

**Yang Ming Marine Transport Corporation
and Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2004 and 2003 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Yang Ming Marine Transport Corporation and its subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. However, we did not audit the financial statements as of and for the years ended December 31, 2004 and 2003 of a subsidiary, Yang Ming Shipping Europe GmbH, of which the Corporation's equity-method investment amounts are included in the accompanying consolidated financial statements. The assets of this subsidiary were 0.4% (NT\$365,147 thousand) and 0.4% (NT\$274,533 thousand) of the total consolidated assets as of December 31, 2004 and 2003, respectively. The operating revenues of this subsidiary were 0% (NT\$2,416 thousand) and 0.1% (NT\$79,232 thousand) of the consolidated revenue in 2004 and 2003, respectively. Also, we did not audit the financial statements of Transyang Shipping Pte. Ltd., Yang Ming Line (Singapore) Pte. Ltd., Corstor Ltd., Yang Ming-Italy and Yang Ming (Netherlands) B.V. as of and for the year ended December 31, 2004, and those of Transyang Shipping Pte. Ltd., Yang Ming Line (Singapore) Pte. Ltd., Yes Logistics (UK), Corstor Ltd. and Yang Ming-Italy as of and for the year ended December 31, 2003, in which the Corporation and consolidated subsidiaries have equity-method investments. As shown in the accompanying balance sheets, the carrying values of these investments were 1.3% (NT\$1,210,180 thousand) and 1.9% (NT\$1,369,248 thousand presented as assets and NT\$1,058 thousand presented as liabilities) of the total consolidated assets as of December 31, 2004 and 2003, respectively. The equity in these investees' net income was 1.3% (NT\$155,969 thousand) and 3.8% (NT\$316,752 thousand) of the consolidated income before income tax in 2004 and 2003, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to these investees' amounts included in the accompanying consolidated financial statements, is based solely on the reports of other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yang Ming Marine Transport Corporation and its subsidiaries as of December 31, 2004 and 2003, and the results of their operations and cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

March 1, 2005

Notice to Readers

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

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2004 AND 2003

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

ASSETS	2004		2003	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	\$ 10,806,667	12	\$ 7,339,205	10
Short-term investments, net (Notes 2 and 5)	15,625,880	17	13,900,013	19
Accounts receivable, net of allowance for doubtful accounts of \$45,203 in 2004 and \$13,657 in 2003 (Note 2)	1,268,681	2	1,366,545	2
Accounts receivables from related parties (Note 20)	1,639,055	2	718,838	1
Other receivables from related parties (Notes 19 and 20)	365,431	-	720,250	1
Shipping fuel, net (Note 2)	1,145,868	1	924,233	1
Prepaid expenses (Note 20)	487,173	1	255,137	-
Advances to shipping agents (Note 20)	226,343	-	558,745	1
Other current assets (Notes 2, 16 and 23)	1,089,860	1	251,300	-
Total current assets	32,654,958	36	26,034,266	35
LONG-TERM INVESTMENTS IN SHARES OF STOCK AND BONDS (Notes 2, 6 and 20)				
Equity method in shares of stock	4,169,734	5	3,521,760	5
Cost method in shares of stock	805,510	1	1,308,222	2
Corporate bonds	31,920	-	-	-
Total investments in shares of stock and bonds	5,007,164	6	4,829,982	7
OTHER FINANCIAL INSTRUMENTS - NONCURRENT (Notes 2 and 23)	159,600	-	-	-
PROPERTIES (Notes 2, 7, 20, 21 and 22)				
Cost				
Land	133,014	-	48,388	-
Buildings	549,723	1	549,723	1
Containers and chassis	15,273,092	17	11,822,031	16
Ships	30,906,894	34	25,499,801	35
Leased containers and chassis	7,831,339	9	8,203,168	11
Leasehold improvements	209,070	-	214,067	-
Miscellaneous equipment	1,854,943	2	1,752,104	3
Total cost	56,758,075	63	48,089,282	66
Accumulated depreciation	19,778,847	22	18,180,117	25
Construction in progress	36,979,228	41	29,909,165	41
	3,648,844	4	2,685,756	3
Net properties	40,628,072	45	32,594,921	44
OTHER ASSETS				
Assets leased to others, net (Notes 2, 7 and 8)	2,769,931	3	1,065,235	1
Nonoperating assets, net (Notes 2, 7, 9 and 21)	360,807	1	493,565	1
Refundable deposits (Notes 7 and 21)	7,475,034	8	7,363,924	10
Deferred charges, net (Note 2)	186,789	-	107,318	-
Advances on long-term rent agreements	321,377	-	331,909	1
Long-term receivables from related parties (Note 20)	434,650	1	554,800	1
Miscellaneous	47,633	-	84,107	-
Total other assets	11,596,221	13	10,000,858	14
TOTAL	\$ 90,046,015	100	\$ 73,460,027	100

LIABILITIES AND STOCKHOLDERS' EQUITY	2004		2003	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term debts (Notes 10 and 21)	\$ -	-	\$ 16,514	-
Payables to related parties (Note 20)	1,291,838	2	766,727	1
Income tax payable (Notes 2 and 16)	1,126,658	1	850,688	1
Accrued expenses	2,977,458	3	2,244,672	3
Payables for equipment	623,058	1	-	-
Advances from customers (Note 20)	1,187,486	1	1,283,858	2
Current portion of interest-bearing long-term debts (Notes 2, 7, 11 and 21)	2,133,340	2	2,703,263	4
Payables to shipping agents	2,999,897	3	2,201,711	3
Other current liabilities (Notes 2 and 16)	1,525,126	2	881,645	1
Total current liabilities	13,864,861	15	10,949,078	15
INTEREST-BEARING LONG-TERM DEBTS, NET OF CURRENT PORTION				
Bonds (Notes 2, 11 and 21)	18,925,423	21	15,066,361	21
Bank loans (Notes 11 and 21)	2,666,606	3	3,985,738	5
Capital lease obligations (Notes 2, 7, 11 and 21)	7,499,778	8	7,688,659	10
Total interest-bearing long-term debts	29,091,807	32	26,740,758	36
RESERVE FOR LAND VALUE INCREMENT TAX (Note 12)	479,639	1	479,639	1
OTHER LIABILITIES				
Accrued pension liabilities (Notes 2 and 19)	699,415	1	604,450	1
Cumulative losses in excess of cost of investment in Yes Logistic UK Ltd. (Notes 2 and 6)	-	-	1,058	-
Deferred income tax liabilities - noncurrent (Notes 2 and 16)	1,870,386	2	1,191,179	2
Others (Notes 2, 13 and 20)	202,339	-	203,921	-
Total other liabilities	2,772,140	3	2,000,608	3
Total liabilities	46,208,447	51	40,170,083	55
STOCKHOLDERS' EQUITY				
Capital stock - \$10 par value				
Authorized - 2,400,000 thousand shares				
Issued - 2,268,755 and 1,946,707 thousand shares in 2004 and 2003	22,687,545	25	19,467,065	27
Certificates of conversion of bonds to stock - 10,223 thousand shares	-	-	102,234	-
Total capital stock	22,687,545	25	19,569,299	27
Capital surplus				
Paid-in capital in excess of par value	6,986,846	8	4,075,397	6
Treasury stock transactions	915,830	1	234,855	-
Equity on capital surplus reported by equity-accounted investees	5,816	-	5,816	-
Total capital surplus	7,908,492	9	4,316,068	6
Retained earnings				
Legal reserve	1,193,205	1	528,295	1
Special reserve	1,141,939	1	1,141,939	1
Unappropriated earnings	11,155,161	13	7,836,692	11
Total retained earnings	13,490,305	15	9,506,926	13
Other items of stockholders' equity				
Unrealized loss on investments in shares of stock	(1)	-	(1)	-
Cumulative translation adjustments	28,301	-	338,729	-
Net loss not recognized as pension cost	(35,717)	-	(18,457)	-
Total other items of stockholders' equity	(7,417)	-	320,271	-
Treasury stocks - 32,607 and 54,384 thousand shares in 2004 and 2003	(241,357)	-	(422,620)	(1)
Total stockholders' equity	43,837,568	49	33,289,944	45
TOTAL	\$ 90,046,015	100	\$ 73,460,027	100

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

(With Deloitte & Touche audit report dated March 1, 2005)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2004 AND 2003

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

	2004		2003	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 20)	\$ 88,572,301	100	\$ 72,650,091	100
OPERATING COSTS (Notes 2, 17 and 20)	<u>74,276,740</u>	<u>84</u>	<u>62,966,373</u>	<u>87</u>
GROSS INCOME	<u>14,295,561</u>	<u>16</u>	<u>9,683,718</u>	<u>13</u>
OPERATING EXPENSES (Note 17)				
Selling	1,677,017	2	1,479,393	2
General and administrative	<u>364,071</u>	<u>-</u>	<u>307,221</u>	<u>-</u>
Total operating expenses	<u>2,041,088</u>	<u>2</u>	<u>1,786,614</u>	<u>2</u>
OPERATING INCOME	<u>12,254,473</u>	<u>14</u>	<u>7,897,104</u>	<u>11</u>
NONOPERATING INCOME AND GAINS				
Interest (Note 20)	455,722	1	348,148	1
Foreign exchange gain, net	168,185	-	290,131	-
Equity in net income of investees, net (Notes 2 and 6)	144,234	-	375,346	1
Investment gain	-	-	310,413	-
Others	<u>322,002</u>	<u>-</u>	<u>207,063</u>	<u>-</u>
Total nonoperating income and gains	<u>1,090,143</u>	<u>1</u>	<u>1,531,101</u>	<u>2</u>
NONOPERATING EXPENSES AND LOSSES				
Interest (Note 7)	1,002,665	1	957,346	1
Investment loss (Note 2)	228,338	1	-	-
Others	<u>213,936</u>	<u>-</u>	<u>232,333</u>	<u>1</u>
Total nonoperating expenses and losses	<u>1,444,939</u>	<u>2</u>	<u>1,189,679</u>	<u>2</u>
INCOME BEFORE INCOME TAX	11,899,677	13	8,238,526	11
INCOME TAX EXPENSE (Notes 2 and 16)	<u>2,102,413</u>	<u>2</u>	<u>1,589,429</u>	<u>2</u>
CONSOLIDATED NET INCOME	<u>\$ 9,797,264</u>	<u>11</u>	<u>\$ 6,649,097</u>	<u>9</u>

(Continued)

	<u>2004</u>		<u>2003</u>	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
CONSOLIDATED BASIC EARNINGS PER SHARE (Note 18)	<u>\$ 5.55</u>	<u>\$ 4.57</u>	<u>\$ 4.37</u>	<u>\$ 3.52</u>
CONSOLIDATED DILUTED EARNINGS PER SHARE (Note 18)	<u>\$ 5.27</u>	<u>\$ 4.34</u>	<u>\$ 3.82</u>	<u>\$ 3.09</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, 15 and 18), is as follows:

	<u>2004</u>		<u>2003</u>	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
CONSOLIDATED NET INCOME	<u>\$ 12,186,424</u>	<u>\$ 10,084,011</u>	<u>\$ 8,936,375</u>	<u>\$ 7,346,946</u>
CONSOLIDATED BASIC EARNINGS PER SHARE	<u>\$ 5.55</u>	<u>\$ 4.59</u>	<u>\$ 4.58</u>	<u>\$ 3.78</u>
CONSOLIDATED DILUTED EARNINGS PER SHARE	<u>\$ 5.28</u>	<u>\$ 4.37</u>	<u>\$ 4.03</u>	<u>\$ 3.31</u>

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

(With Deloitte & Touche audit report dated March 1, 2005)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2004 AND 2003
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	Capital Stock (\$10 Par Value, Notes 2 and 11)				Capital Surplus (Notes 2 and 15)				Retained Earnings (Notes 2 and 15)				Other Items of Stockholder's Equity (Notes 2 and 19)				Treasury Stocks (Notes 2 and 15)	Total Stockholders' Equity
	Shares (Thousands)	Amount	Certificates of Conversion of Bonds to Stocks	Total	Paid-in Capital in Excess of Par Value	Treasury Stock Transactions	Equity in Capital Surplus Reported by Equity-method Investees	Total	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Total	Unrealized Loss on Investments in Shares of Stock	Cumulative Translation Adjustments	Net Loss not Recognized as Pension Cost	Total		
BALANCE, JANUARY 1, 2003	1,834,316	\$ 18,343,160	\$ -	\$ 18,343,160	\$ 2,390,186	\$ 4,242	\$ 5,816	\$ 2,400,244	\$ 414,623	\$ 1,141,939	\$ 2,424,970	\$ 3,981,532	\$ (21,293)	\$ 186,469	\$ (7,687)	\$ 157,489	\$ (525,441)	\$ 24,356,984
Appropriation of 2002 earnings																		
Legal reserve	-	-	-	-	-	-	-	-	113,672	-	(113,672)	-	-	-	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	-	-	-	(23,113)	(23,113)	-	-	-	-	-	(23,113)
Cash dividends - \$0.6 per share	-	-	-	-	-	-	-	-	-	-	(1,100,590)	(1,100,590)	-	-	-	-	-	(1,100,590)
Cash dividends acquired by subsidiaries	-	-	-	-	-	32,643	-	32,643	-	-	-	-	-	-	-	-	-	32,643
Disposal of the Corporation's stocks held by subsidiaries	-	-	-	-	-	197,970	-	197,970	-	-	-	-	-	-	-	-	102,821	300,791
Consolidated net income in 2003	-	-	-	-	-	-	-	-	-	-	6,649,097	6,649,097	-	-	-	-	-	6,649,097
Reversal of unrealized loss on investments in shares of stock	-	-	-	-	-	-	-	-	-	-	-	-	21,292	-	-	21,292	-	21,292
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-	152,260	-	152,260	-	152,260
Domestic convertible bonds converted into certificates of conversion of bonds to stock and capital stocks	112,391	1,123,905	102,234	1,226,139	1,685,211	-	-	1,685,211	-	-	-	-	-	-	-	-	-	2,911,350
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,770)	(10,770)	-	(10,770)
BALANCE, DECEMBER 31, 2003	1,946,707	19,467,065	102,234	19,569,299	4,075,397	234,855	5,816	4,316,068	528,295	1,141,939	7,836,692	9,506,926	(1)	338,729	(18,457)	320,271	(422,620)	33,289,944
Appropriation of 2003 earnings																		
Legal reserve	-	-	-	-	-	-	-	-	664,910	-	(664,910)	-	-	-	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	-	-	-	(71,717)	(71,717)	-	-	-	-	-	(71,717)
Cash dividends - \$2.28697 per share	-	-	-	-	-	-	-	-	-	-	(4,716,781)	(4,716,781)	-	-	-	-	-	(4,716,781)
Stock dividends - \$0.49716 per share	102,539	1,025,387	-	1,025,387	-	-	-	-	-	-	(1,025,387)	(1,025,387)	-	-	-	-	-	-
Cash dividends acquired by subsidiaries	-	-	-	-	-	124,371	-	124,371	-	-	-	-	-	-	-	-	-	124,371
Disposal of the Corporation's stocks held by subsidiaries	-	-	-	-	-	556,604	-	556,604	-	-	-	-	-	-	-	-	181,263	737,867
Consolidated net income in 2004	-	-	-	-	-	-	-	-	-	-	9,797,264	9,797,264	-	-	-	-	-	9,797,264
Equity in investees' net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,267)	(5,267)	-	(5,267)
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,993)	(11,993)	-	(11,993)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-	(310,428)	-	(310,428)	-	(310,428)
Certificates of conversion of bonds converted into capital stock	10,223	102,234	(102,234)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Domestic convertible bonds converted into certificates of conversion of bonds to stocks and capital stocks	209,286	2,092,859	-	2,092,859	2,911,449	-	-	2,911,449	-	-	-	-	-	-	-	-	-	5,004,308
BALANCE, DECEMBER 31, 2004	2,268,755	22,687,545	-	22,687,545	6,986,846	915,830	5,816	7,908,492	1,193,205	1,141,939	11,155,161	13,490,305	(1)	28,301	(35,717)	(7,417)	(241,357)	43,837,568

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

(With Deloitte & Touche audit report dated March 1, 2005)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 9,797,264	\$ 6,649,097
Adjustments to reconcile net income with net cash provided by operating activities:		
Depreciation	3,527,501	3,541,984
Amortization	117,747	269,070
Provision for pension cost	82,973	57,597
Investment loss (gain)	228,338	(310,413)
Equity in net income of investees, net	(144,234)	(375,346)
Cash dividends received on equity-method investments	643,294	119,579
Deferred income taxes	608,430	736,416
Others	92,121	99,240
Net changes in operating assets and liabilities		
Accounts receivable	66,318	446,095
Accounts receivables from related parties	(920,217)	(322,698)
Other receivable from related parties	(24,244)	11,286
Shipping fuel	(292,142)	(180,569)
Prepaid expenses	(232,036)	8,272
Advances to shipping agents	332,402	910,660
Pledged time deposits	-	18,645
Other current assets	(249,645)	122,881
Payables to related parties	550,655	239,613
Income tax payable	396,648	841,388
Accrued expenses	753,055	538,843
Advances from customers	(96,372)	452,923
Payables to shipping agents	798,186	(480,245)
Other current liabilities	644,480	115,561
Advances on long-term rent agreements	<u>10,532</u>	<u>17,021</u>
Net cash provided by operating activities	<u>16,691,054</u>	<u>13,526,900</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in short-term investments	(2,345,079)	(7,433,661)
Acquisition of investments in shares of stock and bonds	(35,298)	(73,402)
Proceeds from disposal of investments in shares of stock	347,075	36,450
Increase in other financial instruments, net	(262,070)	-
Acquisition of properties and asset leased to others	(12,855,830)	(5,240,158)
Proceeds from sale of properties and nonoperating assets	111,580	393,314
Increase in deferred charges	(199,215)	(37,608)
Decrease in other assets	<u>46,774</u>	<u>33,430</u>
Net cash used in investing activities	<u>(15,192,063)</u>	<u>(12,321,635)</u>

