

# **Yang Ming Marine Transport Corporation**

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

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying balance sheets of Yang Ming Marine Transport Corporation as of December 31, 2007 and 2006, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Yang Ming Line (Singapore) Pte. Ltd., Yang Ming Line Holding Co. and Ming Giant (Shanghai) International Logistics Company Limited as of and for the year ended December 31, 2007 and Yang Ming Line (Singapore) Pte. Ltd. and Yang Ming Line Holding Co. as of and for the year ended December 31, 2006 in which the Corporation has long-term investments accounted for using equity method. As shown in the accompanying balance sheets, the carrying values of these investments were 2.5% (NT\$2,171,746 thousand) and 2.7% (NT\$2,254,202 thousand) of the Corporation's total assets as of December 31, 2007 and 2006, respectively. The equity in these investees' net (loss) income was (5.3%) ((NT\$367,853) thousand) and 5.0% (NT\$82,188 thousand) of the Corporation's income before income tax in 2007 and 2006, 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 the amounts included for these investees, 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 financial statements referred to above present fairly, in all material respects, the financial position of Yang Ming Marine Transport Corporation as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

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

We have also audited the consolidated financial statements of Yang Ming Marine Transport Corporation and subsidiaries as of and for the years ended December 31, 2007 and 2006 and have issued a modified unqualified opinion thereon in our report dated March 3, 2008.

