)	4.00%	2	-	Obtain working capital	-	-	-	333,948 (Note E)	392,880 (Note E)
2	Yang Ming Shipping (B.V.I.) Inc.	Karman Properties Limited	Other receivables	101,529 (HK\$ 24,233,000)	101,361 (HK\$ 24,193,000)	-	2	-	Acquisition of office building	-	-	-	412,904 (Note F)	516,129 (Note D)
3	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Line (India) Pvt. Ltd.	Other receivables	5,893 (US\$ 180,000)	5,893 (US\$ 180,000)	2.80%	2	-	Obtain working capital	-	-	-	1,044,405 (Note G)	2,088,810 (Note D)
4	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line B.V.	Other receivables	38,766 (Note H)	36,574 (Note H)	1.50%	2	-	Investment in Yang Ming (Belgium) N.V., Yangming (UK) Ltd. and Yang Ming Shipping Europe GmbH	-	-	-	3,597,386 (Note F)	4,496,733 (Note D)

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 the lender's net asset value.

E. Represents 85% of US\$12,000,000.

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

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

H. Equivalent to GBP323,000 and EUR350,000 translated into New Taiwan dollars at the exchange rate of GBP1=NT\$65.5193 and EUR1=NT\$44.0320 as of June 30, 2007.

I. 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\$32.74 as of June 30, 2007.

J. United States dollars and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.74 and HK\$1=NT\$4.1887 as of June 30, 2007.

K. Financial statements used as basis of investment amounts were unaudited, except Yang Ming Line (B.V.I.) Holding Co., Ltd.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

ENDORSEMENT/GUARANTEE PROVIDED

JUNE 30, 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 I)	Ending Balance (Note I)	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	\$ 34,963,585 (Note B)	\$ 49,110 (US\$ 1,500,000)	\$ 49,110 (US\$ 1,500,000)	\$ -	0.11%	\$ 43,704,481 (Note A)		
		All Oceans Transportation, Inc.	Subsidiary	34,963,585 (Note B)	965,634 (US\$ 29,494,000)	923,722 (US\$ 28,214,000)	-	2.11%	43,704,481 (Note A)		
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	34,963,585 (Note B)	163,700 (US\$ 5,000,000)	163,700 (US\$ 5,000,000)	-	0.37%	43,704,481 (Note A)		
		Yang Ming (Liberia) Corp.	Subsidiary	34,963,585 (Note B)	8,816,227 (US\$ 269,280,000)	7,260,422 (US\$ 221,760,000)	-	16.61%	43,704,481 (Note A)		
		United Terminal Leasing LLC	Equity-method investee of subsidiary	34,963,585 (Note B)	472,711 (US\$ 14,438,000)	472,711 (US\$ 14,438,000)	-	1.08%	43,704,481 (Note A)		
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	34,963,585 (Note B)	475,647 (US\$ 14,528,000)	475,647 (US\$ 14,528,000)	-	1.09%	43,704,481 (Note A)		
		Olympic Container Terminal LLC	Subsidiary	34,963,585 (Note B)	153,878 (US\$ 4,700,000)	153,878 (US\$ 4,700,000)	-	0.35%	43,704,481 (Note A)		
		Sino International United Petroleum Group Company Limited	Subsidiary	34,963,585	1,113,160 (US\$ 34,000,000)	1,113,160 (US\$ 34,000,000)	-	2.55%	43,704,481		
		1	Yang Mine Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	471,456 (Note D)	6,744 (US\$ 206,000)	5,076 (US\$ 155,000)	-	0.01%	589,320 (Note C)
		2	Yes Logistics Corp.	Yes Logistics (UK) Ltd.	Subsidiary	600,000 (Note F)	9,828 (GBP 150,000)	9,828 (GBP 150,000)	-	0.02%	1,200,000 (Note E)
Yes Logistics Co., Ltd.	Subsidiary			600,000 (Note F)	509,751	504,360	504,360	1.15%	1,200,000		
3	Yang Ming Line (Hong Kong) Ltd.	Karman Properties Limited	Subsidiary	67,020 (Note H)	67,020 (HK\$16,000,000)	67,020 (HK\$16,000,000)	-	0.15%	83,774 (Note G)		

Notes:

A. Represents 100% of the latest net assets reviewed or audited of Yang Ming Marine Transport Corporation (the "Corporation").