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	2004	2003
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of principal on short-term debts	\$ (16,514)	\$ (93,689)
Proceeds from issuance of bonds	9,100,000	8,000,000
Proceeds from interest-bearing long-term debts	-	2,485,400
Repayment of principal of bonds	(700,000)	-
Repayment of principal of interest-bearing long-term debts	(1,200,524)	(4,748,950)
Payment of capital lease obligations	(304,195)	(330,285)
Increase (decrease) in other liabilities	31,747	(36,509)
Payment of dividend and employees' bonus	<u>(4,786,749)</u>	<u>(1,122,705)</u>
Net cash provided by financing activities	<u>2,123,765</u>	<u>4,153,262</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(155,294)</u>	<u>(118,306)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,467,462	5,240,221
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>7,339,205</u>	<u>2,098,984</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,806,667</u>	<u>\$ 7,339,205</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid (excluding capitalized interest)	<u>\$ 940,467</u>	<u>\$ 1,252,296</u>
Income tax paid	<u>\$ 1,350,804</u>	<u>\$ 7,952</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Reclassification of nonoperating assets as properties	<u>\$ 84,626</u>	<u>\$ 5,164</u>
Reclassification of assets leased to others as properties	<u>\$ -</u>	<u>\$ 38,979</u>
Current portion of interest-bearing long-term debts	<u>\$ 2,133,340</u>	<u>\$ 2,703,263</u>
Domestic unsecured convertible bonds converted into capital stock, certificates of bonds convertible to stocks and capital surplus	<u>\$ 5,004,308</u>	<u>\$ 2,911,350</u>
CASH PAID FOR ACQUISITION OF PROPERTIES		
Costs of properties acquired	\$ 13,453,344	\$ 5,214,294
Increase in payables for equipment	(623,058)	-
Decrease (increase) in payables to related parties	25,544	(25,544)
Decrease in other current liabilities	<u>-</u>	<u>51,408</u>
	<u>\$ 12,855,830</u>	<u>\$ 5,240,158</u>
PROCEEDS FROM SALE OF PROPERTIES AND NONOPERATING ASSETS		
Total contracted selling prices	\$ 4,353	\$ 1,063,639
Increase in other receivables	(16,643)	(44,174)
Decrease (increase) in other receivables from related parties	3,720	(42,043)
Decrease (increase) in long-term receivables from related parties	120,150	(554,800)
Increase in long-term receivables for ships	<u>-</u>	<u>(29,308)</u>
	<u>\$ 111,580</u>	<u>\$ 393,314</u>

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

(With Deloitte & Touche audit report dated March 1, 2005)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2004 AND 2003

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

1. ORGANIZATION AND OPERATIONS

Yang Ming Marine Transport Corporation (YMTC, parent company) 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 YMTC simultaneous to YMTC's listing of its shares of stock on the ROC Taiwan Stock Exchange. The MOTC owned 36.17% and 40.16% of YMTC's outstanding capital stock as of December 31, 2004 and 2003.

To comply with the administrative ruling of the central government, MOTC planned to transfer its holdings in YMTC to the Ministry of Finance of the Republic of China by March 9, 2005.

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

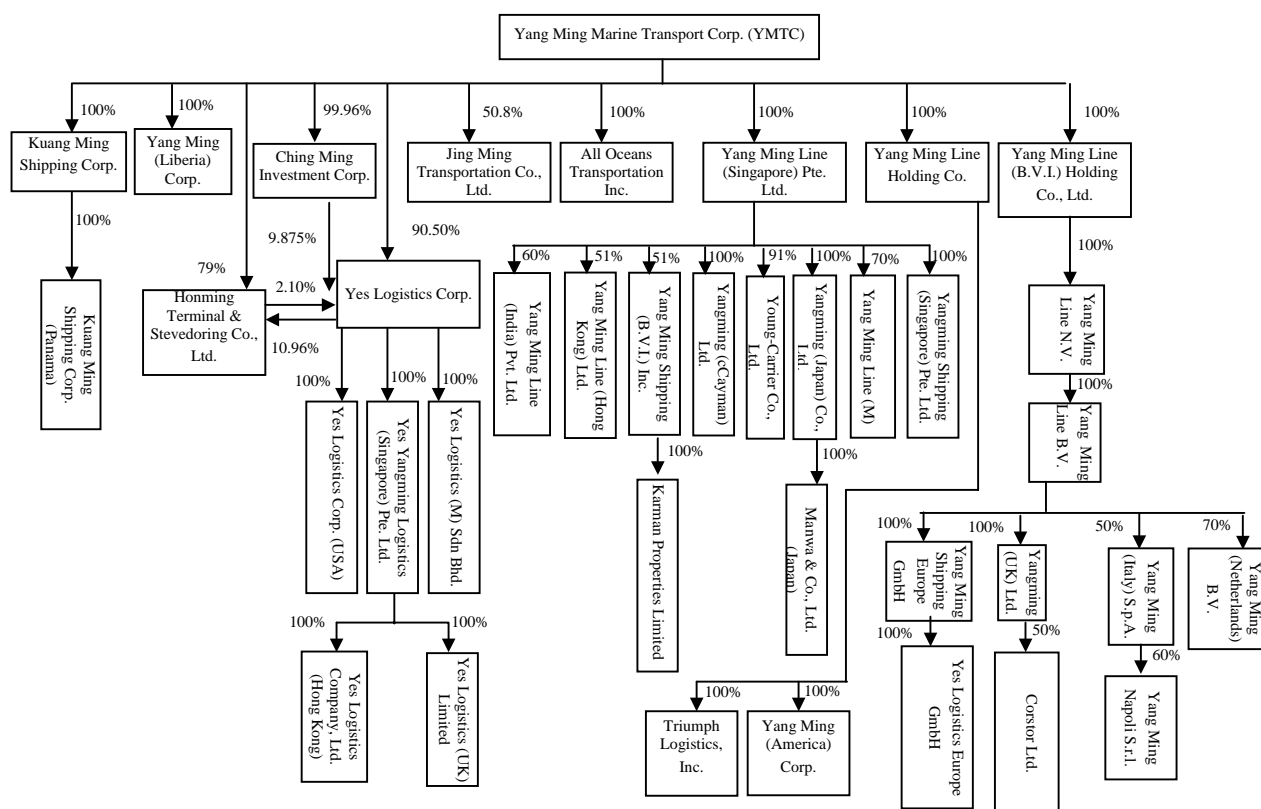
YMTC and All Oceans Transportation Inc. (AOT), Yangming (UK) Ltd. (Yangming-UK), Yang Ming Shipping Europe GmbH (Yangming-ERO) provide marine cargo transportation services; maintain, lease and sell old vessels, containers and chassis; and act as a shipping agent and manage ships owned by others.

The other wholly owned subsidiaries of YMTC, namely, Yang Ming Line (B.V.I.) Holding Co., Ltd. (YML-BVI), Yang Ming Line N.V. (YML-NV) and Yang Ming Line B.V. (YML-BV), are primarily investment holding companies.

As of December 31, 2004 and 2003, the Group had 1,683 and 1,630 employees, respectively.

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

The intercompany relationships and percentages of ownership as of December 31, 2004 are shown below:



2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the ROC. In preparing financial statements in conformity with these guidelines and principles, the Group is required to make certain estimates and assumptions that could affect the amounts of the allowance for doubtful accounts, provision for losses on shipping fuel, provision for losses on investments in shares of stock, 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 consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

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

Consolidation

The consolidated financial statements include the accounts of YMTC and its direct and indirect subsidiaries with individual total assets or total operating revenues that are at least 10% of the total assets or total operating revenues of YMTC or their immediate parent company (referred to as "10% subsidiaries"). If subsidiaries do not meet the 10% requirement, their total assets and sales are added up. If the sum of either the total assets or total sales of subsidiaries is at least 30% of that of YMTC (30% subsidiaries"), these subsidiaries undergo a "3% check." That is, a 30% subsidiary will be consolidated only if its total assets or total sales are at least 3% of those of YMTC.

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

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

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

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

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

The following subsidiaries' accounts were not consolidated because neither their total assets nor total revenues reached the above consolidation percentages: Ching Ming, Yang Ming-Liberia, Kuang Ming, KMS-Panama, Yes Logistics, Yes Logistics (USA), Yes Logistics (Singapore), Yes Logistics (M) Sdn. Bhd, Yes Logistics (HK), Yes Logistics (UK), Honming, Jing Ming, YML-Singapore, YML-India, YML-HK, YMS-BVI, Yangming-Cayman, Young-Carrier, YML-M, Yangming-Japan, Manwa, YMS-Singapore, Karman Properties, YML Holding, Yang Ming-America, Triumph Logistics, Inc., Yes Logistics (ERO), Corstor Ltd., Yang Ming-Netherland, Yang Ming-Italy and Yang Ming-Naples.

Current/Noncurrent Assets and Liabilities

Current assets include unrestricted cash or cash equivalents as well as items to be converted into cash or used within one year. Current liabilities are obligations to be settled within one year. All other assets and liabilities are classified as noncurrent.

Cash Equivalents

Bonds purchased under agreements to resell within three months from acquisition dates are classified as cash equivalents.

Short-term Investments

Short-term investments are mainly listed stocks or stocks traded on the over-the-counter securities exchange, mutual funds and bonds. The investments are carried at the lower of aggregate cost or market value. If the aggregate carrying value of the investments exceeds their total market value, an allowance for losses is recognized and charged to current year's income. Any stock dividends received are recorded as an increase in the number of shares held but are not recognized as investment income. Any cash dividends received are recognized as investment income of the current year. Any annual recovery of the market value to the extent of the original carrying value is recognized as income. Costs of investment sold are determined using the first-in, first-out method.

Market values of the listed stocks, mutual funds and bonds are based on the average closing prices of the last month of the reporting period or the net asset values of the funds on the balance sheet date.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of individual receivables.

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.

Investments in Shares of Stock and Deferred Income

Investments in shares of stock of companies in which the Group owns at least 20% of their outstanding common stock or exercises significant influence over their operating and financial policy decisions are accounted for by the equity method. Under this method, the investment is carried at cost on the acquisition date and then adjusted proportionately for the Group's equity in net income or net loss. The difference between the cost of the investment and the Group's equity in the investee's net assets on the acquisition date is amortized over five years. If an investee issues additional shares and the Group subscribes for these shares at a percentage different from its current equity in the investee, the resulting increase in the Group's equity in its investee's net assets is credited to capital surplus. Any decrease in the Group's equity in the investee's net assets is credited to capital surplus. If capital surplus is not enough for debiting purposes, the difference is debited to unappropriated earnings. Any cash dividends received are recognized as a reduction of the carrying value of the investments. Any cumulative equity of the Group in the net loss of the investees in excess of the related investment costs is presented as other liabilities. The Group's equity in the net income or net loss of an investee whose financial statements for the current year are not timely available is recognized in the subsequent year using the equity interest of the Group as of the latest balance sheet date presented. The equity in the net income or net loss of investees that also have investments in the Group (reciprocal holdings) is computed using the treasury stock method.

Gain on sale of stocks to equity-method investees is deferred entirely for subsidiaries and in proportion to the YMTC's equity for less than majority-owned investees. This gain is credited to income when it is realized through a subsequent sale to third parties.

Other investments in shares of stock are carried at cost. An allowance is recognized for any temporary decline in the aggregate market value of listed stocks and stocks traded over the counter and is debited to stockholders' equity. But if the decline in market value is not temporary and there is no strong evidence that the market value will go up, the allowance is recognized as losses. Also, the carrying amounts of the investments in emerging stocks and stocks with no quoted market prices are reduced to recognize other-than-temporary decline in the value, and this decline is charged to current income. Cash dividends received within a year from the investment acquisition date are accounted for as reduction of the carrying value of investment and subsequently recognized as investment income.

The new cost basis of listed stocks that are reclassified from long-term to short-term investments or vice versa is the lower of cost or market value on the date of the reclassification. Any carrying amounts in excess of market value are accounted for as realized loss.

For both equity-method and cost-method investments, stock dividends received are recorded only as an increase in the number of shares held but are not recognized as investment income. Costs of investments sold are determined using the weighted-average method.

Investment in Corporate Bonds

Investment in corporate bonds are carried at cost and interest revenue is recognized over the bond term. If the carrying amounts of the investment are reduced to recognize an other-than-temporary decline in the value, this decline is charged to current income.

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.

Containers and chassis under capital lease and the corresponding obligation are recorded at the lower of the (a) fair market value of leased equipment at the start of the lease or (b) present value of the sum of all future 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, 2.5 to 20 years; leased containers and chassis, 5 to 25 years; leasehold improvements, 5 to 10 years; and miscellaneous equipment, 3 to 18 years. Properties being used by the Group 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 income.

Nonoperating Assets

Nonoperating assets are stated at the lower of net carrying value or net realizable value.

Deferred Charges

Deferred charges refer to computer softwares 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 are issued at face value, and the interest expense is recognized on the basis of their face value and interest rate. The effective interest rate is calculated using the repayment price, and the interest compensation expense should be recognized over the term of the convertible bonds. Direct and necessary costs of issuing convertible bonds are recorded as deferred charges and amortized over the term of the convertible bonds using the straight-line method.

To convert bonds to common shares, YMTC uses the book value approach, which involves writing off the unamortized issued costs, recognized interest-premium, unpaid accrued interests and par value of the convertible bonds. The common stock exchange certificate (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

Pension cost for onshore employees of YMTC and shipping crews of the Group is based on actuarial calculations. Unrecognized net transition assets, prior service cost and pension plan gains or losses are amortized using the straight-line method over the average remaining service years of employees.

Pension cost of onshore employees of Yangming-UK and Yangming-ERO is based on a defined contribution pension. The amount contributed is charged to income.

Unrealized Gain (Loss) on Sale and Leaseback

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

Treasury Stocks

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

Revenue Recognition

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

Cargo revenues are recognized using the completion of voyage method. Monthly rental revenues on ships leased to others and ship management revenue are recognized in the month when services are rendered.

Revenue is measured by the transaction price (after consideration of discount) agreed upon by the Group and its clients. The pro forma interest rate method cannot be 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.

Income Tax

Deferred income taxes are recognized for the tax effects of temporary differences, unused 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 or 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 recognized in the current year.

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 are recorded as expense in the year when the stockholders resolve to retain the earnings.

Foreign-currency Transactions

Foreign-currency transactions (except derivative transactions) 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 assets and liabilities are settled, are credited or charged to income in the period of settlement. On balance sheet date, the balances of foreign-currency assets and liabilities are restated at prevailing exchange rates, and the resulting differences are recorded as follows:

- a. Equity-method investments in shares of stock - as part of cumulative translation adjustments under stockholders' equity;
- b. Cost-method investments in shares of stock - same as in (a) above when the restated amounts are lower than their carrying amounts, otherwise, no adjustment is made;
- c. Other assets and liabilities - as credits or charges to income.

Financial Derivatives

The Group accounts for derivative transactions as follows:

a. Currency options

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

b. Currency swaps

Currency swap contracts, which are used for nontrading purposes, are recorded at spot rates when the transactions occur. The corresponding forward-position assets or liabilities are recorded at the difference between the spot rate and the contracted forward rates. Premiums or discounts, computed using the foreign currency-amount of the contract multiplied by the difference between the contracted forward rate and the spot rate on the contract starting dates, is also recognized, and is amortized over the term of the currency swap contract using the straight-line method. The forward components of the contracts outstanding as of the balance sheet dates are marked to market, with the unrealized gains or losses arising from changes in market values recognized as current income. The carrying amounts (either assets or liabilities) of the contracts are credited or charged to income once the swap contracts are settled.

c. Interest rate swaps

The amounts of interest rate swap agreements are not recognized in the financial statements because these amounts are only notional and the agreements therefore do not require the settlement of these amounts. On the balance sheet dates or settlement dates, the amounts receivable or payable under the agreements, which result from differences in interest rates, are accrued as interest income or interest expense of the hedged item.

d. Forward contract transactions

The foreign currency amounts of forward exchange contracts (the "contracts"), which are used for hedging purposes, are recorded in New Taiwan dollars at spot rates (forward rates if the contracts are used for trading purposes) on the starting dates of the contracts. The premium or discount, computed using the foreign-currency amount of the contract multiplied by the difference between the contracted forward rate and the spot rates on the starting date of the contract, is also recognized. The premium or discount is amortized using the straight-line method over the term of the forward contract, with the amortization charged to income. On the balance sheet dates, the gains or losses on the contracts, computed by multiplying the foreign-currency amounts of the contracts by the difference between the spot rates on the contract starting dates and the balance sheet dates (or the spot rates last used to measure a gain or loss on that contract for an earlier period), are charged to income. For contracts open as of the balance sheet date, the balances of the receivables and payables are netted out, and the resulting net amount is classified as either an asset or a liability.

On the balance sheet date, if exchange loss is incurred on an open contract that is used for hedging, the recording of the loss may be deferred. In addition, when these contracts are settled, the costs of related commitments may be adjusted, but the adjusted costs of these commitments should not exceed the market value of the commitments on the settlement date.

e. The equity-linked notes

The notional amounts paid on equity-linked notes (ELNs) with their redemption amounts linked to underlying equity stock market value are treated as assets. The difference between the carrying value and the redemption amount of ELNs is charged to income.

f. Interest-linked notes

The principal of interest-linked notes, which have no quoted market prices, are recorded as asset and recognized interest revenue over the term of these contracts. The difference between the carrying value and the redemption amount of these contracts is charged to income.

g. Credit linked notes and structured time deposit

The notional amounts paid on credit-linked notes and structured time deposits with redemption amounts linked to the credit of the issuing company of the underlying bonds are recorded as assets and interest revenue recognized over the term of these contracts. The difference between the carrying value and the redemption amount of these contracts is charged to income.

Reclassifications

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2003 have been reclassified to be consistent with the presentation of consolidated financial statements as of and for the year ended December 31, 2004.