March 3, 2008

Notice to Readers

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

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

# YANG MING MARINE TRANSPORT CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2007 AND 2006

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

ASSETS	2007		2006		LIABILITIES AND STOCKHOLDERS' EQUITY	2007		2006	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 2 and 4)	\$ 4,982,024	6	\$ 3,446,118	4	Payable to related parties (Note 23)	\$ 2,013,095	2	\$ 964,258	1
Financial assets at fair value through profit or loss - current (Notes 2, 3, 5 and 21)	1,278,914	2	363,355	-	Income tax payable (Notes 2 and 19)	783,436	1	236,928	-
Available-for-sale financial assets - current (Notes 2, 3, 6 and 22)	-	-	7,410,950	9	Financial liabilities at fair value through profit or loss - current (Notes 2 and 5)	1,944	-	-	-
Accounts receivable, net of allowance for doubtful accounts of \$34,632 thousand and \$25,443 thousand at December 31, 2007 and 2006 (Note 2)	894,678	1	603,466	1	Accrued expenses (Note 13)	6,115,481	7	5,676,273	7
Accounts receivable from related parties (Notes 2 and 23)	2,882,584	3	2,415,004	3	Payable for equipment	1,116,335	1	1,547,845	2
Other receivable from related parties (Note 23)	2,986,054	3	6,980,450	9	Advances from customers	1,612,255	2	1,309,267	2
Shipping fuel, net (Note 2)	3,775,933	4	1,967,934	2	Current portion of long-term interest-bearing debts (Notes 2, 12 and 24)	1,376,887	2	4,460,232	5
Prepaid expenses (Note 23)	249,865	-	367,793	-	Payable to shipping agents	1,558,512	2	1,561,060	2
Advances to shipping agents (Note 23)	387,404	1	236,485	-	Other current liabilities (Notes 2, 3 and 17)	138,962	-	82,434	-
Other current assets (Notes 2, 19, 23 and 24)	258,013	-	391,607	1	Total current liabilities	14,716,907	17	15,838,297	19
Total current assets	17,695,469	20	24,183,162	29	<b>LONG-TERM DEBTS, NET OF CURRENT PORTION</b>				
<b>LONG-TERM INVESTMENTS</b> (Notes 2, 3, 6, 7, 8, 22 and 25)					Hedging derivative financial liabilities - noncurrent (Notes 2, 3 and 22)	2,871	-	47,871	-
Investments accounted for using equity method	18,575,831	21	18,006,087	22	Bonds (Notes 2, 12 and 24)	18,706,000	21	19,740,000	24
Available-for-sale financial assets - noncurrent	4,011,988	5	-	-	Capital lease obligations (Notes 2, 9, 12 and 25)	40,979	-	294,705	-
Hedging derivative financial assets - noncurrent	9,172	-	-	-	Total long-term debts	18,749,850	21	20,082,576	24
Financial assets measured at cost - noncurrent	707,262	1	794,818	1	<b>RESERVE FOR LAND VALUE INCREMENT TAX</b> (Note 14)	479,639	-	479,639	1
Total long-term investments	23,304,253	27	18,800,905	23	<b>OTHER LIABILITIES</b>				
<b>PROPERTIES</b> (Notes 2, 9, 23, 24 and 25)					Accrued pension liabilities (Notes 2 and 16)	926,479	1	927,286	1
Cost					Deferred income tax liabilities - noncurrent (Notes 2 and 19)	2,156,542	3	2,212,975	3
Land	330,069	-	158,624	-	Others (Notes 2, 15 and 24)	154,557	-	166,641	-
Buildings	745,383	1	626,004	1	Total other liabilities	3,237,578	4	3,306,902	4
Containers and chassis	22,523,772	26	21,975,330	27	Total liabilities	37,183,974	42	39,707,414	48
Ships	6,949,081	8	6,227,717	8	<b>CAPITAL STOCK - \$10 PAR VALUE</b>				
Leased containers and chassis	2,041,688	2	2,041,688	2	Authorized - 3,000,000 thousand shares and 2,400,000 thousand shares at December 31, 2007 and 2006				
Leasehold improvements	146,272	-	209,070	-	Issued - 2,328,698 thousand shares and 2,289,835 thousand shares at December 31, 2007 and 2006	23,286,982	27	22,898,344	28
Miscellaneous equipment	2,474,611	3	2,011,434	2	<b>CAPITAL SURPLUS</b>				
Total cost	35,210,876	40	33,249,867	40	Paid-in capital in excess of par value	7,491,127	8	7,286,090	9
Accumulated depreciation	18,304,134	21	18,674,678	22	Treasury stock transactions	1,480,009	2	1,480,009	2
Construction in progress	16,906,742	19	14,575,189	18	From long-term equity-method investment	8,872	-	8,876	-
Net properties	17,594,143	20	15,363,071	19	Total capital surplus	8,980,008	10	8,774,975	11
<b>OTHER ASSETS</b>					<b>RETAINED EARNINGS</b>				
Assets leased to others, net (Notes 2 and 10)	4,048,513	5	2,836,788	4	Legal reserve	3,212,821	4	3,098,505	4
Nonoperating assets, net (Notes 2, 11 and 24)	218,058	-	260,386	-	Special reserve	2,067,513	2	2,074,929	2
Advances on long-term rent agreements	292,190	-	297,718	-	Unappropriated earnings	10,889,712	13	5,954,764	7
Deferred charges, net (Note 2)	110,486	-	87,027	-	Total retained earnings	16,170,046	19	11,128,198	13
Long-term receivables from related parties (Notes 8 and 23)	24,164,194	28	20,564,098	25	<b>OTHER ITEMS OF STOCKHOLDERS' EQUITY</b>				
Miscellaneous	190,110	-	152,071	-	Cumulative translation adjustments	100,131	-	168,626	-
Total other assets	29,023,551	33	24,198,088	29	Net loss not recognized as pension cost	(38,967)	-	(96,743)	-
					Unrealized loss on financial instruments	1,935,242	2	(35,588)	-
					Total other items of stockholders' equity	1,996,406	2	36,295	-
					Total stockholders' equity	50,433,442	58	42,837,812	52
<b>TOTAL</b>	<b>\$87,617,416</b>	<b>100</b>	<b>\$82,545,226</b>	<b>100</b>	<b>TOTAL</b>	<b>\$87,617,416</b>	<b>100</b>	<b>\$82,545,226</b>	<b>100</b>