B. Represents 80% of the amount mentioned in Note A.

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

(Continued)

- D. Represents 80% of the amount mentioned in Note C.
- E. Represents 100% of the paid-in capital of Yes Logistics Corp.
- F. Represents 50% of the amount mentioned in Note E.
- G. Represents HK\$20,000,000.
- H. Represents 80% of the amount mentioned in Note G.
- I. United States dollars, Great Britain's currency and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.74, GBP\$1=NT\$65.5193 and HK\$1=NT\$4.1887 on June 30, 2007.
- J. Based on unaudited financial statements.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

MARKETABLE SECURITIES HELD

JUNE 30, 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	June 30, 2007			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
Yang Ming Marine Transport Corporation	<u>Common stock</u>							
	Yang Ming Line (BVI) Holding Co., Ltd.	Subsidiary	Investments accounted for using equity method	103,505,031	\$ 4,496,733	100.00	\$ 4,496,733	
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for using equity method	60,130,000	2,088,810	100.00	2,088,810	
	All Oceans Transportation, Inc.	Subsidiary	Investments accounted for using equity method	1,000	8,360,742	100.00	8,360,742	
	Kuang Ming Shipping Corp.	Subsidiary	Investments accounted for using equity method	24,000,000	708,181	100.00	708,476	
	Yang Ming Line Holding Co.	Subsidiary	Investments accounted for using equity method	13,500	271,081	100.00	271,081	
	Ching Ming Investment Corp.	Subsidiary	Investments accounted for using equity method	150,000,000	1,669,045	100.00	1,669,045	
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for using equity method	31,667,630	347,242	79.17	347,242	
	Jing Ming Transportation Co., Ltd.	Subsidiary	Investments accounted for using equity method	7,611,240	100,489	50.98	100,489	
	Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	55,251,100	517,055	46.04	517,055	
	Yang Ming (Liberia) Corp.	Subsidiary	Investments accounted for using equity method	1	(136,359)	100.00	(136,359)	(Note N)
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments accounted for using equity method	1,345	107,121	49.00	107,121	
	Chunghwa Investment Co., Ltd.	Equity-method investee	Investments accounted for using equity method	80,000,000	817,349	40.00	817,349	
	Ming Giant (Shanghai) International Logistics Company Limited	Subsidiary	Investments accounted for using equity method	(Note H)	229,922	100.00	229,922	
	Yunn Wang Investment Co., Ltd.	Equity-method investee	Investments accounted for using equity method	5,211,474	169,592	49.75	169,592	
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset measured at cost - noncurrent	17,000,000	166,640	10.00	-	
	Antwerp International Terminal N.V.	-	Financial asset measured at cost - noncurrent	1,486,030	58,978	16.33	-	
	Taiwan Navigation Co., Ltd.	-	Available-for-sale financial asset - noncurrent	68,370,243	2,427,144	16.38	2,427,144	
	Shin Kong Financial Holding Co., Ltd.	-	Financial asset at fair value through profit or loss - current	716,000	27,387	0.02	27,387	(Note Y)
	First Financial Holding Co., Ltd.	-	Financial asset at fair value through profit or loss - current	3,398,000	79,513	0.06	79,513	
	Tung Ho Steel Enterprise Corp.	-	Financial asset at fair value through profit or loss - current	350,000	13,475	0.04	13,475	
	Chroma Ate Inc.	-	Financial asset at fair value through profit or loss - current	40,000	2,776	0.01	2,776	
	Chang Hwa Commercial Bank, Ltd.	-	Financial asset at fair value through profit or loss - current	300,000	6,240	-	6,240	
	Pacific Hospital Supply Co, Ltd.	-	Financial asset at fair value through profit or loss - current	41,000	1,603	0.10	1,603	
	Taiwan Cooperative Bank	-	Financial asset at fair value through profit or loss - current	512,516	12,224	0.01	12,224	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Yorkey Optical Intl Cayman	-	Financial asset at fair value through profit or loss - current	500,000	\$ 6,073	0.06	\$ 6,073	
	<u>Mutual fund</u> Grand Cathay Stock	-	Financial asset at fair value through profit or loss - current	125,156	2,210	-	2,210	
	Allianz Glb inv Glb Eco Trends	-	Financial asset at fair value through profit or loss - current	11,494,965	171,735	-	171,735	
	KGI PanAaia TW Enterprise	-	Financial asset at fair value through profit or loss - current	4,995,005	50,549	-	50,549	
	PCA Asia Pacc Infrastructure	-	Financial asset at fair value through profit or loss - current	3,000,000	30,420	-	30,420	
	Baring GUF Eastern Europe-USD	-	Financial asset at fair value through profit or loss - current	22,072	100,380	-	100,380	
	Prudential Financial First	-	Financial asset at fair value through profit or loss - current	221,828	5,157	-	5,157	
	Franklin Mutual European Fund	-	Financial asset at fair value through profit or loss - current	108,820	101,717	-	101,717	
	Cathay Global Infrastructure Fund	-	Financial asset at fair value through profit or loss - current	862,813	9,888	-	9,888	
	MLIIF Japan	-	Financial asset at fair value through profit or loss - current	38,314	16,219	-	16,219	
	ABN AMRO Utilities	-	Financial asset at fair value through profit or loss - current	24,331	100,833	-	100,833	
	ENERGY SELECT SPDR	-	Financial asset at fair value through profit or loss - current	98,100	221,582	-	221,582	
	Templeton Emerging Markets Bond	-	Financial asset at fair value through profit or loss - current	348,139	202,316	-	202,316	