3. ELIMINATED MATERIAL INTERCOMPANY TRANSACTIONS

Company	Eliminated Account	Amount	Parties
For the year ended <u>December 31, 2004</u>			
YMTC	Long-term receivables from related parties	\$ 3,946,328	AOT
	Operating costs	6,732,178	AOT
	Other receivables from related parties	8,091,072	AOT
	Interest income	143,541	AOT
	Other receivables from related parties	866,947	YML-BVI
	Other receivables from related parties	494	YML-BV
	Operating revenues	1,878,179	Yangming-UK
	Operating costs	2,269,104	Yangming-UK
	Accounts receivable from related parties	180,768	Yangming-UK
	Payables to related parties	658,570	Yangming-UK
	Operating costs	211,055	Yangming-ERO
	Other receivable form related parties	4,155	Yangming-ERO
	Accounts receivable from related parties	95,312	Yangming-ERO
	Payables to related parties	67,254	Yangming-ERO
	AOT	Long-term payables to related parties	3,946,328
Operating revenues		6,732,295	YMTC
Payable to related parties		8,091,072	YMTC
Interest expenses		143,541	YMTC
Properties - ships		2,269	YMTC
Operating costs		117	YMTC

(Continued)

Company	Eliminated Account	Amount	Parties
	Accumulated depreciation	\$ 2,269	YMTC
	Operating revenues	1,708,800	Yangming-UK
YML-BVI	Dividend payables to related parties	866,947	YMTC
	Receivables from related parties	1,280	YML-NV
	Long-term receivables from related parties	42,243	YML-BV
	Payables to related parties	20,903	YML-BV
	Interest income	689	YML-BV
	Receivables from related parties	109,626	Yangming-UK
	Operating revenues	889,707	Yangming-UK
YML-NV	Payables to related parties	1,280	YML-BVI
	Receivables from related parties	5,127	YML-BV
YML-BV	Payables to related parties	494	YMTC
	Long-term payables to related parties	42,243	YML-BVI
	Receivables from related parties	20,903	YML-BVI
	Interest expense	689	YML-BVI
	Payables to related parties	5,127	YML-NV
Yangming-UK	Operating costs	1,878,179	YMTC
	Operating revenues	2,269,104	YMTC
	Operating costs	1,708,800	AOT
	Receivables from related parties	658,570	YMTC
	Payables to related parties	180,768	YMTC
	Operating costs	889,707	YML-BVI
	Payables to related parties	109,626	YML-BVI
	Operating costs	108,159	Yangming-ERO
	Receivables from related parties	45,316	Yangming-ERO
	Payables to related parties	28,689	Yangming-ERO
Yangming-ERO	Operating revenues	211,055	YMTC
	Receivables from related parties	67,254	YMTC
	Payables to related parties	99,467	YMTC
	Operating revenues	108,159	Yangming-UK
	Payables to related parties	45,316	Yangming-UK
	Receivables from related parties	28,689	Yangming-UK

4. CASH AND CASH EQUIVALENTS

	December 31	
	2004	2003
Cash		
Petty cash and cash on hand	\$ 2,210	\$ 3,188
Checking deposits	287,017	472,071
Demand deposits	2,605,774	3,173,597
Time deposits: Interest - 1.98% to 4.66% in 2004 and 1.00% to 4.25% in 2003	<u>5,932,626</u>	<u>2,252,995</u>
	8,827,627	5,901,851
Cash equivalents		
Bonds purchased under resell agreements - interest of 2.5%-2.6% in 2004 and 1.80%-2.15% in 2003	<u>1,979,040</u>	<u>1,437,354</u>
	<u>\$ 10,806,667</u>	<u>\$ 7,339,205</u>

There were no deposits due over one year as of December 31, 2004 and 2003.

The overseas deposits as of December 31, 2004 are summarized in the accompanying Schedule A.

5. SHORT-TERM INVESTMENTS

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Mutual funds	\$ 15,381,667	\$ 13,035,144
Marketable equity securities	920,274	1,742,641
Convertible bonds	-	<u>16,000</u>
	<u>16,301,941</u>	<u>14,793,785</u>
Less: Allowance for decline in value	<u>676,061</u>	<u>893,772</u>
	<u>\$ 15,625,880</u>	<u>\$ 13,900,013</u>

6. INVESTMENTS IN SHARES OF STOCK AND BONDS

	<u>December 31</u>			
	<u>2004</u>		<u>2003</u>	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
<u>Investment in shares of stock</u>				
Equity method (stocks with no quoted market prices)				
Yang Ming Line (Singapore) Pte. Ltd.	\$ 1,094,306	100.00	\$ 1,268,228	100.00
Ching Ming Investment Co., Ltd.	908,442	99.96	131,983	99.96
Chunghwa Investment Co., Ltd.	759,267	40.00	806,139	40.00
YES Logistics Corp.	429,012	90.50	432,641	90.50
Honming Terminal & Stevedoring Co., Ltd.	364,302	79.00	358,854	79.00
Kuang Ming Shipping Corp.	221,576	100.00	169,208	100.00
Yang Ming Line Holding Co.	193,578	100.00	182,745	100.00
Transyang Shipping Pte. Ltd.	90,163	24.99	81,962	24.99
Jing Ming Transportation Co., Ltd.	79,134	50.80	69,880	50.80
Yang Ming (Italy) S.p.A.	23,436	50.00	19,031	50.00
Yang Ming (Liberia) Corp.	3,169	100.00	-	-
Yang Ming (Netherlands) B.V.	1,153	70.00	-	-
Yes Logistics Europe GmbH	1,074	100.00	1,062	100.00
CORSTOR Ltd.	<u>1,122</u>	50.00	<u>27</u>	50.00
	<u>4,169,734</u>		<u>3,521,760</u>	
Cost method				
Listed common stock				
Hotung Investment Holdings Ltd.	22,331	0.70	40,268	0.70
Waterland Financial Holdings Co., Ltd.	-	-	<u>70,000</u>	0.43
	<u>22,331</u>		<u>110,268</u>	
Emerging common stock				
Taiwan Nano Electro-optical Technology Co., Ltd.	<u>5,579</u>	0.70	<u>24,478</u>	3.89

(Continued)

	December 31			
	2004		2003	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Common stock with no quoted market prices				
Taipei Port Container Terminal Co., Ltd.	\$ 80,000	10.00	\$ 80,000	10.00
United Venture Capital Corp.	-	-	80,000	9.04
SF Technology Venture Capital Corp.	-	-	40,000	7.24
China Technology Venture Capital Corp.	-	-	30,000	8.96
Kingmax Technology Corp.	-	-	24,000	1.40
Ascentek Venture Capital Corp.	-	-	20,080	2.14
Forwin Securities Corp.	-	-	<u>20,000</u>	2.00
	<u>80,000</u>		<u>294,080</u>	
Preferred stock with no quoted market prices				
New Century Infocomm Co., Ltd.	697,600	1.68	864,000	1.68
Penguin Computing Inc.	-	-	7,698	0.93
Arescom Inc.	-	-	<u>7,698</u>	0.24
	<u>697,600</u>		<u>879,396</u>	
	<u>805,510</u>		<u>1,308,222</u>	
<u>Investment in corporate bond</u>				
Genl Motors Accept Corp.	<u>31,920</u>	-	<u>-</u>	-
	<u>\$ 5,007,164</u>		<u>\$ 4,829,982</u>	

In 2004 and 2003, equity in net income (loss) of investees companies was as follows:

Investee	2004	2003
Yang Ming Line (Singapore) Pte. Ltd.	\$ 143,010	\$ 297,427
Honming Terminal & Stevedoring Co., Ltd.	30,570	27,975
Kuang Ming Shipping Corp.	27,602	(115,716)
Transyang Shipping Pte. Ltd.	7,806	7,806
Jing Ming Transportation Co., Ltd.	13,730	10,336
Chunghwa Investment Co., Ltd.	(42,982)	4,598
Yang Ming Line Holding Co.	22,889	79,969
Ching Ming Investment Co., Ltd.	(67,101)	45,977
Yang Ming (Italy) S.p.A.	3,920	12,419
Others	<u>4,790</u>	<u>4,555</u>
	<u>\$ 144,234</u>	<u>\$ 375,346</u>

YMTC's equity in the net income or net loss of Transyang Shipping Pte Ltd. was recognized using the financial statements of the immediately preceding year, and the equity of YMTC in this investee was as of the latest balance sheet date presented because the financial statements covering the same financial reporting year as that of YMTC were not timely available.

The carrying values of the equity-method investments were based on audited financial statements, except the 2004 financial statements of Yang Ming (Liberia) Corp. and Yes Logistics (ERO) in 2004 and of Yes Logistics (ERO) in 2003. The Group believes there would have been no material adjustments had these investees' financial statements been audited.

The cumulative losses on the Group's investment in Yes Logistics (UK) already exceeded investment costs by \$1,058 as of December 31, 2003. Nevertheless, the Group continued to recognize these losses because it intended to continue giving financial support to these investees. The excess is presented as a liability.

Information on cost-method investments is as follows:

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Listed stocks (based on market value)	\$ 22,331	\$ 125,263
Equity in net assets pertaining to emerging stock and stocks with no quoted market prices (mainly based on unaudited financial statements)	<u>780,325</u>	<u>1,002,183</u>
	<u>\$ 802,656</u>	<u>\$ 1,127,446</u>

7. PROPERTIES

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Accumulated depreciation		
Buildings	\$ 63,203	\$ 53,926
Containers and chassis	7,898,588	6,645,498
Ships	8,584,806	8,839,485
Leased containers and chassis	2,186,453	1,762,994
Leasehold improvements	118,112	87,706
Miscellaneous equipment	<u>927,685</u>	<u>790,508</u>
	<u>\$ 19,778,847</u>	<u>\$ 18,180,117</u>

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

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

The related information for future rentals is shown in Note 22. The details of these leases as of December 31, 2004 and 2003 were as follows:

	<u>December 31</u>			
	<u>2004</u>		<u>2003</u>	
	<u>U.S. Dollars (Thousands)</u>	<u>New Taiwan Dollars (Thousands)</u>	<u>U.S. Dollars (Thousands)</u>	<u>New Taiwan Dollars (Thousands)</u>
Total capital lease obligations (undiscounted)	\$ 467,392	\$ 14,919,154	\$ 456,191	\$ 15,496,812
Less: Unamortized interest expense	<u>(222,049)</u>	<u>(7,087,800)</u>	<u>(220,520)</u>	<u>(7,491,060)</u>
	<u>\$ 245,343</u>	<u>\$ 7,831,354</u>	<u>\$ 235,671</u>	<u>\$ 8,005,752</u>

Depreciation expenses were \$3,514,752 thousand in 2004 and \$3,535,881 thousand in 2003.

Insurance for properties, assets leased to others and nonoperating assets as of December 31, 2004 amounted to \$42,742,675 thousand.

8. ASSETS LEASED TO OTHERS, NET

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Cost		
Land	\$ 1,987,031	\$ 798,896
Buildings	<u>838,944</u>	<u>309,985</u>
	2,825,975	1,108,881
Accumulated depreciation	<u>56,044</u>	<u>43,646</u>
	<u>\$ 2,769,931</u>	<u>\$ 1,065,235</u>

Depreciation expenses were \$12,398 thousand in 2004 and \$6,075 thousand in 2003.

9. NONOPERATING ASSETS, NET

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Cost		
Land	\$ 360,261	\$ 492,662
Buildings	<u>12,383</u>	<u>12,389</u>
	372,644	505,051
Accumulated depreciation	<u>11,837</u>	<u>11,486</u>
	<u>\$ 360,807</u>	<u>\$ 493,565</u>

10. SHORT-TERM DEBTS

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Bank overdraft: 3.524% interest in 2003	<u>\$ -</u>	<u>\$ 16,514</u>

11. INTEREST-BEARING LONG-TERM DEBTS

<u>December 31, 2004</u>	Current	Long-term	Total
Secured bank loans	\$ 854,482	\$ 2,666,606	\$ 3,521,088
Unsecured bank loans	233,470	-	233,470
Domestic unsecured bonds	396,000	15,204,000	15,600,000
Domestic secured bonds	-	3,000,000	3,000,000
Domestic unsecured convertible bonds	316,700	718,900	1,035,600

(Continued)

	Current	Long-term	Total
Interest premium - domestic unsecured convertible bonds	\$ 1,112	\$ 2,523	\$ 3,635
Capital leases	<u>331,576</u>	<u>7,499,778</u>	<u>7,831,354</u>
	<u>\$ 2,133,340</u>	<u>\$ 29,091,807</u>	<u>\$ 31,225,147</u>

December 31, 2003

Secured bank loans	\$ 909,470	\$ 3,747,635	\$ 4,657,105
Unsecured bank loans	317,800	238,103	555,903
Domestic unsecured bonds	-	6,500,000	6,500,000
Domestic secured bonds	700,000	3,000,000	3,700,000
Domestic unsecured convertible bonds	458,900	5,560,800	6,019,700
Interest premium - domestic unsecured convertible bonds	-	5,561	5,561
Capital leases	<u>317,093</u>	<u>7,688,659</u>	<u>8,005,752</u>
	<u>\$ 2,703,263</u>	<u>\$ 26,740,758</u>	<u>\$ 29,444,021</u>

Secured Bank Loans

Secured bank loans are payable at varying amounts until 2009, and bear interest at an annual rate ranging from 2.2875% to 3.1525% in 2004 and from 1.475% to 1.860% in 2003.

Unsecured Bank Loans

Unsecured bank loans in Japanese yen are repayable in eight quarterly installments from October 2003 to July 2005. Annual interest on the yen loans was 0.4123% in 2004 and 0.4112% in 2003, compounded yearly.

Domestic Unsecured Bonds

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

Other bond features and terms are as follows:

June 2000 Bonds Type A - aggregate face value: \$1,200,000; repayments: 33% - June 1, 2005, 33% - June 1, 2006, and 34% - June 1, 2007; 5.7% annual interest.

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

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

July 2001 bonds Repayments: 20% - July 2006, 40% - July 2007, and 40% - July 2008; 4.49% annual interest.

June 2004 bonds Type A - aggregate face value of \$600,000 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 within 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.

Domestic Secured Bonds

On November 25, 1999, YMTC issued domestic secured bonds with aggregate face value of \$700,000 thousand and maturity on November 25, 2004 at 5.75% annual interest. YMTC had repaid total outstanding balance as of December 31, 2004.

YMTC issued five-year domestic secured bonds between June 27, 2002 and July 5, 2002, with an aggregate face value of \$3,000,000 thousand and \$3.85% annual interest.

Domestic Unsecured Convertible Bonds

These bonds were issued on August 2, 1997 at an aggregate face value of \$2,500,000 thousand (the "1997 Convertible Bonds"). Annual interest on the bonds was 4.5%, payable every June 27 from 1998 to 2004. Bond settlement is as follows:

- a. Lump-sum payment to the holders upon maturity (in 2004) at face value plus accrued interest;
- b. Conversion by the holders, starting September 2, 1997, into YMTC's common shares at the prevailing conversion price; and
- c. Redemption by YMTC, under certain conditions, at varying prices before bond maturity.

As of December 31, 2004, the 1997 convertible bonds with an aggregate face value of \$2,500,000 thousand had been all converted into 131,846 thousand common shares of YMTC. YMTC had registered the change in its issued stock with the Ministry of Economic Affairs, R.O.C.

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

- a. Lump-sum payment to the holders upon maturity (in 2008) at 101.256% of the face value;
- b. Conversion by the holders, from November 2003 to 10 days before the due date, into YMTC’s common shares at the prevailing conversion price (NT\$24.10 per share as of December 31, 2004);
- c. Reselling to YMTC by the holders before maturity. The reselling of Type A bonds starts from August 7, 2005 at face value while that of Type B bonds starts from August 7, 2006 at 100.451% of the face value; or
- d. Redemption by YMTC, under certain conditions, at face value before bond maturity.

As of December 31, 2004, the 2003 Convertible Bonds with aggregate face value of \$6,964,400 thousand had been converted into 271,365 thousand common shares of YMTC.

Between October 1, 2004 and December 31, 2004, the holders of the 2003 convertible bonds with aggregate face value of \$530,600 thousand applied to convert the bonds into 22,016 thousand common shares. YMTC set January 7, 2005 as the date to change the registration of the issued stock with the Ministry of Economic Affairs, R.O.C.

As of December 31, 2004, YMTC had used all its credit lines available for long-term bank loans.

12. RESERVE FOR LAND VALUE INCREMENT TAX

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

13. UNREALIZED GAIN ON SALE AND LEASEBACK

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Chassis	\$ 31,215	\$ 38,996
Vessel Ming North	<u>8,620</u>	<u>9,769</u>
	<u>\$ 39,835</u>	<u>\$ 48,765</u>

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

14. STOCKHOLDERS’ EQUITY

On November 14, 1996, YMTC issued 10 million units of global depository receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 per unit. The holders of the GDRs may not exchange them for YMTC’s stocks. However, starting February 14, 1997, the holders of the GDR may request the depository bank to sell the shares represented by the GDRs. As of December 31 2004, there were 4,973,238 units outstanding, representing 49,732,437 shares.

The holders of the GDR retain stockholder's rights that are the same as those of YMTC's common stockholders, but the exercise of stockholder's rights should be under related laws and regulations of the 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 depository bank.

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.

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

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

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

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

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

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

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

The stockholders resolved to appropriate the 2003 and 2002 earnings on June 24, 2004 and June 20, 2003, respectively, as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (Dollars)</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Legal reserve	\$ 664,910	\$ 113,672		
Bonus to employees	71,717	23,113		
Cash dividends	4,716,781	1,100,590	\$ 2.30	\$ 0.60
Stock dividends	1,025,387	-	0.50	-

Because of the conversion of the 2003 Convertible Bonds, the actual cash dividends and stock dividends per share were NT\$2.28697 and NT\$0.49716, respectively.

The above appropriation of the earnings resolved by stockholders did not differ from the appropriation of the earnings resolved by board of directors on April 6, 2004 and March 14, 2003. Had YMTC recognized bonus to employees as expense in 2003 and 2002, the primary and diluted earnings in 2003 would have declined from NT\$3.52 to NT\$3.49 and from NT\$3.09 to NT\$3.05, respectively, and in 2002, would have declined from NT\$0.62 to NT\$0.60.