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

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

# YANG MING MARINE TRANSPORT CORPORATION

## STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2007 AND 2006

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

	2007		2006	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 23)	\$ 114,220,255	100	\$ 92,039,885	100
OPERATING COSTS (Notes 2, 20 and 23)	<u>110,007,219</u>	<u>96</u>	<u>92,013,928</u>	<u>100</u>
GROSS INCOME	<u>4,213,036</u>	<u>4</u>	<u>25,957</u>	<u>-</u>
OPERATING EXPENSES (Note 20)				
Selling	1,749,638	2	1,170,437	1
General and administrative	<u>352,426</u>	<u>-</u>	<u>294,526</u>	<u>-</u>
Total operating expenses	<u>2,102,064</u>	<u>2</u>	<u>1,464,963</u>	<u>1</u>
OPERATING INCOME (LOSS)	<u>2,110,972</u>	<u>2</u>	<u>(1,439,006)</u>	<u>(1)</u>
NONOPERATING INCOME AND GAINS				
Investment income recognized under equity method (Notes 2 and 8)	2,475,207	2	2,309,650	3
Gain on disposal of properties	1,694,775	2	80,808	-
Interest (Note 23)	896,434	1	1,009,543	1
Foreign exchange gain, net	212,951	-	205,652	-
Rent (Note 23)	123,811	-	117,891	-
Gain on disposal of financial instruments	122,850	-	140,268	-
Valuation gain on financial instruments, net (Notes 2 and 5)	119,663	-	54,364	-
Others (Note 25)	<u>223,982</u>	<u>-</u>	<u>100,713</u>	<u>-</u>
Total nonoperating income and gains	<u>5,869,673</u>	<u>5</u>	<u>4,018,889</u>	<u>4</u>
NONOPERATING EXPENSES AND LOSSES				
Interest (Notes 2 and 9)	807,633	1	789,766	1
Impairment loss on financial assets measured at cost (Note 2)	51,240	-	10,400	-
Others	<u>116,684</u>	<u>-</u>	<u>150,722</u>	<u>-</u>
Total nonoperating expenses and losses	<u>975,557</u>	<u>1</u>	<u>950,888</u>	<u>1</u>
INCOME BEFORE INCOME TAX AND CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	7,005,088	6	1,628,995	2
INCOME TAX EXPENSE (Notes 2 and 19)	<u>984,804</u>	<u>1</u>	<u>502,736</u>	<u>1</u>

(Continued)

# YANG MING MARINE TRANSPORT CORPORATION

## STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2007 AND 2006

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

	2007		2006	
	Amount	%	Amount	%
NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	\$ 6,020,284	5	\$ 1,126,259	1
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES, NET OF INCOME TAX EXPENSE OF \$2,222 THOUSAND (Note 3)	-	-	16,896	-
NET INCOME	<u>\$ 6,020,284</u>	<u>5</u>	<u>\$ 1,143,155</u>	<u>1</u>
	2007		2006	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
BASIC EARNINGS PER SHARE (Note 21)	<u>\$ 3.02</u>	<u>\$ 2.60</u>	<u>\$ 0.72</u>	<u>\$ 0.50</u>
DILUTED EARNINGS PER SHARE (Note 21)	<u>\$ 3.00</u>	<u>\$ 2.58</u>	<u>\$ 0.71</u>	<u>\$ 0.49</u>

Pro forma information assuming that the stocks of the Corporation held by subsidiaries are accounted for as investments rather than as treasury stocks (Notes 2, 17, 18 and 21) is as follows:

	2007	2006
INCOME FROM CONTINUING OPERATIONS	<u>\$ 6,020,284</u>	<u>\$ 1,161,628</u>
NET INCOME	<u>\$ 6,020,284</u>	<u>\$ 1,178,524</u>
BASIC EARNINGS PER SHARE	<u>\$2.60</u>	<u>\$0.51</u>
DILUTED EARNINGS PER SHARE	<u>\$2.58</u>	<u>\$0.51</u>

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

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

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**YANG MING MARINE TRANSPORT CORPORATION**