	AIG US Dual Core Inc	-	Financial asset at fair value through profit or loss - current	10,012,014	97,354	-	97,354	
	Capital Money Market Fund	-	Available-for-sale financial asset - current	48,851,137	672,328	-	672,328	
	Fuh-Hwa Yuli Bond Fund	-	Available-for-sale financial asset - current	39,990,722	500,000	-	500,000	
	Fuh-Hwa Bond Fund	-	Available-for-sale financial asset - current	111,688,749	1,500,047	-	1,500,047	
	<u>Swap</u> Oil Swap	-	Financial asset at fair value through profit or loss - current	30,000	2,534	-	2,534	
	<u>Preferred stock</u> New Century Infocomm Co., Ltd.	-	Financial asset measured at cost - noncurrent	80,000,000	607,960	1.68	-	
Ching Ming Investment Corp.	<u>Common stock</u> Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for using equity method	3,950,000	43,232	9.88	43,232	
	Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	49,311,077	461,492	41.09	461,492	
	SF Technology Venture Capital Investment Corp.	-	Financial asset measured at cost - noncurrent	2,800,000	17,968	7.24	-	
	United Venture Capital Corp.	-	Financial asset measured at cost - noncurrent	6,400,000	52,352	9.04	-	
	Ascentek Venture Capital Corp.	-	Financial asset measured at cost - noncurrent	1,400,000	14,056	2.14	-	
	China Technology Venture Capital Corporation	-	Financial asset measured at cost - noncurrent	3,000,000	30,000	8.96	-	
	Kingmax Technology Corp.	-	Financial asset measured at cost - noncurrent	1,644,231	21,835	1.38	-	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Taiwan Navigation Co, Ltd.	-	Available-for-sale financial asset - noncurrent	3,359,000	\$ 119,244	0.80	\$ 119,244	(Note Y)
	U-Ming Marine Transport Corp.	-	Financial asset at fair value through profit or loss - current	200,000	11,200	0.02	11,200	
	Delta Electronics, Inc.	-	Financial asset at fair value through profit or loss - current	50,000	6,475	-	6,475	
	Powertech Technology Inc.	-	Financial asset at fair value through profit or loss - current	400,000	54,800	0.08	54,800	
	AU Optronics Corp.	-	Financial asset at fair value through profit or loss - current	50,750	3,258	-	3,258	
	Radiant Opto-Electronics Corp.	-	Financial asset at fair value through profit or loss - current	655,851	34,760	0.01	34,760	
	Novatek Microelectronics Corp.	-	Financial asset at fair value through profit or loss - current	5,000	2,560	-	2,560	
	Hon Hai Precision Ind Co, Ltd.	-	Financial asset at fair value through profit or loss - current	42,000	11,928	-	11,928	
	Taiwan Surface Mounting Technology Corp.	-	Financial asset at fair value through profit or loss - current	80,500	6,754	0.06	6,754	
	High Tech Computer Corp.	-	Financial asset at fair value through profit or loss - current	140,000	82,180	0.03	82,180	
	Acer Incorporated	-	Financial asset at fair value through profit or loss - current	450,000	30,150	0.02	30,150	
	Wellypower Optronics Co., Ltd.	-	Financial asset at fair value through profit or loss - current	100,000	9,800	0.07	9,800	
	Coretronic Corporation	-	Financial asset at fair value through profit or loss - current	386,214	22,014	0.07	22,014	
	Tainan Spinning Co., Ltd.	-	Financial asset at fair value through profit or loss - current	400,000	6,360	0.03	6,360	
	Inotera Memories, Inc.	-	Financial asset at fair value through profit or loss - current	50,000	2,078	-	2,078	
	Shin Zu Shing Co , LTD	-	Financial asset at fair value through profit or loss - current	230,000	57,960	0.02	57,960	
	Nan Ya Plastics Corporation	-	Financial asset at fair value through profit or loss - current	50,000	3,620	-	3,620	
	Springsoft Inc.	-	Financial asset at fair value through profit or loss - current	40,000	2,580	0.02	2,580	
	Aten International Co., Ltd.	-	Financial asset at fair value through profit or loss - current	440,000	64,680	0.46	64,680	
	<u>Mutual fund</u>							
	Capital Income Fund	-	Financial asset at fair value through profit or loss - current	9,476,904	142,186	-	142,186	
	Capital Money Market Fund	-	Financial asset at fair value through profit or loss - current	10,339,661	142,301	-	142,301	
	Capital Global REIT Balanced	-	Financial asset at fair value through profit or loss - current	2,000,000	20,020	-	20,020	
	Ta Chong North America Income Trust Fund	-	Financial asset at fair value through profit or loss - current	500,000	5,300	-	5,300	
	Global Infrastructure Fund	-	Financial asset at fair value through profit or loss - current	200,000	1,948	-	1,948	
	Allianz Dresdner	-	Financial asset at fair value through profit or loss - current	1,600	5,526	-	5,526	
	IBT Asia-Amer Sh Duration Bd	-	Financial asset at fair value through profit or loss - current	999,910	9,938	-	9,938	
	Fidelity European Growth Fund	-	Financial asset at fair value through profit or loss - current	5,136	7,248	-	7,248	
	Templeton Developing Markets Fund	-	Financial asset at fair value through profit or loss - current	2,254	2,350	-	2,350	
	Fidelity European Aggressive Fund	-	Financial asset at fair value through profit or loss - current	1,277	1,296	-	1,296	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Yes Logistics Corp.	Fidelity Emerging Markets Fund	-	Financial asset at fair value through profit or loss - current	2,477	\$ 1,793	-	\$ 1,793	
	AIG Global Medallion Fund of Funds	-	Financial asset at fair value through profit or loss - current	1,779,107	22,043	-	22,043	
	Capital Strategin Growth Fund	-	Financial asset at fair value through profit or loss - current	1,000,000	12,530	-	12,530	
	AIG Latin America Fund	-	Financial asset at fair value through profit or loss - current	100,000	1,336	-	1,336	