As of March 1, 2005, YMTC's board of directors had not decided the appropriation of the 2004 earnings. Information on the appropriation of YMTC's earnings can be accessed through the Market Observation Post System on the Web site of the Taiwan Stock Exchange.

15. TREASURY STOCKS

Reason for Repurchase	Outstanding Shares (Thousands)			
	Beginning of the Year	Increase	Decrease	End of the Year
<u>For the year ended December 31, 2004</u>				
Stocks of YMTC held by subsidiaries	<u>54,384</u>	<u>2,704</u>	<u>24,481</u>	<u>32,607</u>
<u>For the year ended December 31, 2003</u>				
Stocks of YMTC held by subsidiaries	<u>67,619</u>	<u>-</u>	<u>13,235</u>	<u>54,384</u>

On January 1, 2002, YMTC reclassified the shares of YMTC held by subsidiaries from investments into treasury stocks. The proceeds from the subsidiaries' disposal of these shares were \$737,867 thousand in 2004 and \$300,791 thousand in 2003. As of December 31, 2004 and 2003, the carrying values of YMTC's shares held by subsidiaries were \$241,357 thousand and \$422,620 thousand, respectively, and the market values were \$977,220 and thousand \$1,786,141 thousand.

The increase in the stocks of YMTC held by subsidiaries in 2004 was due to YMTC's appropriation of 2003 earnings as stock dividends.

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

16. INCOME TAX

a. Computation of current income tax payable:

	2004	2003
Tax on pretax income at 25% statutory rate	\$ 2,974,919	\$ 2,059,632
Add (deduct) tax effects of:		
Permanent differences	(768,211)	(363,122)
Deferred income tax	(612,105)	(630,954)
Loss carryforward	-	(180,806)
Investment tax credit	<u>(1,963)</u>	<u>(28,258)</u>
Current tax payable	<u>\$ 1,592,640</u>	<u>\$ 856,492</u>

The balance of income tax payable as of December 31, 2004 was net of creditable income tax of \$467,261 and accrual income tax payable of \$1,279 for the year not yet examined and cleared by authorities. The balance of income tax payable as of December 31, 2003 was net of the creditable income tax of \$5,804.

- b. Income tax expense consisted of:

	2004	2003
Income tax expense - current	\$ 1,592,640	\$ 856,492
Income tax expense - deferred	608,430	736,416
Adjustments of prior years' taxes	<u>(98,657)</u>	<u>(3,479)</u>
	<u>\$ 2,102,413</u>	<u>\$ 1,589,429</u>

- c. Deferred income tax assets (liabilities) as of December 31, 2004 and 2003 consisted of the following

	<u>December 31</u>	
	2004	2003
Current (included in other current assets or liabilities)		
Unrealized foreign exchange loss (gain)	\$ 35,994	\$ (11,905)
Unrealized loss on allowance for shipping fuel valuation losses	24,938	7,312
Others	<u>7,095</u>	<u>1,843</u>
	<u>\$ 68,027</u>	<u>\$ (2,750)</u>
Noncurrent		
Cumulative equity in net income of investee companies	\$ (1,758,409)	\$ (1,007,002)
Differences in estimated service lives of containers	(213,271)	(273,750)
Deferred pension cost	<u>101,294</u>	<u>89,573</u>
	<u>\$ (1,870,386)</u>	<u>\$ (1,191,179)</u>

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

- d. Integrated income tax system information:

	<u>December 31</u>	
	2004	2003
Balance of the imputation credit account (ICA)	<u>\$ 40,914</u>	<u>\$ 7,682</u>

The estimated creditable tax ratio for the 2004 earnings was 4.56%. The creditable tax ratio for the 2003 earnings was 9.28%.

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 2004, for which income tax payable had been taken into account, might differ from the actual ratio on the dividend distribution date.

- e. As of December 31, 2004 and 2003, the balances of the special reserve and unappropriated retained earnings generated before January 1, 1998 aggregated \$2,064,438.
- f. Income tax returns of YMTC through 2002 had been examined and cleared by the tax authorities, while that of subsidiaries (Yangming-UK and Yangming-ERO) have been examined by their respective local tax authorities through the year ended December 31, 2003.

17. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	<u>2004</u>		
	<u>Operating Costs</u>	<u>Operating Expenses</u>	<u>Total</u>
Personnel expenses			
Salary	\$ 1,470,648	\$ 1,348,166	\$ 2,818,814
Insurance	24,036	45,257	69,293
Pension	106,850	56,464	163,314
Others	96,988	79,001	175,989
Depreciation	3,456,181	57,072	3,513,253
Amortization	<u>88,123</u>	<u>24,660</u>	<u>112,783</u>
	<u>\$ 5,242,826</u>	<u>\$ 1,610,620</u>	<u>\$ 6,853,446</u>
	<u>2003</u>		
	<u>Operating Costs</u>	<u>Operating Expenses</u>	<u>Total</u>
Personnel expenses			
Salary	\$ 1,234,941	\$ 1,094,459	\$ 2,329,400
Insurance	20,550	46,279	66,829
Pension	47,063	79,268	126,331
Others	96,521	79,233	175,754
Depreciation	3,432,312	110,370	3,542,682
Amortization	<u>241,066</u>	<u>21,603</u>	<u>262,669</u>
	<u>\$ 5,072,453</u>	<u>\$ 1,431,212</u>	<u>\$ 6,503,665</u>

18. CONSOLIDATED EARNINGS PER SHARE

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

	<u>Amount (Numerator)</u>		<u>Capital Stock (Denominator) (in Thousand Shares)</u>	<u>Net Income Per Share (Dollars)</u>	
	<u>Income Before Income Tax</u>	<u>Net Income</u>		<u>Income Before Income Tax</u>	<u>Net Income</u>
<u>2004</u>					
Consolidated basic EPS	\$ 11,899,677	\$ 9,797,264	2,143,187	<u>\$ 5.55</u>	<u>\$ 4.57</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>9,750</u>	<u>7,313</u>	<u>116,318</u>		
Consolidated diluted EPS	<u>\$ 11,909,427</u>	<u>\$ 9,804,577</u>	<u>2,259,505</u>	<u>\$ 5.27</u>	<u>\$ 4.34</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
<u>2003</u>					
Consolidated basic EPS	\$ 8,238,526	\$ 6,649,097	1,886,552	<u>\$ 4.37</u>	<u>\$ 3.52</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>41,001</u>	<u>30,751</u>	<u>277,942</u>		
Consolidated diluted EPS	<u>\$ 8,279,527</u>	<u>\$ 6,679,848</u>	<u>2,164,494</u>	<u>\$ 3.82</u>	<u>\$ 3.09</u>

The calculation of pro forma net income per share, assuming that the stocks of YMTC 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>2004</u>					
Pro forma consolidated basic EPS	\$ 12,186,424	\$ 10,084,011	2,195,408	<u>\$ 5.55</u>	<u>\$ 4.59</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>9,750</u>	<u>7,313</u>	<u>116,318</u>		
Pro forma consolidated diluted EPS	<u>\$ 12,196,174</u>	<u>\$ 10,091,324</u>	<u>2,311,726</u>	<u>\$ 5.28</u>	<u>\$ 4.37</u>
<u>2003</u>					
Pro forma consolidated basic EPS	\$ 8,936,375	\$ 7,346,946	1,949,378	<u>\$ 4.58</u>	<u>\$ 3.78</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>41,001</u>	<u>30,751</u>	<u>277,942</u>		
Pro forma consolidated diluted EPS	<u>\$ 8,977,376</u>	<u>\$ 7,377,697</u>	<u>2,227,320</u>	<u>\$ 4.03</u>	<u>\$ 3.31</u>

The consolidated EPS had been retroactively adjusted for the stock dividend declared. Due to retroactive adjustment, the basic and diluted earnings per share had declined from NT\$3.70 to NT\$3.52 and from NT\$3.24 to \$3.09, respectively, and the pro forma basic and diluted earnings had declined from NT\$3.96 to NT\$3.78 and from NT\$3.48 to NT\$3.31, respectively.

19. PENSION PLAN

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

- a. Pension plan for onshore employees. Benefits are based on service years and average basic salary of the six months before retirement. The pension fund, to which YMTC contributes amounts equal to 9% of salaries every month, is administered by an employees' pension fund committee and deposited in the committee's name in the Central Trust of China.
- b. Pension plan for shipping crews. Before the adoption of the ROC Maritime Labor Act, benefits were based on the amounts stated in the crews' hiring contracts. Under the Maritime Labor Act, benefits are based on service years and average basic salary of the six months before retirement.
- c. Pension plan for retired employees of China Merchants Steam Navigation Company (CMSNC). Benefits are based on service years and level of monthly basic salary at the time of retirement.

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

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

	2004	2003
a. Components of net pension costs:		
Service cost	\$ 134,703	\$ 112,782
Interest cost	29,645	23,814
Expected return on plan assets	(5,979)	(4,529)
Amortization of net transition assets	(7,249)	(14,171)
Amortization of prior service cost	436	436
Amortization of net loss	<u>4,259</u>	<u>1,423</u>
Net pension cost	<u>\$ 155,815</u>	<u>\$ 119,755</u>
	December 31	
	2004	2003
b. Reconciliation of funded status of the pension plan to accrued pension cost at end of year		
Benefit obligation:		
Vested benefit obligation	\$ 251,324	\$ 213,384
Non-vested benefit obligation	<u>513,220</u>	<u>400,505</u>
Accumulated benefit obligation	764,544	613,889
Additional benefits based on future salaries	<u>292,802</u>	<u>235,075</u>
Projected benefit obligation	1,057,346	848,964
Fair value of plan assets	<u>(198,291)</u>	<u>(148,312)</u>
Funded status	859,055	700,652
Unrecognized net transition assets	2,658	9,907
Unrecognized prior service cost	(4,799)	(5,235)
Unrecognized net (loss) gain	(187,949)	(119,331)
Additional liability	<u>30,450</u>	<u>18,457</u>
Accrued pension cost	<u>\$ 699,415</u>	<u>\$ 604,450</u>

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
c. Vested benefits	\$ 339,322	\$ 281,285
	<u>Years Ended December 31</u>	
	<u>2004</u>	<u>2003</u>
d. Assumptions used		
Discount rate	3.50%	3.50%
Rate of increase in compensation	2.75%	2.75%
Expected rate of return on plan assets	3.25%	3.50%
e. Changes in pension fund		
Contributions	\$ 50,209	\$ 47,380
Payment of benefits	\$ 22,633	\$ 14,778

The Labor Pension Act (the "Act"), which provides for a portable defined contribution type scheme, will be enforced on July 1, 2005. Employees may choose to remain to be subject to the pension mechanism under the Labor Standards Law, or to be subject to the pension mechanism under this Act, with their service years before the enforcement of the Act to be maintained. Based on the Act, the rate of contribution by an employer to the Labor Pension Fund per month should be at amounts at least 6% of the employee's monthly basic wages.

Yangming-UK has a defined contribution pension plan covering certain employees. The pension costs of \$3,184 in 2004 and \$2,871 in 2003 were the amounts contributed.

Yangming-ERO has a defined contribution pension plan covering certain employees. The pension costs of \$4,315 in 2004 and \$3,705 in 2003 were the amounts contributed.

20. RELATED-PARTY TRANSACTIONS

The significant transactions with related parties for the years ended December 31, 2004 and 2003 and the related balances, in addition to those mentioned in Notes 22 and Schedule D and E, are summarized in the accompanying schedules B and C.

The transactions with related parties were conducted under contract terms.

21. ASSETS PLEDGED OR MORTGAGED

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

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Refundable deposits	\$ 7,475,034	\$ 7,353,625
Properties, net	3,994,671	4,411,184
Nonoperating assets, net	<u>89,230</u>	<u>89,230</u>
	<u>\$ 11,558,935</u>	<u>\$ 11,854,039</u>

22. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Note 23, commitments and contingent liability as of December 31, 2004 were as follows:

- a. Obligations of YMTC to provide crews to two ships of Chinese Petroleum Corporation under contracts expiring on various dates by October 2006. The daily compensation under the contracts is \$273 thousand for all the crews.
- b. Leases of office premises, ships and container yard of the Group under operating lease agreements that will expire on various dates until December 2014. The total rents in 2004 were \$9,673,513 thousand, and future minimum rentals are as follows:

Fiscal Year	Amount
2005	\$ 3,404,794
2006	4,457,277
2007	2,298,027
2008	1,857,304
2009	1,696,410

Rentals after 2009 amount to \$7,009,263 thousand. The present value of those rentals, computed at an annual interest rate of 1.525%, is \$6,732,027 thousand.

- c. Leases of containers, chassis and vessels of the Group under capital lease agreements expiring on various dates until March 2026. Rentals in 2004 were about \$491,234 thousand (deducted from leases payable). Future minimum rentals are as follows:

Fiscal Year	Amount
2005	\$ 547,630
2006	488,352
2007	385,366
2008	303,546
2009	468,162

Rentals after 2009 amount to \$9,821,625 thousand. The present value of those rentals, computed at an annual interest rate of 1.525%, is \$7,796,643 thousand.

- d. YMTC's guarantee of loans obtained by these subsidiaries, Yang Ming Line (B.V.I.) Holding Co., Ltd. (US\$73,682,000) and All Oceans Transportation Inc. (US\$42,385,000); Yang Ming (America) Corp., an indirect subsidiary (US\$1,500,000); and two investees of a subsidiary, United Terminal Leasing LLC (US\$5,544,000) and West Basin Container Terminal LLC (US\$4,535,000).
- e. To expand the growth of business, YMTC entered into a contract with Tacom Harbor Bureau to lease the wharf in the West Coast of United States in October 2004. The 12-year lease will start from June 2005, and annual rent is US\$5,672,000. As of December 31, 2004, YMTC had not paid any rent.
- f. Agreement between YMTC and China Shipbuilding Corp. (CSBC) for CSBC to construct 12 vessels for US\$255,480,000 for delivery by 2007. As of December 31, 2004, YMTC had paid US\$33,184,000 to CSBC.
- g. Agreement between YMTC and Hyundai Heavy Industries Co., Ltd. (HHICL) for HHICL to construct four vessels for US\$316,800,000 for delivery by February 2007. As of December 31, 2004, YMTC had paid US\$63,360,000 to HHICL.

- h. Agreement between YMTC and China International Marine Containers (Group) Co., Ltd. (CIMC) to acquire containers for US\$42,702,000. As of December 31, 2004, CIMC had delivered containers, amounting to US\$19,309,000. Other vessels, amounting to US\$23,392,000, will be delivered by February 2005. YMTC had not made any payments to CIMC.
- i. An investigation showing that one vessel leased by YMTC to a third party had fuel oil leaks, which caused pollution. As of December 31, 2004, YMTC had paid US\$1,000,000 as refundable deposits in line with the ongoing legal proceedings on this case. On the basis of the conservatism principle, YMTC accrued a loss of US\$1,000,000.
- j. Claim against YMTC. The buyer of one vessel sold in June 2003 alleged that YMTC knowingly did not comply with vessel specifications and demanded that YMTC pay damages of US\$2,800,000. No liability was accrued since management and appointed lawyers believed YMTC's work was in line with buyer's specifications.
- k. An agreement, entered into on October 8, 2004, for YMTC to build the second logistics center in Kaohsiung jointly with the MOTC Harbor Bureau. The center, to be used to package, store, process, transfer and distribute goods, will be built by October 2005. As of December 31, 2004, YMTC had not made any payment for this construction.
- l. On September 27, 2004, AOT entered into four contracts for the building of four 1,803 TEU container ships for a total contract cost of US\$103,520,000. As of December 31, 2004, AOT had paid the builder US\$10,352,000.

23. FINANCIAL INSTRUMENTS

As required by Statement of Financial Accounting Standards No. 27, "Disclosure of Financial Instruments," information on the Group's financial instruments is shown as follows:

- a. YMTC and two subsidiaries (Yang Ming Line [B.V.I.] Holding Co., Ltd. and Yes Logistics Corp.) used derivative instruments for trading and nontrading purposes in 2004 and 2003. Nontrading purposes refer to YMTC's and subsidiaries' hedging of interest rate fluctuations on liabilities and exchange rate fluctuations on net assets or liabilities denominated in foreign currencies. Trading purposes refer to YMTC's and subsidiaries intent to profit from derivative transactions.

1) Open contracts and credit risk

Information on unsettled contracts entered into by YMTC and two subsidiaries is as follows:

a) Nontrading purposes

Type of Transaction	December 31, 2004						
	Notional Amount	Fixed Rate	Market Rate	Settlement Date	Maturity Date	Credit Risk	Place of Transaction
Yang Ming Marine Transport Corporation Interest rate swap	\$1,000,000	2.46%-2.47%	4.4%-4.5%	Annually	June 18, 2004- June 18, 2011	\$13,381	Overseas

YMTC and subsidiaries had no interest rate swap contracts in 2003.

b) Trading purposes

i. Type of transaction

Type of Transaction	December 31, 2004		
	Carrying Value	Notional Amount	Credit Risk
Yang Ming Maring Transport Corporation Equity-linked notes	\$ 38,630	\$ 40,000	\$ 39,876
Yang Ming Line (B.V.I.) Holding Co., Ltd. Credit-linked notes	95,760	US\$ 3,000,000	95,760
Interest-linked notes	31,920	US\$ 1,000,000	32,006
Credit linked structured time deposit	63,840	US\$ 2,000,000	64,002
Yes Logistics Corp. Credit-linked notes	17,441	US\$ 550,000	17,462

Type of Transaction	December 31, 2003		
	Carrying Value	Notional Amount	Credit Risk
Yes Logistics Corp. Credit-linked notes	\$ 25,478	US\$ 750,000	\$ 25,591
Equity-linked notes	1,932	2,000	1,891

ii. Place of transaction

Place of Transaction	December 31, 2004		
	Carrying Value	Notional Amount	Credit Risk
Taiwan	\$ 38,630	\$ 40,000	\$ 39,876
Overseas (including foreign institutions in Taiwan)	208,961	US\$ 6,550,000	209,230

Place of Transaction	December 31, 2003		
	Carrying Value	Notional Amount	Credit Risk
Taiwan	\$ 1,932	\$ 2,000	\$ 1,891
Overseas (including foreign institutions in Taiwan)	25,478	US\$ 750,000	25,591

YMTC is exposed to credit risks from counter-parties' default on contracts. The credit risk on the above contracts is the positive net fair value of open contracts as of balance date, which represents YMTC's possible losses from defaults. To manage this risk, YMTC and subsidiaries transact only with selected financial institutions and securities firms with good credit ratings. Thus, management does not anticipate any material losses resulting from defaults.