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

	Capital Stock (\$10 Par Value, Notes 2 and 17)		Capital Surplus (Notes 2 and 17)			Retained Earnings (Notes 2 and 17)			Other Items of Stockholders' Equity (Notes 2, 3 and 16)				Total Stockholders' Equity
	Shares (Thousands)	Amount	Paid-in Capital in Excess of Par Value	Treasury Stock Transactions	From Long-term Equity-method Investment	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain or Loss on Financial Instruments	Treasury Stocks (Notes 2 and 18)	
BALANCE, JANUARY 1, 2006	2,289,817	\$ 22,898,167	\$ 7,285,865	\$ 1,199,572	\$ 11,036	\$ 2,172,931	\$ 1,149,355	\$ 12,493,769	\$ 191,616	\$ (39,630)	\$ -	\$ (164,701)	\$ 47,197,980
Adjustment of adopting newly released and revised statements of financial accounting standards	-	-	-	-	-	-	-	-	1,073	-	(32,559)	-	(31,486)
Appropriation of 2005 earnings													
Legal reserve	-	-	-	-	-	925,574	-	(925,574)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	925,574	(925,574)	-	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	(106,426)	-	-	-	-	(106,426)
Cash dividends - \$2.5 per share	-	-	-	-	-	-	-	(5,724,586)	-	-	-	-	(5,724,586)
Disposal of the Corporation's stocks held by subsidiaries	-	-	-	280,437	-	-	-	-	-	-	-	164,701	445,138
Net income for the year ended December 31, 2006	-	-	-	-	-	-	-	1,143,155	-	-	-	-	1,143,155
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	(24,063)	-	-	-	(24,063)
Increase in the equity in the net assets of equity-method investees resulting from not subscribing proportionally to the additional shares issued by the investees	-	-	-	-	27,787	-	-	-	-	-	-	-	27,787
Changes in stockholders' equity accounted for using equity method	-	-	-	-	(29,947)	-	-	-	-	716	4	-	(29,227)
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	311	-	311
Changes in unrealized loss on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	(3,344)	-	(3,344)
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	(57,829)	-	-	(57,829)
Domestic convertible bonds converted into capital stocks and capital surplus	18	177	225	-	-	-	-	-	-	-	-	-	402
BALANCE, DECEMBER 31, 2006	2,289,835	22,898,344	7,286,090	1,480,009	8,876	3,098,505	2,074,929	5,954,764	168,626	(96,743)	(35,588)	-	42,837,812
Appropriation of 2006 earnings													
Legal reserve	-	-	-	-	-	114,316	-	(114,316)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(7,416)	7,416	-	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	(58,478)	-	-	-	-	(58,478)
Cash dividends - \$0.3195 per share	-	-	-	-	-	-	-	(735,682)	-	-	-	-	(735,682)
Stock dividends - \$0.0799 per share	18,392	183,920	-	-	-	-	-	(183,920)	-	-	-	-	-
Net income for the year ended December 31, 2007	-	-	-	-	-	-	-	6,020,284	-	-	-	-	6,020,284
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	(68,495)	-	-	-	(68,495)
Changes in stockholders' equity accounted for using equity method	-	-	-	-	(4)	-	-	(356)	-	-	108,467	-	108,107
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	1,821,734	-	1,821,734
Changes in unrealized gain on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	40,629	-	40,629
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	57,776	-	-	57,776
Domestic convertible bonds converted into capital stocks and capital surplus	20,471	204,718	205,037	-	-	-	-	-	-	-	-	-	409,755
BALANCE, DECEMBER 31, 2007	<u>2,328,698</u>	<u>\$ 23,286,982</u>	<u>\$ 7,491,127</u>	<u>\$ 1,480,009</u>	<u>\$ 8,872</u>	<u>\$ 3,212,821</u>	<u>\$ 2,067,513</u>	<u>\$ 10,889,712</u>	<u>\$ 100,131</u>	<u>\$ (38,967)</u>	<u>\$ 1,935,242</u>	<u>\$ -</u>	<u>\$ 50,433,442</u>

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

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

# YANG MING MARINE TRANSPORT CORPORATION

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

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 6,020,284	\$ 1,143,155
Cumulative effect of changes in accounting principles	<u>-</u>	<u>(16,896)</u>
Income before cumulative effect of changes in accounting principles	6,020,284	1,126,259
Depreciation	2,585,061	2,288,860
Amortization	77,408	42,606
Loss (gain) on disposal of financial instruments	(116,221)	(107,669)
Gain on disposal of properties, net	(1,692,881)	(79,311)
Provision for pension cost	19,174	34,032
Reversal of allowance for loss on shipping fuel	(56,776)	(9,525)
Impairment loss on financial assets measured at cost	51,240	10,400
Investment income recognized under equity method	(2,475,207)	(2,309,650)
Cash dividends received on equity-method investee companies	107,781	2,079,144
Valuation gain on financial instruments	(119,663)	(54,364)
Deferred income taxes	(103,189)	107,777
Others	5,403	(779)
Net changes in operating assets and liabilities		
Financial assets held for trading	(732,877)	593,425
Accounts receivable	(304,880)	159,700
Accounts receivable from related parties	(467,580)	(903,831)
Other receivable from related parties	2,716,772	(1,705,617)
Shipping fuel	(1,751,223)	(281,705)
Prepaid expenses	117,928	(82,412)
Advances to shipping agents	(150,919)	(7,211)
Other current assets	32,656	(104,148)
Payable to related parties	1,048,837	(337,188)
Income tax payable	546,508	191,458
Financial liabilities held for trading	1,555	-
Accrued expenses	439,208	1,072,725
Payable to shipping agents	(2,548)	(530,596)
Advances from customers	302,988	303,832
Other current liabilities	56,622	(42,767)
Advances on long-term rent agreements	<u>12,004</u>	<u>11,830</u>
Net cash provided by operating activities	<u>6,167,465</u>	<u>1,465,275</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets designated as at fair value through profit or loss	-	(32,600)
Proceeds from disposal of financial assets designated as at fair value through profit or loss	32,600	366,997
Acquisition of available-for-sale financial assets	(7,942,361)	(36,384,068)
Proceeds from disposal of available-for-sale financial assets	13,065,911	36,547,019
Proceeds of cash dividends from available-for-sale financial assets	127,365	-
Proceeds from capital reduction of investments in shares of stock	126,316	-