	JF (Taiwan) Japan Brilliance Fund	-	Financial asset at fair value through profit or loss - current	1,000,000	8,660	-	8,660	
	<u>Common stock</u> Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for using equity method	4,382,370	47,609	10.96	47,609	
	Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	1,100,000	147,331	100.00	147,331	
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for using equity method	340,000	(18,589)	100.00	(18,589)	(Note D)
	Nexus International Express Inc.	Equity-method investee	Investments accounted for using equity method	328,000	-	49.00	-	(Note W)
	B2B Com Holdings Ltd.	-	Financial asset measured at cost - noncurrent	800,000	5,042	8.00	-	
	United Raw Material Solutions Inc.	-	Financial asset measured at cost - noncurrent	800,000	5,898	2.76	-	
	Chang Ming Logistics Company Limited	Equity-method investee	Investments accounted for using equity method	(Note R)	212,986	49.00	212,986	
	<u>Mutual fund</u> Capital Money Market Fund	-	Financial asset at fair value through profit or loss - current	1,297,026	17,851	-	17,851	
	Capital Income Fund	-	Financial asset at fair value through profit or loss - current	3,256,252	48,855	-	48,855	
Ta Chong Gallop Bond Fund	-	Financial asset at fair value through profit or loss - current	3,669,753	40,285	-	40,285		
Ta Chong Bond Fund	-	Financial asset at fair value through profit or loss - current	761,984	9,999	-	9,999		
NAM Short Term Fixed Income Fund	-	Financial asset at fair value through profit or loss - current	20,605	9,887	-	9,887		
Yes Yangming Logistics (Singapore) (Note 13)	<u>Common stock</u> Yes Logistics UK Limited	Subsidiary	Investments accounted for using equity method	200	(2,079)	100.00	(2,079)	(Note D)
	Yes Logistics Co., Ltd.	Subsidiary	Investments accounted for using equity method	1,000,000	(18,051)	100.00	(18,051)	(Note D)
	Yes Logistics (Netherlands) B.V.	Subsidiary	Investments accounted for using equity method	(Note S)	1,406	100.00	1,406	
Yes Logistics Corp.	<u>Common stock</u> Golden Logistics Corp.	Subsidiary	Investments accounted for using equity method	(Note O)	67,303	100.00	67,303	
	Golden Logistics USA Corporation	Subsidiary	Prepayment for investments accounted for using equity method	100	-	100.00	-	(Note X)
Golden Logistics Corp.	<u>Common stock</u> Golden Logistics (Qingdao) Corp.	Subsidiary	Investments accounted for using equity method	(Note V)	12,598	60.00	12,598	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Golden Logistics (Qingdao) Corp.		-	Financial asset at fair value through profit or loss - current	\$ 1,763,451	7,609	-	\$ 7,609	
		-	Financial asset at fair value through profit or loss - current	3,070,090	12,966	-	12,966	
Yang Ming Line (Singapore) Pte. Ltd.	<u>Common stock</u> Yang Ming Shipping (BVI) Inc.	Subsidiary	Investments accounted for using equity method	510	259,028	51.00	259,028	
	Young-Carrier Company Ltd.	Subsidiary	Investments accounted for using equity method	910,000	420,031	91.00	420,031	
	Yangming (Japan) Co., Ltd.	Subsidiary	Investments accounted for using equity method	3,000	48,373	100.00	48,373	
	Yangming Shipping (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for using equity method	1,000,000	47,862	100.00	47,862	
	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	Investments accounted for using equity method	1,000,000	20,562	100.00	20,562	
	Yangming (Cayman) Ltd.	Subsidiary	Investments accounted for using equity method	20,000	(637)	100.00	(637)	(Note D)
	Yang Ming Line (Hong Kong) Ltd.	Subsidiary	Investments accounted for using equity method	510,000	(80,110)	51.00	(80,110)	(Note U)
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	Investments accounted for using equity method	300,000	9,690	60.00	9,690	
	Yang Ming (Korea) Co., Ltd.	Subsidiary	Investments accounted for using equity method	60,000	21,082	60.00	21,082	
	Sino International United Petroleum Group Company Limited	Subsidiary	Prepayment for investments accounted for using equity method	(Note T)	4,312	50.06	4,312	
	Yang Ming (Vietnam) Corp.	Equity-method investee	Investments accounted for using equity method	(Note I)	5,583	49.00	5,583	
	Formosa International Development Corporation	Equity-method investee	Investments accounted for using equity method	(Note G)	252,556	30.00	252,556	
	Yangtze River Express Airlines Company Limited	-	Financial asset measured at cost - noncurrent	(Note P)	609,690	12.00	-	
	<u>Global depositary receipt</u> Via Source Policy Fund	-	Financial asset held-to-maturity - noncurrent	5	9,658	-	9,658	
	World Energy Fund	-	Financial asset at fair value through profit or loss - current	45,328	36,151	-	36,151	
	Japan Value Fund	-	Financial asset at fair value through profit or loss - current	73,882	31,276	-	31,276	
Yangming (Japan) Co., Ltd.	<u>Common stock</u> Manwa & Co., Ltd.	Subsidiary	Investments accounted for using equity method	200	2,488	100.00	2,488	
Yang Ming Shipping (BVI) Inc.	<u>Common stock</u> Karman Properties Limited	Subsidiary	Investments accounted for using equity method	1,000	(10,702)	100.00	(10,702)	(Note D)
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	(218,678)	100.00	(218,678)	(Note D)
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Subsidiary	Investments accounted for using equity method	2,500	(218,538)	100.00	(218,538)	(Note D)
Yang Ming Line B.V.	<u>Common stock</u> Yangming (UK) Ltd.	Subsidiary	Investments accounted for using equity method	900,000	(375,923)	100.00	(375,923)	(Note D)