2) Market risk

YMTC is exposed to market risk arising from adverse exchange rate fluctuations on the forward exchange contracts, foreign currency option contracts, interest rate swap and cross-currency swap contract. YMTC and two subsidiaries entered into these contracts to hedge the effects of adverse exchange rate fluctuations on foreign-currency assets or liabilities. In addition, the contracts will be settled at net or nominal amounts. Thus, the market risk is not material. Further, YMTC's observance of proper procedures when buying contracts for trading purposes as well as setting up break-even points helps YMTC avoid losses that could significantly impact its operations.

YMTC and subsidiaries set control activities for trading in equity- and credit-linked deposit and notes. Thus, the market risk is not significant.

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

The interest rate swap contracts are settled at net amounts, and the expected cash demand is not significant. The cross-currency swap contracts, forward exchange contracts and the currency option contracts are settled at net or nominal amounts based on YMTC's preference, and the exchange rate is fixed for currency options. As a result, the expected cash demand is not material. In addition, for cross-currency swap contracts, there is simultaneous cash inflow and outflow; thus, the aggregate net cash outflow is expected to be insignificant. Management believes that YMTC has sufficient operating capital to meet its cash demand.

For all its derivative contracts, YMTC and subsidiaries have paid the total principal on the contract dates; thus, there is no material cash demand in the future. In addition, based on YMTC's budget, limits are set on the amounts used for derivative transactions.

YMTC can pre-terminate some contracts but it has to compensate counter-parties for losses and charges.

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

As of December 31, 2004, the interest rate swap contracts held by YMTC were for nontrading purposes, i.e., to hedge overall fluctuations on interest rates. YMTC and subsidiaries use interest rate swap contracts with gains or losses that offset the gains or losses on floating interest-bearing liabilities. Through these contracts, YMTC and subsidiaries hedges most of the risks in the market. The interest rates on the contracts are fixed. In addition, YMTC and subsidiaries evaluate the hedging effectiveness of the contracts periodically.

YMTC and subsidiaries use cross-currency swap contracts, forward contracts and currency options with gains or losses that offset the gains or losses on foreign-currency net assets and liabilities. Through these contracts, YMTC hedges most of the risks in the market. The exchange rates on the contracts are fixed. In addition, YMTC evaluates the hedging effectiveness of the contracts periodically.

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

YMTC and subsidiaries use interest-linked notes and credit-linked structured time deposit for trading purposes to earn higher interest income. YMTC and subsidiaries choose commodities highly correlated to interest rates.

5) Presentation method of derivative instruments in the financial statements

Related receivables (included in other current assets) and gains of YMTC on the interest rate swap was \$10,699 thousand in 2004.

Related receivables, payables and gains on equity- and credit-linked contracts used by YMTC and two subsidiaries were as follows:

	<u>December 31</u>	
	2004	2003
Yang Ming Marine Transport Corporation		
Other financial instruments - current (included in other current assets)	\$ 38,630	\$ -
Yang Ming Line (B.V.I.) Holding Co., Ltd.		
Other financial instruments - current (included in other current assets)	31,920	-
Other financial instruments - noncurrent	159,600	-
Yes Logistics Corp.		
Other financial instruments - current	17,441	8,726
Other financial instruments - noncurrent	-	18,684
	2004	2003
Yang Ming Marine Transport Corporation		
Investment loss, net - equity linked notes	\$ (3,102)	\$ -
Interest income - structured time deposit	12,878	45,948
Yes Logistics Corp.		
Investment gain, net	84	-
Interest income	973	345

The above investment loss - net of YMTC included settlement gains of \$6,946 thousand; loss of \$32,451 thousand on the conversion of equity-linked notes to beneficiary certificates; dividend income of \$6,385 thousand; and disposal gains of \$16,018 on beneficiary certificates.

Net gains of YMTC and two subsidiaries (included in foreign exchange gain) on various derivative instruments in 2004 and 2003 are summarized as follows:

	2004	2003
a) Trading purposes		
Yang Ming Marine Transport Corporation		
Currency options	\$ 4,278	\$ 4,318
Forward exchange contracts	<u>-</u>	<u>1,469</u>
	<u>\$ 4,287</u>	<u>\$ 5,787</u>
Yang Ming Line (B.V.I.) Holding Co., Ltd.		
Forward exchange contracts	<u>\$ 326</u>	<u>-</u>

(Continued)

	2004	2003
b) Nontrading purposes		
Yang Ming Marine Transport Corporation		
Cross-currency swap	\$ -	\$ 12,025
Forward exchange contracts	-	1,607
Currency options	-	(11,284)
	<u> -</u>	<u> 2,348</u>
Yang Ming Line (B.V.I.) Holding Co., Ltd.		
Cross-currency swaps	<u> 264</u>	<u> -</u>

b. The fair values of YMTC's financial instruments were as follows:

	December 31			
	2004		2003	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative instruments</u>				
Assets				
Financial assets				
Short-term financial instruments				
Cash and cash equivalents	\$ 10,806,667	\$ 10,806,667	\$ 7,339,205	\$ 7,339,205
Short-term investments	15,625,880	15,625,880	13,900,013	13,900,013
Accounts receivable	1,268,681	1,268,681	1,366,545	1,366,545
Accounts receivable from related parties	1,639,055	1,639,055	718,838	718,838
Other receivables from related parties	365,431	365,431	720,250	720,250
Advances to shipping agents	226,343	226,343	558,745	558,745
Investments in shares of stock	4,975,244	4,975,244	4,829,982	4,844,996
Investments in corporate bonds	31,920	31,392	-	-
Refundable deposit	7,475,034	7,475,034	7,363,924	7,363,924
Long-term receivables from related parties	434,650	434,650	554,800	554,800
Liabilities				
Financial liabilities				
Short-term debts	-	-	16,514	16,514
Payables to related parties	1,291,838	1,291,838	766,727	766,727
Accrued expenses	2,977,458	2,977,458	2,244,672	2,244,672
Payables for equipment	623,058	623,058	-	-
Payables to shipping agents	2,999,897	2,999,897	2,201,711	2,201,711
Bank loans	3,754,558	3,754,558	5,213,008	5,213,008
Bonds	19,639,235	20,477,994	16,225,261	18,729,745
<u>Derivative instruments</u>				
Yang Ming Marine Transport Corporation				
Interest rate swap	\$ 10,699	\$ 13,381	\$ -	\$ -
Equity-linked notes	38,630	39,876	-	-

(Continued)

	December 31			
	2004		2003	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Yang Ming Line (B.V.I.) Holding Co., Ltd.				
Credit-linked notes	\$ 95,760	\$ 95,760	\$ -	\$ -
Interest-linked notes	31,920	32,006	-	-
Credit-linked structured time deposit	63,840	64,002	-	-
Yes Logistics Corp.				
Credit-linked notes	17,441	17,462	25,478	25,591
Equity-linked notes	-	-	1,932	1,891

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

- 1) The carrying values of short-term financial instruments, except for short-term investments, approximate fair values because of the short maturities of these instruments.
- 2) Fair values of short-term investments, investments in shares of stock and investments in corporate bonds are based on market prices or, if market prices are unavailable, on YMTC's equity in the equity-method investee's net assets or on investment costs of stocks with no quoted market prices.
- 3) Fair values of long-term receivable from related parties, bank loans and bonds are based on market prices or, if market prices are unavailable, on the present values of the expected cash inflows or outflows. Discount rate used in determining the present values is based on the interest rate for bank loans that YMTC can obtain under similar conditions.
- 4) Fair values of derivatives are calculated at exchange rates quoted from the Reuter's New Agency or the Associated Press and market value quoted by banks.

24. ADDITIONAL DISCLOSURES

Aside from those mentioned in Note 23 and Schedules D to K, no additional disclosures are required by the Securities and Futures Bureau for YMTC and its subsidiaries.

25. SEGMENT INFORMATION

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

Line Service	2004		2003	
	Amount	%	Amount	%
U.S. Western coast line	\$ 26,905,522	30	\$ 20,859,815	29
Northwest European line	17,525,905	20	16,833,266	23
Asia line	14,225,294	16	10,608,663	15
U.S. Eastern coast line	10,297,828	12	9,575,710	13

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

SCHEDULE A**YANG MING MARINE TRANSPORT CORPORATION AND
SUBSIDIARIES****OVERSEAS DEPOSITS
DECEMBER 31, 2004**

Country	Currency	Foreign Currency Amount (Thousands)	New Taiwan Dollar Exchange Rate	New Taiwan Dollar Amount (Thousands)
Japan	USD	(Note)	31.9200	\$ 3
	JPY	\$ 2,944,651	0.3113	916,670
Hong Kong	USD	145	31.9200	4,642
	HKD	1,509	4.1058	6,196
	GBP	3	61.5147	198
United States	USD	2,269	31.9200	72,427
France	EUR	22	43.5352	950
Belgium	EUR	148	43.5352	6,425
Netherlands	EUR	49	43.5352	2,150
	DKK	796	5.8539	4,661
Indonesia	USD	221	31.9200	7,041
	IDR	6,176	0.0034	21
Malaysia	USD	3	31.9200	107
	MYR	(Note)	8.4011	11
Britain	USD	2	31.9200	62
	GBP	4,529	61.5147	278,566
Germany	USD	(Note)	31.9200	2
	EUR	4,837	43.5352	210,595
Italy	USD	373	31.9200	11,912
	EUR	124	43.5352	5,399
Philippines	USD	11	31.9200	352
	PHP	2,758	0.5677	1,566
Singapore	USD	33	31.9200	1,060
	SGD	349	19.5600	6,835
India	INR	22,853	0.7335	16,763
Thailand	THB	155,043	0.8214	127,352
Korea	USD	30	31.9200	959
	KRW	777,013	0.0308	23,932

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2004 AND 2003
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (See Notes Below)	Operating Revenues						Operating Costs						Interest Income		Acquisition of Properties		Sale of Properties		Sale of Investments in Shares of Stock		
		Rent of Containers		Cargo Transport Revenue		Rent Revenue		Haulage		Tally		Commission		Amount	%	Amount	%	Amount	%	Amount	%	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
<u>2004</u>																						
Kuang Ming Shipping Corp.	A	\$ -	-	\$ -	-	\$ -	-	\$ 36,498	-	\$ -	-	\$ -	-	\$ 2,596	1	\$ -	-	\$ -	-	\$ -	-	
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	-	-	640,095	3	-	-	-	-	-	-	-	-	-	-	-		
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	418,146	2	-	-	-	-	-	-	-	-	-	-	-		
Ching Ming Investment Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	194,080	J	56
Yangming (Japan) Co., Ltd.	B	-	-	-	-	-	-	-	-	-	200,624	5	-	-	-	-	-	-	-	-	-	
Young-Carrier Company Ltd.	B	-	-	-	-	-	-	-	19,604	1	426,515	10	-	-	-	-	-	-	-	-	-	
Yangming (Cayman) Ltd.	B	-	-	-	-	-	-	144,733	C	1	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Line (Hong Kong) Limited.	B	-	-	-	-	-	-	-	-	-	341,257	8	-	-	-	-	-	-	-	-	-	
Yangming Shipping (Singapore) Pte. Ltd.	B	-	-	-	-	-	-	-	-	-	73,196	2	-	-	-	-	-	-	-	-	-	
Kuang Ming Shipping Corp. (Panama)	B	-	-	-	-	-	-	127,320	D	1	-	-	-	-	-	742,751	K	6	-	-	-	
Yang Ming (M) Sdn. Bhd.	B	-	-	-	-	-	-	-	-	-	22,661	-	-	-	-	-	-	-	-	-	-	
Yang Ming (America) Corp.	B	-	-	-	-	-	-	-	-	-	898,323	20	-	-	-	-	-	-	-	-	-	
Yang Ming (Netherlands) B.V.	B	-	-	-	-	-	-	-	9,842	-	47,807	1	-	-	-	-	-	-	-	-	-	
Yang Ming (Vietnam) Corp.	B	-	-	-	-	-	-	-	-	-	3,207	-	-	-	-	-	-	-	-	-	-	
Yes Logistics Corp.	A	-	-	110,407	-	18,794	93	-	-	-	-	-	-	-	-	-	-	-	-	344	I	-
Yang Ming Italy S.p.A	B	-	-	-	-	-	-	-	28,241	1	117,027	3	-	-	-	-	-	-	-	-	-	-
Yang Ming Line (India) Pvt. Ltd.	B	-	-	-	-	-	-	-	2,008	-	29,579	1	-	-	-	-	-	-	-	-	-	-
Corstor Ltd.	B	-	-	-	-	-	-	-	-	-	-	-	-	559	-	-	-	-	-	-	-	-
		<u>\$ -</u>	<u>-</u>	<u>\$ 110,407</u>	<u>-</u>	<u>\$ 18,794</u>	<u>93</u>	<u>\$ 1,366,792</u>	<u>7</u>	<u>\$ 59,695</u>	<u>2</u>	<u>\$ 2,160,196</u>	<u>50</u>	<u>\$ 3,155</u>	<u>1</u>	<u>\$ 742,751</u>	<u>6</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 194,424</u>	<u>56</u>	
<u>2003</u>																						
Kuang Ming Shipping Corp.	A	\$ -	-	\$ -	-	\$ -	-	\$ 27,693	-	\$ -	-	\$ -	-	\$ 3,239	1	\$ -	-	\$ 459,334	G	43	\$ -	-
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	-	-	384,796	2	-	-	-	-	-	-	-	-	-	-	-	-	
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	487,575	3	-	-	-	-	-	-	-	-	-	-	-	-	
Yangming (Japan) Co., Ltd.	B	-	-	-	-	-	-	-	-	-	128,854	3	-	-	-	-	-	-	-	-	-	
Young-Carrier Company Ltd.	B	-	-	-	-	-	-	-	9,506	-	523,514	13	-	-	-	-	-	-	-	-	-	
Yangming (Cayman) Ltd.	B	-	-	-	-	-	-	155,568	C	1	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Line (Hong Kong) Limited.	B	-	-	-	-	-	-	-	-	-	405,728	10	-	-	-	-	-	-	-	-	-	
Yangming Shipping (Singapore) Pte. Ltd.	B	-	-	-	-	-	-	-	-	-	78,696	2	-	-	-	-	-	-	-	-	-	
Kuang Ming Shipping Corp. (Panama)	B	-	-	-	-	-	-	161,738	E	1	-	-	-	-	-	138,440	F	3	282,240	H	27	
Yang Ming (M) Sdn. Bhd.	B	-	-	-	-	-	-	-	-	-	32,303	1	-	-	-	-	-	-	-	-	-	
Yang Ming Line Holding Co.	A	-	-	-	-	-	-	-	-	-	-	-	776	-	-	-	-	-	-	-	-	
Yang Ming (America) Corp.	B	-	-	-	-	-	-	-	-	-	883,671	22	-	-	-	-	-	-	-	-	-	
Yes Logistics Corp.	A	141	-	67,388	-	18,461	83	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Italy S.p.A	B	-	-	-	-	-	-	-	26,473	1	159,028	4	-	-	-	-	-	-	-	-	-	
		<u>\$ 141</u>	<u>-</u>	<u>\$ 67,388</u>	<u>-</u>	<u>\$ 18,461</u>	<u>83</u>	<u>\$ 1,217,370</u>	<u>7</u>	<u>\$ 35,979</u>	<u>1</u>	<u>\$ 2,211,794</u>	<u>55</u>	<u>\$ 4,015</u>	<u>1</u>	<u>\$ 138,440</u>	<u>3</u>	<u>\$ 741,574</u>	<u>70</u>	<u>\$ -</u>	<u>-</u>	

Notes:

- A. An equity-method investee of the Corporation.
- B. An equity-method investee of a wholly-owned subsidiary of the Corporation.
- C. Lease of one ship from Yang Ming (Cayman) Ltd. under an agreement expiring on June 30, 2012; rent is payable quarterly.
- D. Lease of one ship from Kuang Ming Shipping (Panama) under an agreement expiring on December 31, 2005, with rent payable monthly.
- E. Lease of two ships from Kuang Ming Shipping (Panama) under two agreements expiring on December 31, 2005 and June 30, 2004, with rent payable monthly.
- F. Acquisition of two ships still under construction from Kuang Ming Corp. (Panama) in July 2003 at book value.
- G. Sale of one ship from All Oceans Transportation Inc. in April 2003 at book value.
- H. Sale of one ship from All Oceans Transportation Inc. in October 2003 at book value.
- I. Sale at book value of investment in share of stock from Yangming (UK) Ltd. in October 2004.
- J. Sale at book value of investment in share of stock from YMTC in December 2004.
- K. Acquisition of one ship from Kaung Ming Corp. (Panama) Transportation Inc. in October 2004 at book value.
- L. Other related parties with which the Corporation had no transactions in 2004 and 2003 are shown in Schedule J.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