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# YANG MING MARINE TRANSPORT CORPORATION

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

	2007	2006
Acquisition of investments accounted for using equity method	\$ (979,810)	\$ (297,156)
Proceeds from disposal of long-term investments	-	542
Acquisition of financial assets measured at cost	(90,000)	-
Acquisition of properties and assets leased to others	(6,940,886)	(7,681,275)
Proceeds from disposal of properties and nonoperating assets	5,523,718	523,015
Decrease (increase) in long-term receivable from related parties	(2,815,960)	193,775
Increase in deferred charges	(65,971)	(61,670)
Increase in other assets	(38,039)	(96,395)
Decrease in restricted assets	<u>124,923</u>	<u>236</u>
Net cash provided by (used in) investing activities	<u>127,806</u>	<u>(6,921,580)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of bonds	-	6,000,000
Repayments of principal of bonds	(3,848,000)	(678,681)
Payments of capital lease obligations	(113,958)	(204,682)
Increase (decrease) in other liabilities	(3,154)	6,511
Cash dividends and employees' bonus paid	<u>(794,253)</u>	<u>(5,830,995)</u>
Net cash used in financing activities	<u>(4,759,365)</u>	<u>(707,847)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,535,906	(6,164,152)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,446,118</u>	<u>9,610,270</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,982,024</u>	<u>\$ 3,446,118</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 889,125	\$ 781,050
Less: Capitalized interest	<u>(2,225)</u>	<u>-</u>
Interest paid (excluding capitalized interest)	<u>\$ 886,900</u>	<u>\$ 781,050</u>
Income tax paid	<u>\$ 495,640</u>	<u>\$ 271,895</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Reclassification of nonoperating assets into assets leased to others	<u>\$ 42,328</u>	<u>\$ 47,443</u>
Reclassification of assets leased to others into properties	<u>\$ 257,364</u>	<u>\$ 71,065</u>
Reclassification of investment into deduction to long-term receivables from related parties	<u>\$ 112,363</u>	<u>\$ 64,801</u>
Current portion of interest-bearing long-term debts	<u>\$ 1,376,887</u>	<u>\$ 4,460,232</u>
Domestic unsecured convertible bonds converted into capital stock and capital surplus	<u>\$ 409,755</u>	<u>\$ 402</u>

(Continued)

# YANG MING MARINE TRANSPORT CORPORATION

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

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	2007	2006
CASH PAID FOR ACQUISITION OF PROPERTIES AND ASSET LEASED TO OTHERS		
Increase in properties and assets leased to others	\$ 8,796,937	\$ 9,201,776
Decrease (increase) in payables for equipment	431,510	(869,053)
Decrease in payables to related parties	<u>(2,287,561)</u>	<u>(651,448)</u>
Cash paid	<u>\$ 6,940,886</u>	<u>\$ 7,681,275</u>
PROCEEDS FROM SALE OF PROPERTIES		
Total contracted selling prices	\$ 4,462,892	\$ 4,605,444
Increase in long-term receivables from related parties	(1,503,519)	(5,930,806)
Decrease in other receivables from related parties	<u>2,564,345</u>	<u>1,848,377</u>
Cash received	<u>\$ 5,523,718</u>	<u>\$ 523,015</u>

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

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

(Concluded)

# **YANG MING MARINE TRANSPORT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

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

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

As of December 31, 2007 and 2006, the Corporation had 1,339 and 1,313 employees, respectively.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

Significant accounting policies are summarized as follows:

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

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

## **Cash Equivalents**

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

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

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

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

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

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

Hybrid contracts containing one or more embedded derivatives are designed as financial assets at FVTPL.