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Yang Ming Shipping Europe GmbH	Subsidiary	Investments accounted for using equity method	(Note B)	\$ 141,824	100.00	\$ 141,824	
	Yang Ming Italy S. p. A.	Subsidiary	Investments accounted for using equity method	125,000	29,221	50.00	29,221	
	Yang Ming (Belgium) B.V.	Subsidiary	Investments accounted for using equity method	375	1,138	60.00	1,138	
	Yang Ming (Netherlands) B.V.	Equity-method investee	Investments accounted for using equity method	(Note J)	12,416	70.00	12,416	
Yangming (UK) Ltd.	<u>Common stock</u> Corstor Ltd.	Equity-method investee	Investments accounted for using equity method	(Note C)	33	50.00	33	
Yang Ming Shipping Europe GmbH	<u>Common stock</u> Yes Logistics Europe GmbH	Subsidiary	Investments accounted for using equity method	(Note K)	1,048	100.00	1,048	
	Zoll Pool Hafen Hamburg	-	Financial asset measured at cost - noncurrent	(Note Q)	441	6.00	-	
Yang Ming Italy S. p. A.	<u>Common stock</u> Yang Ming Naples Srl	Subsidiary	Investments accounted for using equity method	(Note L)	(200)	60.00	(200)	(Note D)
Yang Ming Line Holding Co.	<u>Common stock</u> West Basin Container Terminal LLC	Equity-method investee	Investments accounted for using equity method	(Note E)	427,180	40.00	427,180	
	United Terminal Leasing LLC	Equity-method investee	Investments accounted for using equity method	(Note F)	43,328	40.00	43,328	
	Yang Ming (America) Corp.	Subsidiary	Investments accounted for using equity method	5,000	171,864	100.00	171,864	
	Triumph Logistics INC.	Subsidiary	Investments accounted for using equity method	50	(1,406)	100.00	(1,406)	(Note D)
	Olympic Container Terminal LLC	Subsidiary	Investments accounted for using equity method	(Note M)	(333,768)	100.00	(333,768)	(Note D)
	Topline Transportation, Inc.	Subsidiary	Investments accounted for using equity method	200	8,454	100.00	8,454	
	Coastal Tarheel Express, Inc.	Subsidiary	Investments accounted for using equity method	200	(1,469)	100.00	(1,469)	(Note D)
Kuang Ming Shipping Corp.	<u>Common stock</u> Kuang Ming Shipping Corp. (Panama)	Subsidiary	Investments accounted for using equity method	49,500	73,819	100.00	73,819	
	Taiwan Navigation Co., Ltd.	-	Available-for-sale financial asset - noncurrent	1,292,000	45,866	-	45,866	(Note Y)
	First Financial Holding Co., Ltd.	-	Financial asset at fair value through profit or loss - current	685,000	16,491	-	16,491	
	<u>Mutual fund</u> Capital Money Market Fund	-	Available-for-sale financial asset - current	730,314	10,020	-	10,020	
	Capital Global REIT Balanced	-	Available-for-sale financial asset - current	2,000,000	20,000	-	20,000	
	Fuh Hwa Bond Fund	-	Available-for-sale financial asset - current	3,198,158	39,988	-	39,988	
	Fuh-Hwa Yuli Bond Fund	-	Available-for-sale financial asset - current	801,106	10,016	-	10,016	
Honming Terminal & Stevedoring Co., Ltd.	<u>Common stock</u> Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	11,068,800	101,158	9.22	101,158	