RELATED-PARTY ACCOUNT BALANCES
DECEMBER 31, 2004 AND 2003
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (See Notes Below)	Receivables from Related Parties						Advances to Shipping Agents	Prepaid Expense	Long-term Receivables from Related Parties	Payables to Related Parties						Advances from Customers						
		Accounts Receivable		Other Receivables		Total					Accrued Expense	Payables to Shipping Agents	Receipts under Custody		Total								
		Amount	%	Amount	%	Amount	%						Amount	%		Amount		%	Amount	%			
<u>2004</u>																							
Jing Ming Transportation Co., Ltd.	A	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 16,901	1	\$ -	-	\$ -	-	\$ 16,901	1	\$ -	-		
Yangming (Japan) Co., Ltd.	B	52,324	3	-	-	52,324	3	-	-	-	-	-	-	184,811	14	-	-	184,811	14	129,688	10		
Yang Ming Line Holding Co.	A	-	-	71,290	4	71,290	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Young-Carrier Company Ltd.	B	961,966	48	-	-	961,966	48	-	-	-	-	-	-	331,928	26	-	-	331,928	26	-	-		
Yangming (Cayman) Ltd.	B	-	-	-	-	-	-	2,893	1	-	-	-	-	-	-	-	-	-	-	-	-		
Corstor Ltd.	B	-	-	7,517	-	7,517	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Line (Hong Kong) Limited.	B	41,224	2	-	-	41,224	2	-	-	-	-	-	-	298,488	23	-	-	298,488	23	102,866	8		
Yangming Shipping (Singapore) Pte. Ltd.	B	6,569	-	-	-	6,569	-	-	-	-	-	-	-	41,170	3	-	-	41,170	3	23,201	2		
Yang Ming (M) Sdn. Bhd.	B	40,050	2	-	-	40,050	2	-	-	-	-	-	-	23,179	2	-	-	23,179	2	2,602	-		
Yang Ming (Vietnam) Corp.	B	8,356	-	-	-	8,356	-	-	-	-	-	-	-	629	-	-	-	629	-	-	-		
Yang Ming Line (Singapore) Pte. Ltd.	A	-	-	236,208	C 12	236,208	12	-	-	-	-	146,832	11	-	-	-	-	146,832	11	-	-		
Yes Logistics Corp.	A	10,091	1	-	-	10,091	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Ching Ming Investment Co., Ltd.	A	-	-	2,337	-	2,337	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Kuang Ming Shipping Corp.	A	29,690	1	38,698	2	68,388	3	-	-	247,025	D 57	-	-	-	-	-	-	-	-	-	-		
Yang Ming (America) Corp.	B	85,759	4	5,193	1	90,952	5	166,946	74	-	-	-	-	-	-	-	-	-	-	291,975	21		
Kuang Ming Shipping Corp. (Panama)	B	-	-	-	-	-	-	531	-	187,625	D 43	-	-	-	-	22,827	2	22,827	2	-	-		
Yang Ming Italy S.p.A	B	221,641	11	-	-	221,641	11	-	-	-	-	-	-	123,402	10	-	-	123,402	10	-	-		
Yang Ming (Netherlands) B.V.	B	85,045	4	-	-	85,045	4	213	-	-	-	-	-	75,747	6	-	-	75,747	6	-	-		
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	4,188	-	4,188	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Line (India) Pvt. Ltd.	B	96,340	5	-	-	96,340	5	-	-	-	-	-	-	25,924	2	-	-	25,924	2	709	-		
		<u>\$ 1,639,055</u>	<u>81</u>	<u>\$ 365,431</u>	<u>19</u>	<u>\$ 2,004,486</u>	<u>100</u>	<u>\$ 167,159</u>	<u>74</u>	<u>\$ 3,424</u>	<u>1</u>	<u>\$ 434,650</u>	<u>100</u>	<u>\$ 163,733</u>	<u>12</u>	<u>\$ 1,105,278</u>	<u>86</u>	<u>\$ 22,827</u>	<u>2</u>	<u>\$ 1,291,838</u>	<u>100</u>	<u>\$ 551,041</u>	<u>41</u>
<u>2003</u>																							
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 4,202	-	\$ 4,202	-	\$ -	-	\$ 346,912	D 63	\$ 29,077	4	\$ -	-	\$ -	-	\$ 29,077	4	\$ -	-		
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	27,242	4	-	-	-	-	27,242	4	-	-		
Yangming (Japan) Co., Ltd.	B	-	-	-	-	-	-	-	-	-	-	-	-	145,837	19	-	-	145,837	19	112,891	10		
Yang Ming Line Holding Co.	A	-	-	45,924	3	45,924	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Young-Carrier Company Ltd.	B	426,367	30	-	-	426,367	30	-	-	-	-	-	-	170,820	22	-	-	170,820	22	-	-		
Yangming (Cayman) Ltd.	B	-	-	67	-	67	-	-	-	3,146	1	-	-	-	-	-	-	-	-	-	-		
Yang Ming Line (Hong Kong) Limited.	B	-	-	-	-	-	-	-	-	-	-	-	-	176,525	23	-	-	176,525	23	107,931	10		
Yangming Shipping (Singapore) Pte. Ltd.	B	8,327	-	-	-	8,327	-	198	-	-	-	-	-	32,747	4	-	-	32,747	4	17,916	2		
Yang Ming Line (M) Sdn. Bhd.	B	40,658	3	-	-	40,658	3	-	-	-	-	-	-	59,502	8	-	-	59,502	8	1,401	-		
Yang Ming Line (Singapore) Pte. Ltd.	A	-	-	611,640	C 43	611,640	43	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yes Logistics Corp.	A	25,458	2	29	-	25,487	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Ching Ming Investment Co., Ltd.	A	-	-	978	-	978	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (America) Corp.	B	-	-	-	-	-	-	351,532	63	-	-	-	-	-	-	-	-	-	-	383,541	35		
Kuang Ming Shipping Corp. (Panama)	B	-	-	42,043	3	42,043	3	-	-	44,584	17	207,888	D 37	25,544	3	-	16,603	2	42,147	5	-	-	
Yang Ming Italy S.p.A	B	218,028	15	-	-	218,028	15	-	-	-	-	-	-	82,830	11	-	-	82,830	11	-	-		
Yes Logistics (UK) Limited	B	-	-	8,547	1	8,547	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Corstor Ltd.	B	-	-	6,820	-	6,820	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		<u>\$ 718,838</u>	<u>50</u>	<u>\$ 720,250</u>	<u>50</u>	<u>\$ 1,439,088</u>	<u>100</u>	<u>\$ 351,730</u>	<u>63</u>	<u>\$ 47,730</u>	<u>18</u>	<u>\$ 554,800</u>	<u>100</u>	<u>\$ 81,863</u>	<u>11</u>	<u>\$ 668,261</u>	<u>87</u>	<u>\$ 16,603</u>	<u>2</u>	<u>\$ 766,727</u>	<u>100</u>	<u>\$ 623,680</u>	<u>57</u>

Notes:

- A. An equity-method investee of Yang Ming Marine Transport Corporation (the "Corporation").
- B. An equity-method investee of a wholly owned subsidiary of the Corporation.
- C. Dividends receivable.
- D. Receivable on sales of ships.
- E. Other related parties with which the Corporation had no transactions in 2004 and 2003 are shown in Schedule J.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED

DECEMBER 31, 2004

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

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Year (Note K)	Ending Balance (Note K)	Interest Rate	Nature of Financing (Note A)	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can Be Provided by the Financier
											Item	Value		
1	Yang Ming (America) Corp.	Yang Ming Line Holding Co.	Accounts receivables from related parties	\$ 39,900 (US\$ 1,250,000)	\$ -	2.11%-3.03%	2	\$ -	Payment of debts	\$ -	-	\$ -	\$ 325,584 (Note H)	\$ 383,040 (Note H)
2	Yang Ming Shipping (B.V.I.) Inc.	Karman Properties Limited	Other current assets	102,128 (HK\$24,874,000)	99,857 (HK\$24,321,000)	3.00%	2	-	Acquisition of office building	-	-	-	363,049 (Note E)	453,812 (Note D)
3	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Line (M) Sdn. Bhd.	Other receivables	1,851 (US\$ 58,000)	-	1.05%	2	-	Acquisition of equipment	-	-	-	547,153 (Note F)	1,094,306 (Note D)
		Yang Ming Line (India) Pvt. Ltd.	Other receivables	7,761 (US\$ 240,000)	7,761 (US\$ 240,000)	2.80%	2	-	Obtain working capital	-	-	-	547,153 (Note F)	1,094,306 (Note D)
4	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line B.V.	Other current assets	42,268 (Notes I)	42,268 (Note I and K)	3.55%	2	-	Investment in Yang Ming Italy S.p.A., Yangming (UK) Ltd., Yang Ming (Netherland) B.V. and Yang Ming Shipping Europe GmbH	-	-	-	2,285,971 (Note E)	2,857,464 (Note D)
5	Young-Carrier Company Ltd.	Yang Ming Line (Singapore) Pte. Ltd.	Accounts receivables from related parties	115,710 (US\$ 3,625,000)	-	1.00%	2	-	Acquisition of office building	-	-	-	363,272 (Note G)	363,272 (Note G)

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 80% of the lender's net asset value.

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

G. Represents undistributed earnings based on the latest financial statements.

H. Represents 85% of the maximum financing amount of US\$12,000,000.

I. Equivalent to GBP300,000 and EUR547,000 translated into New Taiwan dollars at the exchange rate of GBP1=NT\$61.5194 and EUR1=NT\$43.5325 on December 31, 2004.

J. United States dollars and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$31.92 and HK\$1=NT\$4.1058 on December 31, 2004.

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

DECEMBER 31, 2004

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

No.	Guarantor	Counterparty		Maximum Amount of Guarantee to Individual Counter-parties	Maximum Balance for the Year	Ending Balance	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 Line (B.V.I.) Holding Co., Ltd.	Equity-method investee	\$ 18,150,036 (Note B)	\$ 2,850,233 (US\$ 89,293,000)	\$ 2,351,929 (US\$ 73,682,000)	\$ -	5.37	\$ 22,687,545 (Note A)
		All Oceans Transportation, Inc.	Equity-method investee	18,150,036 (Note B)	1,709,252 (US\$ 53,548,000)	1,352,929 (US\$ 42,385,000)	-	3.09	22,687,545 (Note A)
		Yang Ming (America) Corp.	Equity-method investee	18,150,036 (Note B)	47,880 (US\$ 1,500,000)	47,880 (US\$ 1,500,000)	-	0.11	22,687,545 (Note A)
		United Terminal Leasing LLC	Equity-method investee	18,150,036 (Note B)	176,964 (US\$ 5,544,000)	176,964 (US\$ 5,544,000)	-	0.40	22,687,545 (Note A)
		West Basin Container Terminal LLC	Equity-method investee	18,150,036 (Note B)	144,757 (US\$ 4,535,000)	144,757 (US\$ 4,535,000)	-	0.33	22,687,545 (Note A)
0, 1	Yang Ming Marine Transport Corporation and Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee	18,150,036 (Note B)	109,964 (US\$ 3,445,000)	-	-	-	22,687,545 (Note A)
1	Yang Mine Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee	459,648 (Note D)	15,705 (US\$ 492,000)	12,768 (US\$ 400,000)	-	6.60	574,560 (Note C)
2	Yangming (UK) Ltd.	Yes Logistic UK Ltd.	Equity-method investee	27,684 (Note F)	7,382 (GBP\$ 120,000)	7,382 (GBP\$ 120,000)	7,382	-	55,368 (Note E)

Notes:

- A. Represents 100% of the paid-in capital of Yang Ming Marine Transport Corporation (the "Corporation").
- B. Represents 80% of the Corporation's paid-in capital.
- C. Represents US\$18,000,000.
- D. Represents 80% of the amount mentioned in Note C.
- E. 100% of the paid-in capital of Yangming (UK) Ltd.
- F. Represents 50% of the amount mentioned in Note E.
- G. United States dollars and Great Britain's currency translated into New Taiwan dollars at the exchange rate of US\$1=NT\$31.92 and GBP1=61.5194 on December 31, 2004.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2004

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2004			Market Value or Net Asset Value (Note A)	Highest Shares/Units Held in 2004	Note
				Shares/Units	Carrying Value	% of Ownership			
Yang Ming Marine Transport Corp.	<u>Common stock</u>								
	RITEK Corporation	-	Short-term investments	9,700,000	\$ 714,326	0.45	\$ 112,520	\$ 10,094,103	
	Sunplus Technology Co., Ltd.	-	Short-term investments	1,321,000	94,129	0.15	58,098	1,911,250	
	Senao International Co., Ltd.	-	Short-term investments	2,781,000	67,282	1.24	33,289	3,967,375	
	Elan Microelectronics Corp.	-	Short-term investments	1,224,000	24,469	0.34	21,750	2,064,427	
	U-Tech Media Corp.	-	Short-term investments	834,000	17,724	0.40	11,668	1,258,880	
	Gigastorage Corporation	-	Short-term investments	100,000	2,344	0.03	1,134	516,913	
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Equity-method investee	Investments in shares of stock	67,505,031	2,857,464	100.00	2,857,464	67,505,031	Note Q
	Yang Ming Line (Singapore) Pte. Ltd.	Equity-method investee	Investments in shares of stock	28,400,000	1,094,306	100.00	1,094,306	28,400,000	
	Chunghwa Investment Co., Ltd.	Equity-method investee	Investments in shares of stock	80,000,000	759,267	40.00	759,267	80,000,000	
	Yes Logistics Corp.	Equity-method investee	Investments in shares of stock	45,251,100	429,012	90.50	429,012	45,251,100	
	Hongming Terminal & Stevedoring Co., Ltd.	Equity-method investee	Investments in shares of stock	31,600,000	364,302	79.00	364,302	31,600,000	
	Kuang Ming Shipping Corp.	Equity-method investee	Investments in shares of stock	31,500,000	221,576	100.00	221,576	31,500,000	Note G
	All Ocean Transportation, Inc.	Equity-method investee	Investments in shares of stock	1,000	5,548,560	100.00	5,548,560	1,000	Note Q
	Yang Ming Line Holding Co.	Equity-method investee	Investments in shares of stock	7,500	193,578	100.00	193,578	7,500	
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments in shares of stock	686	90,163	24.99	90,163	686	Note H
	Jing Ming Transportation Co., Ltd.	Equity-method investee	Investments in shares of stock	5,715,005	79,134	50.80	79,134	5,715,005	
	Ching Ming Investment Corp.	Equity-method investee	Investments in shares of stock	149,946,800	908,442	99.96	908,442	149,946,800	Note G
	Yang Ming (Liberia) Corp.	Equity-method investee	Investments in shares of stock	500	3,169	100.00	3,169	500	
	Hotung Investment Holding Ltd.	-	Investments in shares of stock	8,861,600	22,331	0.70	22,331	8,861,600	
	Taipei Port container Terminal Co., Ltd.	-	Investments in shares of stock	8,000,000	80,000	10.00	77,600	8,000,000	
	Taiwan Nano Electro-Optical Technology Co., Ltd.	-	Investments in shares of stock	421,490	5,579	0.70	5,125	2,719,839	
	<u>Preferred stock</u>								
	New Century Infocomm Co., Ltd.	-	Investments in shares of stock	80,000,000	697,600	1.68	697,600	80,000,000	
	<u>Mutual fund</u>								
	Prudential Bond Fund	-	Short-term investments	69,477,733	1,052,817	-	1,053,164	127,207,944	
	The Duo Li-2 Bond Fund	-	Short-term investments	21,002,000	299,157	-	299,264	91,202,590	
	ABN Amro Bond Fund	-	Short-term investments	101,399,370	1,486,829	-	1,487,316	101,399,370	
	Prudential Welli Bond Fund	-	Short-term investments	67,392,564	823,153	-	823,423	67,392,564	
	Fuh-Hwa Bond Fund	-	Short-term investments	46,777,151	606,325	-	606,583	46,777,151	
	Fuhwa Bond Fund	-	Short-term investments	77,545,229	965,218	-	965,585	77,545,229	
	Shinkong NT High Yield Fund	-	Short-term investments	57,248,702	926,519	-	926,845	57,248,702	
	Ta Chong Bond Fund	-	Short-term investments	7,913,772	100,258	-	100,294	7,913,772	
	Sheng Hua 1699 Bond Fund	-	Short-term investments	75,941,227	917,780	-	918,145	75,941,227	
	FJU-I II Bond Fund	-	Short-term investments	71,311,822	1,011,309	-	1,011,672	71,311,822	
	En Trust Phoenix Bond Fund	-	Short-term investments	75,067,221	1,102,084	-	1,102,512	116,076,879	
	AIG Taiwan Giant Fund	-	Short-term investments	121,147,437	1,501,841	-	1,502,386	121,147,437	
	Capital Safe Income Fund	-	Short-term investments	30,605,999	441,372	-	441,553	30,605,999	
	UPAMC Home Run Fund	-	Short-term investments	42,910,669	586,459	-	586,670	42,910,669	
	Capital Cash Reserves Fund	-	Short-term investments	25,689,146	292,823	-	292,936	25,689,146	
	Mega Diamond Bond Fund	-	Short-term investments	116,508,621	1,302,625	-	1,303,126	116,508,621	
	Shinkong Chi-Shun Fund	-	Short-term investments	12,654,888	181,319	-	181,381	12,654,888	
	NITC Taiwan Bond Fund	-	Short-term investments	71,398,879	978,871	-	979,243	71,398,879	
	Jih Sun Bond Fund	-	Short-term investments	59,849,797	795,314	-	795,606	59,849,797	
	Yuanta Asset Management Ltd. - Certificate Wintek	-	Short-term investments	300,000	9,594	-	9,717	990,820	
	<u>Equity linked notes</u>								
	CHB Equity-Linked Note	-	Other current assets	-	19,400	-	19,900	-	
	SKFHC Equity-Linked Note	-	Other current assets	-	19,230	-	19,976	-	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2004			Market Value or Net Asset Value (Note A)	Highest Shares/Units Held in 2004	Note	
				Shares/Units	Carrying Value	% of Ownership				
Ching Ming Investment Co., Ltd.	<u>Common stock</u>									
	Yang Ming Marine Transport Corporation	Parent company	Short-term investments	31,309,356	\$ 576,131	1.45	\$ 934,271	\$ 55,320,657		
	RITEK Corporation	-	Short-term investments	5,600,000	358,525	0.26	64,960	7,181,245		
	Hongming Terminal & Stevedoring Co., Ltd.	Equity-method investee	Investments in shares of stock	3,950,000	45,556	9.88	45,556	3,950,000		
	Tytech Co., Ltd.	-	Investments in shares of stock	150,000	1,500	1.25	1,715	150,000		
	SF Technology Venture Capital Investment Corp.	-	Investments in shares of stock	4,000,000	40,000	7.24	26,240	4,000,000		
	United Venture Capital Corp.	-	Investments in shares of stock	8,000,000	80,000	9.04	67,920	8,000,000		
	Kingmax Technology Corp.	-	Investments in shares of stock	1,644,231	24,000	1.38	24,006	1,644,231		
	Ascentek Venture Capital Corp.	-	Investments in shares of stock	2,000,000	20,080	2.14	20,200	2,000,000		
	China Technology Venture Capital Corporation	-	Investments in shares of stock	3,000,000	30,000	8.96	32,430	3,000,000		
	<u>Mutual fund</u>									
	Fuh-Hwa Bond Fund	-	Short-term investments	3,863,442	50,000	-	50,099	3,863,442		
	Truswell Yi Li Shi	-	Short-term investments	16,080,014	200,000	-	200,018	16,080,014		
	Shinkong NT High Yield Fund	-	Short-term investments	11,904,485	192,014	-	192,731	11,904,485		
	Mega Diamond Bond Fund	-	Short-term investments	6,282,620	70,000	-	70,270	6,282,620		
	NITC Taiwan Bond Fund	-	Short-term investments	4,374,740	60,000	-	60,000	4,374,740		
Yes Logistics Corp.	<u>Common stock</u>									
	United Microelectronics Corp.	-	Short-term investments	22,282	1,238	-	447	22,282		
	Macronix International Co., Ltd.	-	Short-term investments	150	7	-	1	7,150		
	RITEK Corporation	-	Short-term investments	16,665	1,182	-	193	16,665		
	Via Technologies, Inc.	-	Short-term investments	49	8	-	1	2,049		
	Walsin Technology Corp.	-	Short-term investments	7,324	340	-	132	7,324		
	Elite Semi-Conductor Memory Technology Inc.	-	Short-term investments	3,203	855	-	224	3,203		
	Tailyn Communication Co., Ltd.	-	Short-term investments	658	21	-	5	5,658		
	Honming Terminal & Stevedoring Co., Ltd.	Equity-method investee	Investments in shares of stock	4,382,370	48,641	10.96	50,562	4,382,370		
	Yes Logistics Corp.	Equity-method investee	Investments in shares of stock	800,000	24,164	100.00	24,164	800,000		
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Equity-method investee	Investments in shares of stock	340,000	8,871	100.00	8,871	340,000		
	B2B. Com Holdings Ltd.	-	Investments in shares of stock	800,000	39,533	8.00	39,533	800,000		
	United Raw Material Solutions Inc.	-	Investments in shares of stock	800,000	33,128	2.76	7,683	800,000		
	<u>Mutual fund</u>									
	Fuhwa Bond Fund	-	Short-term investments	884,002	11,001	-	11,007	884,002		
	Fuhwa Advantage Bond Fund	-	Short-term investments	1,083,274	11,000	-	11,000	1,083,274		
	Fuhwa Apex Bond Fund	-	Short-term investments	2,154,324	24,765	-	24,768	2,154,324		
	Tiim High Yield Fund	-	Short-term investments	670,469	7,600	-	8,059	670,469		
	Fuh-Hwa Albatross Fund	-	Short-term investments	479,322	5,251	-	5,252	1,114,170		
	Fuh-Hwa Bond Fund	-	Short-term investments	616,966	8,000	-	8,001	1,648,664		
	Fuh-Hwa Global Bond Fund	-	Short-term investments	1,487,976	15,263	-	16,016	1,487,976		
	Capital Safe Income Fund	-	Short-term investments	347,514	5,000	-	5,014	1,130,366		
	Capital Cash Reserves Fund	-	Short-term investments	578,382	7,404	-	7,629	578,382		
	USBC(Taiwan) Global Credit Bond Fund	-	Short-term investments	500,000	5,000	-	4,977	500,000		
	MAN AP Unison Series 1 Ltd.	-	Short-term investments	(Note I)	3,171	-	3,171	-		
	<u>Credit-linked notes</u>									
	Primax 0%08 Credit Linked Note	-	Other financial assets - current	(Note K)	17,441	-	17,462	-		
	Yes Yangming Logistics (Singapore) (Note L)	<u>Common stock</u>								
		Yes Logistics UK Ltd.	Equity-method investee	Investments in shares of stock	200	1,005	100.00	1,005	200	
		Yes Logistics Company Ltd.	Equity-method investee	Investments in shares of stock	1,000,000	5,915	100.00	5,915	1,000,000	
Yang Ming Line (Singapore) Pte. Ltd.	<u>Common stock</u>									
	Sunplus Technology Co., Ltd.	-	Short-term investments	1,121,000	82,580	-	49,997	1,121,000		
	Macronix International Co., Ltd.	-	Short-term investments	228,800	13,674	-	1,647	228,800		
	Yang Ming Shipping (B.V.I.) Inc.	Equity-method investee	Investments in shares of stock	510	231,444	51.00	231,444	510		
	Young-Carrier Company Limited	Equity-method investee	Investments in shares of stock	910,000	334,335	91.00	334,335	910,000		
	Yangming (Japan) Co., Ltd.	Equity-method investee	Investments in shares of stock	3,000	42,874	100.00	42,874	3,000		
Yangming Shipping (Singapore) Pte. Ltd.	Equity-method investee	Investments in shares of stock	1,000,000	30,850	100.00	30,850	1,000,000			