(Continued)

Notes:

- A. Market values were based on closing prices at June 30, 2007 or the net asset value of the fund on June 30, 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.
- 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 US\$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. Prepayment for investments accounted for using equity method.
- Y. MOTC owned 35.69% of Yang Ming Marine Corporation's outstanding shares and 26.46% of Taiwan Navigation Co., Ltd.'s outstanding shares.
- Z. Financial statements used as basis of investment amounts were unaudited, except those of All Oceans Transportation, Inc. and Yang Ming Line (B.V.I.) Holding Co., Ltd.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

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

SIX MONTHS ENDED JUNE 30, 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
	High Tech Computer Corp	Financial asset at fair value through profit or loss - current	-	-	-	-	210,000	105,344	210,000	107,131	105,344	1,787	-	-	-
	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	-	-	-
	Taiwan Navigation Co., Ltd.	Available-for-sale financial asset - noncurrent	(Note C)	(Note B and C)	-	-	70,189,243	2,223,350	1,819,000	51,316	50,525	791	68,370,243	2,172,825	-
	<u>Mutual fund</u>														
	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
	ENERGY SELECT SPDR	Financial asset at fair value through profit or loss - current	-	-	-	-	102,100	226,311	4,000	7,986	7,350	636	98,100	218,961	-
	Templeton Emerging Markets Bond	Financial asset at fair value through profit or loss - current	-	-	-	-	348,139	200,000	-	-	-	-	-	348,139	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	100,000
	ABN AMRO Bond Fund	Available-for-sale financial asset - current	-	-	-	13,677,877	206,106	-	-	13,677,877	206,223	206,106	117	-	-
	Mega Diamond Bond Fund	Available-for-sale financial asset - current	-	-	-	26,117,313	300,460	-	-	26,117,313	300,599	300,460	139	-	-
	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	4,596,046	60,000	45,280,330	591,919	589,823	2,096	-	-
	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	26,900,563	370,001	33,430,657	460,000	456,486	3,514	48,851,137	669,729
	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	27,362,948	340,947	339,526	1,421	39,990,722	500,000
	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	111,688,749	1,500,000	90,532,980	1,209,143	1,206,791	2,352	111,688,749	1,500,000
	ShinKong High Yield	Available-for-sale financial asset - current	-	-	-	-	-	9,015,308	150,000	9,015,308	150,304	150,000	304	-	-

(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>Mutual fund</u> Capital Income Fund	Financial asset at fair value through profit or loss - current	-	-	6,257,037	\$ 92,502	6,113,717	\$ 91,400	9,114,502	\$ 136,500	\$ 135,409	\$ 1,091	3,256,252	\$ 48,493
	Ta Chong Gallop Bond Fund	Financial asset at fair value through profit or loss - current	-	-	2,768,652	30,000	10,999,223	120,000	10,098,122	110,463	110,000	463	3,669,753	40,000
	NAM Short Term Fixed Income Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	393,254	187,189	372,649	177,554	177,308	246	20,605	9,881
Ching Ming Investment Corp.	<u>Common stock</u> Taiwan Navigation Co., Ltd.	Available-for-sale financial asset - noncurrent	-	(Note B)	140,000	3,414	3,564,000	114,440	345,000	10,050	8,976	1,074	3,359,000	108,878
	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	-	-
	<u>Mutual fund</u> Fuh-Hwa Bond Fund	Financial asset at fair value through profit or loss - current	-	-	11,335,723	151,102	11,223,177	150,000	22,558,900	301,593	301,102	491	-	-
	Capital Income Fund	Financial asset at fair value through profit or loss - current	-	-	8,612,461	128,235	8,555,938	128,046	7,691,495	115,020	114,566	454	9,476,904	141,715
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	-	-

Notes:

- A. Carrying Value is original acquisition amount.
- B. MOTC owned 35.69% of Yang Ming Marine Corporation's outstanding shares and 26.46% of Taiwan Navigation Co., Ltd.'s outstanding shares.
- 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. Amounts were based on unaudited financial statements.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

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

JUNE 30, 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	\$ 22,735,104 (Note E)	-	\$ -	-	\$ 4,285,186	\$ -
	Yang Ming (Liberia) Corp.	A	3,101,578 (Note F)	-	-	-	201,547	-
	Yangming (UK) Ltd.	A	992,109 (Note G)	-	-	-	101,394	-
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	1,236,196 (Note H)	-	-	-	-	-
	Young-Carrier Company Ltd.	A	1,250,836	-	-	-	1,213,553	-
	Yang Ming (America) Corp.	A	636,246	-	-	-	6636,246	-
	Yang Ming Shipping Europe GmbH	A	278,756	-	-	-	198,167	-
	Yang Ming (Korea) Co., Ltd.	A	150,184	-	-	-	145,816	-
	Yang Ming Italy S.p.A.	A	105,255	-	-	-	105,255	-
	Yang Ming Line (Hong Kong) Ltd.	A	159,581	-	-	-	159,581	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	C	7,222,289 (Note I)	-	-	-	3,928,800	-
Yang Ming (Japan) Co., Ltd.	Yang Ming Marine Transport Corporation	D	110,697	-	-	-	77,148	-
Young-Carrier Company Ltd. (Note H)	Yang Ming Marine Transport Corporation	D	264,300	-	-	-	264,300	-
Yang Ming Line (Hong Kong) Ltd. (Note H)	Yang Ming Marine Transport Corporation	D	188,519	-	-	-	188,519	-
Yang Ming (Netherlands) B.V.	Yang Ming Marine Transport Corporation	B	115,014	-	-	-	26,161	-

Notes:

- A. Subsidiary of the Corporation.
- B. An equity-method investee of subsidiary of the Corporation.
- C. The same parent company.
- D. Parent company.
- E. Payment made for All Oceans Transportation Inc. and proceeds from sale of ships.
- F. Financing providing and proceeds from sale of ship.
- G. Receivables, net of agency collections and payments.
- H. Dividends receivable.
- I. Proceeds from sale of ships.
- J. Collections between related parties have been made according to "Agency Accounting Procedure" by the Corporation and local business conventions.
- K. Financial statements used as basis of investment amounts were unaudited, except All Ocean Transportation, Inc. and Yang Ming Line (B.V.I.) Holding Co., Ltd.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 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 June 30, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 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	103,505,031	100.00	\$ 4,496,733	\$ 571,383	\$ 571,383	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	2,088,810	56,103	56,103	Subsidiary
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,500,013	150,000,000	100.00	1,669,045	82,200	82,200	Subsidiary
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	8,360,742	443,851	443,851	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	551,944	551,944	55,251,100	46.04	517,055	6,241	2,874	Subsidiary
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	143,168	143,168	24,000,000	100.00	708,181	395,745	396,092	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	316,780	316,780	31,667,630	79.17	347,242	10,043	7,863	Subsidiary
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,844	35,844	7,611,240	50.98	100,489	17,210	8,468	Subsidiary
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	271,081	40,730	40,730	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	107,121	80,036	39,218	Equity-method investee
	Chunghwa Investment Co., Ltd.	Taipei, Taiwan	Investment	800,000	800,000	80,000,000	40.00	817,349	53,813	21,525	Equity-method investee
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,378	3,378	1	100.00	(136,359)	(71,892)	(71,892)	Subsidiary
Ming Giant (Shanghai) International Logistics Company Limited	Shanghai, China	Warehouse operation and forwarding agency	231,700	231,700	(Note Q)	100.00	229,922	749	749	Subsidiary	
Yuan Wang Investment Co., Ltd.	Taipei, Taiwan	Investment	169,592	-	5,211,474	49.75	169,592	199,235	(5,416)	Equity-method investee	
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	39,500	39,500	3,950,000	9.88	43,232	10,043	-	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	493,111	493,111	49,311,077	41.09	461,492	6,421	-	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	427,180	21,576	-	Equity-method investee
	United Terminal Leasing LLC	Los Angeles, USA	Terminal operation and machine lease	34,750	34,750	(Note G)	40.00	43,328	5,073	-	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	171,864	91,226	-	Subsidiary
	Triumph Logistics INC.	U.S.A.	Container transportation	1,699	1,699	200	100.00	(1,406)	2,008	-	Subsidiary
	Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	31,530	31,530	(Note S)	100.00	(333,768)	(68,304)	-	Subsidiary
	Topline Transportation Inc.	U.S.A.	Container transportation	4,860	4,860	200	100.00	8,454	4,232	-	Subsidiary
Coastal Tarheel Express Inc.	U.S.A.	Container transportation	2,430	2,430	200	100.00	(1,469)	(316)	-	Subsidiary	
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	1,500,000	100.00	(218,678)	359,744	-	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	(218,538)	359,899	-	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	(375,923)	281,605	-	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100.00	141,824	55,406	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of June 30, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 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	\$ 29,221	\$ 20,559	\$ -	Subsidiary
	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	540	540	(Note I)	70.00	12,416	7,984	-	Equity-method investee
Yangming (UK) Ltd.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,651	-	375	60.00	1,138	(485)	-	Subsidiary
	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	25	25	(Note C)	50.00	33	12	-	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	(200) (Note E)	(357)	-	Subsidiary
Yang Ming Shipping Europe GmbH	Yes Logistics Europe GmbH	Hamburg, Germany	Forwarding agency	945	945	(Note H)	100.00	1,048	-	-	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	420,031	20,056	-	Subsidiary
	Yang Ming Shipping (B.V.I) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51.00	259,028	16,827	-	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	48,373	8,129	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(80,110) (Note E)	(6,427)	-	Subsidiary
	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	47,862	8,378	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	20,562	800	-	Subsidiary
	Yangming (Cayman) Ltd.	Cayman Island	Chartering of chips	629	629	20,000	100.00	(637) (Note E)	(151)	-	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	9,690	3,544	-	Subsidiary
	Yang Ming (Vietnam) Corp.	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note J)	49.00	5,583	2,217	-	Prepayment for investments accounted for using equity method
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	21,082	10,623	-	Subsidiary
	Sino International United Petroleum Group Company Limited	Hong Kong	Trade	16,300	6,520	(Note T)	50.06	4,312	(8,859)	-	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	254,358	176,904	(Note O)	30.00	252,556	(2,840)	-	Prepayment for investments accounted for using equity method
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	2,488	(8)	-	Subsidiary
Yang Ming Shipping (B.V.I) Inc.	Karman Properties Limited	Hong Kong	Property agency	4	4	1,000	100.00	(10,702) (Note E)	(249)	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming Shipping Corp. (Panama)	Panama	Forwarding agency	30,887	30,887	49,500	100.00	73,819	24,877	-	Subsidiary
Honming Terminal & Stevedoring Co., Ltd.	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	110,610	110,610	11,068,800	9.22	101,158	2,873	-	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp. (USA)	Auckland, USA	Shipping agency, forwarding agency and shipping managers	101,044	26,035	1,100,000	100.00	147,331	66,889	-	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	6,608	6,608	340,000	100.00	(18,589) (Note E)	(3,297)	-	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	43,824	43,824	4,382,370	10.96	47,609	9,112	-	Subsidiary
	Nexus International Express Inc.	California, USA	Terminal operation and stevedoring	10,283	10,283	328,000	49.00	(Note V)	-	-	Equity-method investee
	Chang Ming Logistics Company Limited	Chongqing, China	Terminal operation and stevedoring	209,726	209,726	(Note D)	49.00	212,986	-	-	Equity-method investee
Yes Logistics Corp. (U.S.A.)	Golden Logistics Corp.	Shanghai, China	Forwarding agency	101,607	32,652	(Note L)	100.00	67,303	(12,338)	-	Subsidiary
	Golden Logistics USA Corporation	USA	Container transportation	327	-	100	100.00	(Note P)	-	-	Subsidiary
Golden Logistics Corp.	Great Logistics (Qingdao) Corp.	Qingdao, China	Forwarding agency	12,489	12,498	(Note R)	60.00	12,598	173	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of June 30, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2007	December 31, 2006	Shares	Percentage of Ownership	Carrying Value			
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistic UK Limited	U.K.	Forwarding agency	\$ 344	\$ 344	200	100.00	\$ (2,079)	\$ -	\$ 504	Subsidiary
	Yes Logistics Co., Ltd.	Hong Kong	Forwarding agency	4,304	4,304	1,000,000	100.00	(18,051)	-	(4,426)	Subsidiary
	Yes Logistics (Netherlands) B.V.	Netherlands	Forwarding agency	1,216	1,216	(Note N)	100.00	(Note E) 1,406	-	663	Subsidiary