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2004			Market Value or Net Asset Value (Note A)	Highest Shares/Unites Held in 2004	Note
				Shares/Units	Carrying Value	% of Ownership			
	Yang Ming Line (M) Sdn. Bhd.	Equity-method investee	Investments in shares of stock	700,000	\$ 11,700	70.00	\$ 11,700	\$ 700,000	
	Yangming (Cayman) Ltd.	Equity-method investee	Investments in shares of stock	20,000	(272)	100.00	(272)	20,000	Note D
	Yang Ming Line (Hong Kong) Ltd.	Equity-method investee	Investments in shares of stock	510,000	(63,223)	51.00	(63,223)	510,000	Note D
	Yang Ming Line (India) Pvt. Ltd.	Equity-method investee	Investments in shares of stock	300,000	2,093	60.00	2,093	300,000	
	Yang Ming (Vietnam) Corp.	Equity-method investee	Investments in shares of stock	(Note J)	3,003	49.00	3,003	-	
	<u>Global depository receipt</u> Via Source Policy Fund	-	Short-term investments	5	10,853	-	10,853	5	
Yangming (Japan) Co., Ltd.	<u>Common stock</u> Manwa & Co., Ltd.	Equity-method investee	Investments in shares of stock	200	2,875	100.00	2,875	200	
Yang Ming Shipping (B.V.I) Inc.	<u>Common stock</u> Karman Properties Limited	Equity-method investee	Investments in shares of stock	1,000	(9,296)	100.00	(9,296)	1,000	Note D
Yang Ming Line (B.V.I.) Holding Co., Ltd.	<u>Common stock</u> Yang Ming Line N.V.	Equity-method investee	Investments in shares of stock	1,500,000	33,819	100.00	33,819	1,500,000	Note Q
	<u>Long-term investment in bonds</u> Genl Motors Accept Corp Note	-	Long-term investments in bonds	-	31,920	-	31,392	-	
	IBTS Financial (HK) Limited	-	Other financial instruments - current	-	31,920	-	32,017	-	
	<u>Range accrual notes</u> IBTS Financial (HK) Limited	-	Other financial assets - current	-	31,920	-	32,006	-	Note N
	<u>Credit-linked notes</u> International Bank of Taipei Credit-Linked Note	-	Other financial assets - noncurrent	-	95,760	-	95,760	-	
	<u>Structured time deposit</u> Wistron Corporation Credit-Linked Deposit	-	Other financial assets - noncurrent	-	63,840	-	64,002	-	Note O
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Equity-method investee	Investments in shares of stock	2,500	30,483	100.00	30,483	2,500	Note Q
Yang Ming Line B.V.	<u>Common stock</u> Yangming (UK) Ltd.	Equity-method investee	Investments in shares of stock	900,000	(2,027)	100.00	(2,027)	900,000	Note Q
	Yang Ming Shipping Europe GmbH	Equity-method investee	Investments in shares of stock	(Note B)	56,073	100.00	56,073	-	Note Q
	Yang Ming Italy S. p. A.	Equity-method investee	Investments in shares of stock	125,000	23,436	50.00	23,436	125,000	
	Yang Ming (Netherlands) B.V.	Equity-method investee	Investments in shares of stock	(Note L)	1,153	70.00	1,153	-	
Yangming (UK) Ltd.	<u>Common stock</u> Corstor Ltd.	Equity-method investee	Investments in shares of stock	(Note C)	1,122	50.00	1,122	-	
Yang Ming Shipping Europe GmbH	<u>Common stocks</u> Yes Logistics Europe GmbH	Equity-method investee	Investments in shares of stock	(Note M)	1,074	100.00	1,074	-	
Yang Ming Italy S.p.A.	<u>Common stocks</u> Yang Ming (Naples) S.r.l.	Equity-method investee	Investments in shares of stock	(Note P)	1,098	60.00	1,098	-	
Yang Ming Line Holding Co.	<u>Common stocks</u> West Basin Container Terminal LLC	Equity-method investee	Investments in shares of stock	(Note E)	190,909	40.00	190,909	-	
	United Terminal Leasing LLC	Equity-method investee	Investments in shares of stock	(Note F)	32,962	40.00	32,962	-	
	Yang Ming (America) Co.	Equity-method investee	Investments in shares of stock	5,000	57,403	100.00	57,403	5,000	
	Triumph Logistics INC.	Equity-method investee	Investments in shares of stock	50	87	100.00	87	50	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2004			Market Value or Net Asset Value (Note A)	Highest Shares/Unites Held in 2004	Note
				Shares/Units	Carrying Value	% of Ownership			
Kuang Ming Shipping Corp.	<u>Common stock</u>								
	Yang Ming Marine Transport Corp.	Parent company	Short-term investments	1,309,760	\$ 25,140	0.06	\$ 39,254	\$ 1,739,760	Note D
	Yuen Foong Yu Paper Mfg. Co., Ltd.	-	Short-term investments	3,000	45	-	50	3,826	
	Kuang Ming Shipping Corp.(Panama)	Equity-method investee	Investments in shares of stock	49,500	(31,028)	100.00	(28,345)	49,500	
	<u>Mutual fund</u>								
	Forever Fund	-	Short-term investments	381,263	5,000	-	5,377	381,263	
	Rsit Enhanced Bond Fund	-	Short-term investments	482,174	5,000	-	5,176	482,174	
	Fuhwa Bond Fund	-	Short-term investments	654,190	8,000	-	8,146	654,190	
	Classical Fund	-	Short-term investments	99,993	1,000	-	1,013	99,993	
	Fuh-Hwa Bond Fund	-	Short-term investments	412,718	5,000	-	5,352	412,718	
	Capital Cash Reserves Fund	-	Short-term investments	701,625	8,000	-	8,001	701,625	
	Capital Safe Income Fund	-	Short-term investments	364,894	5,000	-	5,264	364,894	
	En Trust Phoenix Bond Fund	-	Short-term investments	1,167,300	17,000	-	17,144	1,167,300	
	<u>Convertible bonds</u>								
Yang Ming Marine Transport Corp. Convertible Bond II	Parent company	Short-term investments	5,000	500	-	635	50,000		
Honming Terminal & Stevedoring Co., Ltd.	<u>Common stock</u>								
	Yes Logistics Corp.	Equity-method investee	Investments in shares of stock	1,068,800	10,139	2.10	10,037	1,068,800	
	Taiwan Nano Electro-Optical Technology Co.	-	Investments in shares of stock	1,632,000	36,000	3.42	16,608	1,632,000	

Notes:

- A. Market values were based on average closing prices in December 2004 or the net asset value of the fund on December 31, 2004, or, if market prices were unavailable, on the investees' net assets.
- B. The issued capital stock amounted to EUR818,000.
- C. The issued capital stock amounted to GBP500.
- D. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- E. This is equivalent to US\$1,520,000, and no shares were issued.
- F. This is equivalent to US\$400,000, and no shares were issued.
- G. Reclassified from investment in shares of stock to treasury stock in proportion to subsidiaries' stockholdings.
- H. The investment income (loss) was recognized using the financial statements of the immediately preceding year, and the equity of Yang Ming Marine Transport Corporation (the "Corporation") was as of the investee's latest balance sheet presented since the investee's financial statements covering the same reporting year as that of the Corporation were not timely available. The Corporation recognized investment income in 2003 on the basis of audited financial statements for the same period.
- I. There were 100 thousand units, and each unit represented one U.S. dollar.
- J. This is equivalent to US\$94 thousand, and no shares were issued.
- K. The principal amount was US\$550 thousand.
- L. This is equivalent to EUR13,000 and no shares were issued.
- M. This is equivalent to EUR25,000 and no shares were issued.
- N. Maturity on March 1, 2005 with 2.8% interest when the target rate (6-month LIBOR rate) is within 1% and 5%; with 5% interest when the target rate is less than 1% or more than 5%.
- O. Maturity on February 10, 2006 with interest rate of USD 6-month-BBA plus 1.25%, payable semiannually.
- P. This is equivalent to EUR6,000, and no shares were issued.
- Q. In consolidation, the carrying value of investments and net value of investee have been eliminated.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

YEAR ENDED DECEMBER 31, 2004

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

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 Corp.	<u>Common stock</u> United Microelectronics Corp.	Short-term investments	-	-	1,485,574	\$ 104,243	118,845	\$ -	1,604,419	\$ 32,284	\$ 104,243	\$ (71,959)	-	\$ -
	<u>Mutual fund</u>													
	Entrust Kirin Bond Fund	Short-term investments	-	-	96,971,080	1,027,981	179,911,614	1,922,832	276,882,694	2,963,605	2,950,813	12,792	-	-
	Solomon Bond Fund	Short-term investments	-	-	33,655,267	376,037	34,546,509	387,589	68,201,776	765,561	763,626	1,936	-	-
	Prudential Bond Fund	Short-term investments	-	-	106,988,808	1,597,140	210,591,244	3,168,519	248,102,319	3,735,519	3,712,842	22,677	69,477,733	1,052,817
	Tiim Bond Fund	Short-term investments	-	-	184,430	2,504	23,076,078	314,691	23,260,508	318,049	317,195	854	-	-
	Prudential Well Pool Fund	Short-term investments	-	-	54,949,038	661,663	160,098,309	1,946,893	147,654,782	1,793,893	1,785,403	8,490	67,392,564	823,153
	Fuh-Hwa Bond Fund	Short-term investments	-	-	46,777,151	594,879	93,554,301	1,204,301	93,554,301	1,204,301	1,192,855	11,446	46,777,151	606,325
	The Duo Li-2 Bond Fund	Short-term investments	-	-	80,964,479	1,136,426	210,826,091	2,985,118	270,788,570	3,837,290	3,822,387	14,903	21,002,000	299,157
	Mega Diamond Bond Fund	Short-term investments	-	-	18,277,040	201,256	275,036,317	3,061,710	176,804,736	1,970,362	1,960,341	10,021	116,508,621	1,302,625
	Truwell Yi Li Shi	Short-term investments	-	-	44,777,386	548,134	74,654,180	917,636	119,431,565	1,471,629	1,465,770	5,859	-	-
	Barits Bond Fund	Short-term investments	-	-	-	-	14,760,364	173,043	14,760,365	173,135	173,043	92	-	-
	Entrust Phoenix Bond Fund	Short-term investments	-	-	27,198,618	392,966	184,192,006	2,695,001	136,323,403	1,995,001	1,985,882	9,119	75,067,221	1,102,084
	Taiyu Long River Bond Fund	Short-term investments	-	-	16,479,155	186,506	54,856,848	624,256	71,336,003	812,296	810,763	1,534	-	-
	Fuhwa Bond Fund	Short-term investments	-	-	48,259,551	590,751	218,237,535	2,704,114	188,951,857	2,341,114	2,329,647	11,467	77,545,229	965,218
	Capital Safe Income Fund	Short-term investments	-	-	26,424,722	373,835	64,134,619	918,309	59,953,341	858,809	850,772	8,037	30,605,999	441,372
	United Welli Bond Fund	Short-term investments	-	-	57,406,730	582,902	29,528,430	301,367	86,935,160	886,383	884,269	2,114	-	-
	Capital Cash Reserves Fund	Short-term investments	-	-	19,172,142	214,649	51,378,291	582,573	44,861,288	508,573	504,399	4,173	25,689,146	292,823
	Ta Chong Bond Fund	Short-term investments	-	-	-	-	18,060,792	228,258	10,147,020	128,322	128,000	322	7,913,772	100,258
	Forever Fund	Short-term investments	-	-	28,290,607	392,747	65,077,345	908,342	93,367,951	1,305,646	1,301,089	4,557	-	-
	Union Bond Fund	Short-term investments	-	-	21,147,630	246,740	16,158,699	189,390	37,306,330	437,028	436,130	898	-	-
	HT High-Yield Fund	Short-term investments	-	-	30,247,140	419,002	30,111,011	419,168	60,358,151	840,216	838,169	2,047	-	-
	Jih Sun Bond Fund	Short-term investments	-	-	2,448,573	32,043	160,034,751	2,120,089	102,633,527	1,361,289	1,356,818	4,471	59,849,797	795,314
	Transcend Yung-Li Bond Fund	Short-term investments	-	-	-	-	17,052,770	200,000	17,052,770	200,073	200,000	73	-	-
	Tiim High Yield Fund	Short-term investments	-	-	17,121,822	201,849	253,640	3,000	17,375,462	207,890	204,849	3,041	-	-
	Chung Hsing Ping-An Fund	Short-term investments	-	-	21,407,093	219,538	39,377,039	406,295	60,784,133	627,760	625,834	1,927	-	-
	AIG Taiwan Bond Fund	Short-term investments	-	-	-	-	242,294,875	3,001,841	121,147,437	1,501,841	1,500,000	1,841	121,147,437	1,501,841
	UPAMC Home Run Fund	Short-term investments	-	-	18,836,655	253,519	91,260,549	1,241,289	67,186,535	914,289	908,349	5,940	42,910,669	586,459
	United Welli Bond Fund	Short-term investments	-	-	18,175,135	227,805	38,164,343	480,807	56,339,478	711,117	708,612	2,505	-	-
	TLAM B.B. Bond Fund	Short-term investments	-	-	6,826,662	73,954	23,827,551	259,102	30,654,213	333,350	333,056	293	-	-
	Shinkong Chi-Shun Fund	Short-term investments	-	-	-	-	28,746,683	409,819	16,091,795	229,902	228,500	1,402	12,654,888	181,319
	Prudential Financial Bond Fund	Short-term investments	-	-	11,466,633	160,878	12,068,054	170,165	23,534,687	331,982	331,043	940	-	-
	FJU-I II Bond Fund	Short-term investments	-	-	-	-	165,214,631	2,333,910	93,902,809	1,327,910	1,322,601	5,309	71,311,822	1,011,309
	ABN Amro Bond Fund	Short-term investments	-	-	-	-	202,798,739	2,969,829	101,399,370	1,486,829	1,483,000	3,829	101,399,370	1,486,829
	Fuh-Hwa Albatross Fund	Short-term investments	-	-	7,003,248	75,218	7,003,248	75,609	14,006,496	152,035	150,827	1,208	-	-
	Iit Wan Pao Fund	Short-term investments	-	-	5,508,748	80,189	20,869,708	306,000	26,378,456	386,591	386,189	401	-	-
	Sheng Hua 5599 Bond Fund	Short-term investments	-	-	7,076,658	76,021	42,147,347	456,694	49,224,005	534,583	532,715	1,868	-	-
	Shinkong NT High Yield Fund	Short-term investments	-	-	5,543,986	88,355	118,384,603	1,910,047	66,679,888	1,077,141	1,071,883	5,258	57,248,702	926,519
	NITC Taiwan Bond Fund	Short-term investments	-	-	4,154,426	56,085	143,684,728	1,963,214	76,440,276	1,047,214	1,040,427	6,787	71,398,879	978,871
	PCA Unique Fund	Short-term investments	-	-	21,436,302	313,000	7,116,261	105,000	28,552,563	425,013	418,000	7,013	-	-
	Prudential Unit - Link Fund	Short-term investments	-	-	19,869,069	200,000	2,933,612	30,000	22,802,682	234,290	230,000	4,290	-	-
	PCA Balance II Fund	Short-term investments	-	-	9,974,926	100,000	2,192,900	23,000	12,167,826	114,743	123,000	(8,257)	-	-
	Fuhwa Classical Fund	Short-term investments	-	-	10,000,000	100,000	-	-	10,000,000	101,629	100,000	1,629	-	-
	FJU-I Bond Fund	Short-term investments	-	-	-	-	7,996,690	122,000	7,996,690	122,083	122,000	83	-	-
	Sheng Hua 1699 Bond Fund	Short-term investments	-	-	43,265,735	514,407	163,243,320	1,961,855	130,567,828	1,570,355	1,558,482	11,873	75,941,227	917,780
	IIT Increment Fund	Short-term investments	-	-	1,718,567	25,078	5,805,246	85,183	7,523,813	110,472	110,260	212	-	-
	Cathay Capital Income Growth Bond Fund	Short-term investments	-	-	5,837,232	61,087	13,702,648	144,360	19,539,880	206,667	205,447	1,220	-	-