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is equivalent to EUR818,000, and no shares were issued.
- C. This is equivalent to GBP500, and no shares were issued.
- D. This is equivalent to US\$6,434,000, and no shares were issued.
- E. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- F. This is equivalent to US\$3,800,000, and no shares were issued.
- G. This is equivalent to US\$1,000,000, and no shares were issued.
- H. Paid-in capital was equivalent to EUR25,000, and no shares were issued.
- I. Paid-in capital was equivalent to 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 form 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 US\$500,000, and no shares were issued.
- V. 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.
- W. Financial statements used as basis of investment amounts were unaudited, except All Oceans Transportation and Yang Ming line (B.V.I.) Holding Co., Ltd.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

INVESTMENTS IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30 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 June 30, 2007	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of June 30, 2007	Accumulated Inward Remittance of Earnings as of June 30, 2007	Accumulated Investment in Mainland China as of June 30, 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.	\$ 609,684 (US\$ 18,622,000)	\$ -	\$ -	\$ 609,684 (US\$18,622,000)	12%	\$ -	\$ 609,684 (US\$18,622,000)	-	\$ 838,864 (US\$ 25,622,000)	\$ 1,690,104 (US\$ 51,622,000)	\$ 10,240,896
	Ming Giant (Shanghai) International Logistics Company Limited (Note B)	Warehouse operation and forwarding agency	US\$ 7,000,000	Direct investment in Mainland China	229,180 (US\$ 7,000,000)	-	-	229,180 (US\$ 7,000,000)	100%	749	229,922	-	-	-	-
Yes Logistics Corp.	Golden Logistics Corp. (Note C)	Shipping agency	US\$ 5,000,000	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	32,740 (US\$ 1,000,000)	130,960 (US\$ 4,000,000)	-	164,689 (US\$ 5,000,000)	100%	(12,338)	67,303	-	374,349 (US\$ 11,434,000)	\$ 374,349 (US\$ 11,434,000)	444,922 (Note E)
	Chang Ming Logistics Company Limited	Terminal operation and stevedoring	RMB 104,800,000	Investee's direct investment in Mainland China.	210,649 (US\$ 6,434,000)	-	-	210,649 (US\$ 6,434,000)	49%	-	212,986	-	-	-	-

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. It represents 40% (\$1,123,055 thousand) of the net assets of Yes Logistics Corp. as of June 30, 2007.
- F. U.S. dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.74
- G. Based on unaudited financial statements.