(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	
Ching Ming Investment Co., Ltd.	Shinkong Chi-Shin Fund	Short-term investments	-	-	-	\$ -	9,016,612	\$ 125,000	9,016,612	\$ 125,028	\$ 125,000	\$ 28	-	\$ -	
	The Duo Li Bond Fund	Short-term investments	-	-	-	-	7,852,787	126,081	7,852,787	126,189	126,081	108	-	-	
	PCA Hightech Fund	Short-term investments	-	-	-	-	4,268,136	129,000	4,268,136	102,401	129,000	(26,599)	-	-	
	PCA Balance 3 Fund	Short-term investments	-	-	-	-	10,000,000	100,000	10,000,000	99,585	100,000	(415)	-	-	
	<u>Equity-linked notes</u>														
	Shipping Equity Link Note	Other Financial Assets-current	-	-	-	-	3,932,066	130,743	3,932,066	123,549	130,743	(7,194)	-	-	
	<u>Common stock</u>														
	Yang Ming Marine Transport Corporation	Short-term investments	-	-	Parent company	52,700,308	1,017,962	2,620,049	-	24,011,000	723,377	441,832	281,545	31,309,356	576,130
	<u>Mutual fund</u>														
	Fuhwa Bond Fund	Short-term investments	-	-	-	-	-	16,105,197	200,000	16,105,197	200,471	200,000	471	-	-
Truwell Yi Li Shi	Short-term investments	-	-	-	409,386	5,000	16,407,897	204,023	737,269	9,047	9,023	24	16,080,014	200,000	
Shinkong NT High Yield Fund	Short-term investments	-	-	-	-	-	12,651,544	204,000	747,058	12,000	11,986	14	11,904,485	192,014	

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATES AT COST OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2004
(In Thousands of New Taiwan Dollars)**

Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction of Related Counter-Party				Price Reference	Purpose of Acquisition	Other Terms
						Owner	Relationship	Transaction Date	Amount			
Chongqing Building	March 12, 2004	\$1,677,000 (including sales tax)	Fully paid	De He Construction Co., Ltd., Guang He Construction Co., Ltd., Guang He Investment Co., Ltd. and Guang Ji Engineering Co., Ltd.	Third parties	-	-	-	-	Appraisal report: - Cheng Ta Real Estate Appraisal Co., Ltd. \$1,824,601 - China Property Appraisal Co., Ltd. \$1,826,077	Lease to others	-

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2004

(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	\$ 12,037,400 (Note E and G)	-	\$ -	-	\$ 1,266,868	\$ -
	Young-Carrier Company Ltd.	B	959,998	-	-	-	671,590	-
	Yang Ming Italy S.p.A.	B	215,376	-	-	-	215,376	-
	Yang Ming Line (Singapore) Pte. Ltd.	A	236,208 (Note F and G)	-	-	-	-	-
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	866,947 (Note F)	-	-	-	-	-
	Yangming (UK) Ltd.	B	180,768	-	-	-	178,456	-
All Oceans Transportation, Inc.	Kuang Ming Shipping Corp.	C	285,348 (Note H)	-	-	-	6,220	-
	Kuang Ming Shipping Corp. (Panama)	C	187,625 (Note H)	-	-	-	-	-
Yang Ming Line (Singapore) Pte. Ltd.	All Oceans Transportation, Inc.	C	146,832 (Note H)	-	-	-	-	-
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	B	109,626	-	-	-	84,132	-
Yangming (UK) Ltd.	Yang Ming Marine Transport Corporation	D	658,570	-	-	-	435,436	-
Yangming (Japan) Co., Ltd.	Yang Ming Marine Transport Corporation	D	184,811	-	-	-	166,542	-
Young-Carrier Company Ltd.	Yang Ming Marine Transport Corporation	D	331,189	-	-	-	194,497	-
Yang Ming Line (Hong Kong) Ltd.	Yang Ming Marine Transport Corporation	D	294,159	-	-	-	294,159	-
Yang Ming Italy S.p.A.	Yang Ming Marine Transport Corporation	D	122,399	-	-	-	90,441	-

Notes:

- A. Equity-method investee.
- B. Investee of a wholly owned subsidiary.
- C. The same parent company.
- D. Parent company.
- E. Dividend receivables and proceeds from sale of ships.
- F. Dividends receivable.
- G. In consolidation, the intercompany accounts and transaction have been eliminated.
- H. Proceeds from sale of ships.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2004
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note D)		Balance as of December 31, 2004			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2004	Dec. 31, 2003	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	\$ 2,136,925	\$ 2,136,925	67,505,031	100.00	\$ 2,857,464	\$ 747,522	\$ 747,522	Subsidiary (Note L)
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	569,686	569,686	28,400,000	100.00	1,094,306	143,010	143,010	Subsidiary
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,499,468	1,499,468	149,946,800	99.96	908,442	334,890	(67,101)	Subsidiary
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	5,548,560	5,467,739	5,467,739	Subsidiary (Note L)
	YES Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	451,944	451,944	45,251,100	90.50	429,012	2,412	2,183	Subsidiary
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	145,085	145,085	31,500,000	100.00	221,576	35,813	27,602	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	316,000	316,000	31,600,000	79.00	364,302	38,696	30,570	Subsidiary
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,560	35,560	5,715,005	50.80	79,134	27,028	13,730	Subsidiary
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	52,297	52,297	7,500	100.00	193,578	22,889	22,889	Subsidiary
	Transyang Shipping Pte. Ltd.	Singapore	Shipping services; chartering, sale and purchase of ships; forwarding agency and shipping agency	24,842	24,842	686	24.99	90,163	31,236	7,806	(Note C)
	Chunghwa Investment Co., Ltd	Taipei, Taiwan	Investment	800,000	800,000	80,000,000	40.00	759,267	(107,455)	(42,982)	Equity-method investee
	Yang Ming (Liberia) Corp.	Liberia	Investment	3,378	-	500	100.00	3,169	(24)	(24)	Subsidiary
Ching Ming Investment Corp. (Note K)	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	39,500	39,500	3,950,000	9.88	45,556	38,696	-	Subsidiary
Yang Ming Line Holding Co. (Note K)	West Basin Container Terminal LLC	Los Angeles, USA	Terminal operation and stevedoring	132,050	132,050	(Note F)	40.00	190,909	31,163	-	Equity-method investee
	United Terminal Leasing LLC	Los Angeles, USA	Terminal operation machine lease	34,750	34,750	(Note G)	40.00	32,962	4,079	-	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	57,403	14,173	-	Indirect subsidiary
	Triumph Logistics INC.	U.S.A.	Container transportation	1,699	-	50	100.00	87	(1,580)	-	Indirect subsidiary
Yang Ming Line (B.V.I.) Holding Co., Ltd. (Note K)	Yang Ming Line N.V.	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	1,500,000	100.00	33,819	6,869	-	Indirect subsidiary (Note L)
Yang Ming Line N.V. (Note K)	Yang Ming Line B.V.	Amsterdam, The Netherlands	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	2,500	100.00	30,483	7,005	-	Indirect subsidiary (Note L)
Yang Ming Line B.V. (Note K)	Yangming (UK) Ltd.	London, U.K.	Investment, shipping agency, forwarding agency and shipping managers	42,408	42,408	900,000	100.00	(2,027)	(7,799)	-	Indirect subsidiary (Note L)
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Investment, shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note A)	100.00	56,073	12,480	-	Indirect subsidiary (Note L)
	Yang Ming Italy S.p.A.	Genova, Italy	Shipping agency	4,319	4,319	125,000	50.00	23,436	7,841	-	Indirect subsidiary
	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	540	-	(Note I)	70.00	1,153	824	-	Indirect subsidiary
Yangming (UK) Ltd.	Corstor Ltd.	U.K.	Forwarding agency and shipping management	25	25	(Note B)	50.00	1,122	1,314	-	Indirect subsidiary
Yang Ming Italy S.p.A. (Note K)	Yang Ming Naples S.r.l.	Naples, Italy	Shipping agency	238	238	(Note K)	60.00	1,098	66	-	Indirect subsidiary
Yang Ming Shipping Europe GmbH	Yes Logistics Europe GmbH	Hamburg, Germany	Shipping agency	945	945	(Note H)	100.00	1,074	(5)	-	Indirect subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note D)		Balance as of December 31, 2004			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2004	Dec. 31, 2003	Shares	Percentage of Ownership	Carrying Value			
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	\$ 334,335	\$ 100,587	\$ -	Indirect subsidiary
	Yang Ming Shipping (B.V.I) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51.00	231,444	22,599	-	Indirect 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	42,874	13,521	-	Indirect subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(63,223)	2,043	-	Indirect subsidiary
	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	30,850	3,565	-	Indirect subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	5,784	5,784	700,000	70.00	11,700	535	-	Indirect subsidiary
	Yangming (Cayman) Ltd.	Cayman Island	Shipping lease	629	629	20,000	100.00	(272)	(166)	-	Indirect subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	-	300,000	60.00	2,093	-	-	Indirect subsidiary
	Yang Ming (Vietnam) Corp.	Vietnam	Shipping agency, forwarding agency and shipping managers	3,197	-	(Note J)	49.00	3,003	-	-	Indirect subsidiary
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	2,875	(29)	-	Indirect subsidiary
Yang Ming Shipping (B.V.I) Inc.	Karman Properties Limited	Hong Kong	Property agency	4	4	1,000	100.00	(9,296)	(33)	-	Indirect subsidiary
								(Note E)			
Kuang Ming Shipping Corp.	Kuang Ming Shipping Corp. (Panama)	Panama	Forwarding agency	30,887	30,887	49,500	100.00	(31,028)	12,317	-	Indirect subsidiary
								(Note E)			
Honming Terminal & Stevedoring Co., Ltd.	YES Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	10,610	10,523	1,068,800	2.10	10,139	2,412	-	Subsidiary
YES Logistics Corp.	Yes Logistics Corp. (USA)	Auckland, USA	Shipping agency, forwarding agency and shipping managers	26,035	3,313	800,000	100.00	24,164	(274)	-	Indirect subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore		6,608	-	340,000	100.00	8,871	2,301	-	Indirect subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	43,824	43,824	4,382,370	10.96	48,641	38,696	-	Subsidiary
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistic UK Ltd.	U.K.	Shipping agency	344	-	200	100.00	1,005	681	-	Indirect subsidiary
	Yes Logistics Company Ltd.	Hong Kong	Shipping agency	4,304	-	1,000,000	100.00	5,915	1,659	-	Indirect subsidiary

Notes:

- A. This is equivalent to EUR818,000, and no shares were issued.
- B. This is equivalent to GBP500, and no shares were issued.
- C. Under approval of the Securities and Future Bureau (SFB), starting from January 1, 2000, the Corporation's equity in the net income or net loss of Transyang Shipping is recognized using the financial statements of the immediately preceding year, and the equity of Yang Ming Marine Transport Corporation (the "Corporation") may be based on the investee's latest balance sheet date since the investee's financial statements covering the same reporting year as that of the Corporation are not timely available.
- D. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- E. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- F. This is equivalent to US\$1,520,000, and no shares were issued.
- G. This is equivalent to US\$400,000, 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. In consolidation, the carrying value of investments, investments income and net value of investee have been eliminated.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2004
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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, 2004	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2004	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Value as of Dec. 31, 2004 (Note B)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2004	Accumulated Investment in Mainland China as of Dec. 31, 2004	Investment Amounts Authorized by Investment Commission, MOEA	Net Asset Value × 40%
					Outflow	Inflow								
Goldern Logistics Corporation (Note A)	Shipping agency	(Note B)	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	-	-	-	-	70%	-	-	-	-	\$22,344 (Note C) (US\$700,000)	\$189,662 (Note D)

Note A: Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Ministry of Economic Affairs on June 3, 2004.

Note B: Established in January 2005 with paid-in capital of US\$1,000,000.

Note C: U.S. dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$31.92.

Note D: It represents 40% (NT\$474,155 thousand) of the net assets of Yes Logistics Corp. as of December 31, 2004.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

GEOGRAPHIC AREA INFORMATION

YEARS ENDED DECEMBER 31, 2004 AND 2003

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

	2004					2003						
	Domestic Area	Africa	Europe	Oceania	Adjustment and Eliminations	Combined (Note A)	Domestic Area	Africa	Europe	Oceania	Adjustment and Eliminations	Combined (Note A)
Sales to customers	\$ 76,551,096	\$ -	\$ 12,021,205	\$ -	\$ -	\$ 88,572,301	\$ 61,263,682	\$ 37,404	\$ 11,349,005	\$ -	\$ -	\$ 72,650,091
Intracompany sales (Note B)	<u>1,878,179</u>	<u>8,441,095</u>	<u>2,588,318</u>	<u>889,707</u>	<u>(13,797,299)</u>	<u>-</u>	<u>1,668,334</u>	<u>4,812,425</u>	<u>1,438,642</u>	<u>941,974</u>	<u>(8,861,375)</u>	<u>-</u>
Total revenues	<u>\$ 78,429,275</u>	<u>\$ 8,441,095</u>	<u>\$ 14,609,523</u>	<u>\$ 889,707</u>	<u>\$ (13,797,299)</u>	<u>\$ 88,572,301</u>	<u>\$ 62,932,016</u>	<u>\$ 4,849,829</u>	<u>\$ 12,787,647</u>	<u>\$ 941,974</u>	<u>\$ (8,861,375)</u>	<u>\$ 72,650,091</u>
Segment operating income (Note C)	<u>\$ 6,398,070</u>	<u>\$ 5,542,739</u>	<u>\$ 21,170</u>	<u>\$ 656,565</u>	<u>\$ -</u>	<u>\$ 12,618,544</u>	<u>\$ 4,798,941</u>	<u>\$ 2,555,882</u>	<u>\$ 147,576</u>	<u>\$ 701,926</u>	<u>\$ -</u>	<u>\$ 8,204,325</u>
Equity in investees' net income						144,234						375,346
General income, net						503,635						923,422
General expenses						(364,071)						(307,221)
Interest expense						(1,002,665)						(957,346)
Income before income tax						<u>\$ 11,899,677</u>						<u>\$ 8,238,526</u>
Identifiable assets (Note D)	<u>\$ 64,764,624</u>	<u>\$ 19,319,984</u>	<u>\$ 2,543,894</u>	<u>\$ 12,917,223</u>	<u>\$ (14,164,084)</u>	<u>\$ 85,381,641</u>	<u>\$ 51,258,800</u>	<u>\$ 14,603,128</u>	<u>\$ 2,086,509</u>	<u>\$ 13,429,020</u>	<u>\$ (12,016,865)</u>	<u>\$ 69,360,592</u>
Investments in shares of stock						4,169,734						3,521,760
General assets						494,640						577,675
Total assets						<u>\$ 90,046,015</u>						<u>\$ 73,460,027</u>

Notes:

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