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

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

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

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

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

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

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

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

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

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

### **Shipping Fuel**

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

### **Financial Assets Measured at Cost**

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

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

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

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

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

Investments in which the Company holds 20 percent or more of the investees' voting shares or exercises significant influence over the investees' operating and financial policy decisions are accounted for by the equity method.

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

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

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

When the Corporation's share in losses of an investee over which the Corporation has control exceeds its investment in the investee, unless the other shareholders of the investee have assumed legal or constructive obligations and have demonstrated the ability to make payments on behalf of the investee, the Corporation has to bear all of the losses in excess of the capital contributed by shareholders of the investee. If the investee subsequently reports profits, such profits are first attributed to the Corporation to the extent of the excess losses previously borne by the Corporation.

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

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

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

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

Depreciation is provided on a straight-line method over estimated useful lives as follows (plus one year to represent the estimated salvage value): buildings, 52 to 55 years; containers and chassis, 6 to 8 years; ships, 13 to 20 years; leased containers and chassis, 5 to 9 years; leasehold improvements, 5 to 10 years; and miscellaneous equipment, 3 to 18 years. Properties still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives.

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

### **Nonoperating Assets**

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

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

### **Deferred Charges**

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

### **Convertible Bonds**

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

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

### **Pension Cost**

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

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

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

### **Treasury Stocks**

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

## **Income Tax**

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

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

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

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

## **Foreign Currencies**

Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur.

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

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

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

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

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

## **Hedging Derivative Financial Instruments**

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

## **Hedge Accounting**

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

- a. Fair value hedge

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



b. Cash flow hedge

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

### Reclassifications

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

## 3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

### Effect of adopting the new and revised SFASs

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

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

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

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

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

The above accounting change decreased income from continuing operations by \$19,337 thousand, decreased net income by \$2,441 thousand, and decreased earnings per share after tax by \$0.001 dollar for the year ended December 31, 2006.

#### 4. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2007	2006
Cash		
Petty cash and cash on hand	\$ 2,110	\$ 2,441
Checking accounts and demand deposits	1,356,290	1,248,402
Time deposits: Interest - 2.215% to 5.270% in 2007 and 0.27% to 4.95% in 2006	<u>3,623,624</u>	<u>2,195,275</u>
	<u>\$ 4,982,024</u>	<u>\$ 3,446,118</u>

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

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

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

#### 5. FINANCIAL INSTRUMENTS AT FVTPL

	<u>December 31</u>	
	2007	2006
<u>Financial assets at FVTPL</u>		
Financial assets held for trading	\$ 1,278,914	\$ 330,735
Financial assets designated as at FVTPL	<u>-</u>	<u>32,620</u>
	<u>\$ 1,278,914</u>	<u>\$ 363,355</u>
<u>Financial liabilities at FVTPL</u>		
Financial liabilities held for trading	<u>\$ 1,944</u>	<u>\$ -</u>
a. <u>Financial assets held for trading</u>		
Mutual funds	\$ 996,262	\$ 136,809
Domestic quoted stocks	266,651	193,926
Oil swap	14,136	-
Convertible bonds	<u>1,865</u>	<u>-</u>
	<u>\$ 1,278,914</u>	<u>\$ 330,735</u>
<u>Financial liabilities held for trading</u>		
Oil swap	\$ 1,483	\$ -
Oil swap option	<u>461</u>	<u>-</u>
	<u>\$ 1,944</u>	<u>\$ -</u>

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

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

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

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

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

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

Net gains arising from financial assets held for trading were \$206,075 thousand (including realized settlement gains of \$86,002 thousand and valuation gains of \$120,073 thousand) for the year ended December 31, 2007; net gains were \$71,996 thousand (including realized settlement gains of \$16,649 thousand and valuation gains of \$55,347 thousand) for the year ended December 31, 2006.

Net loss arising from financial liabilities held for trading were \$390 thousand (valuation loss).

	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
b. <u>Financial assets designated as at FVTPL</u>		
Credit-linked structured time deposit	\$ -	\$ 32,620
Less: Reclassified into noncurrent assets	-	-
	<u>\$ -</u>	<u>\$ 32,620</u>

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

Net gains arising from designated as financial assets at fair value through profit or loss were \$1,325 thousand (including realized settlement losses of \$20 thousand and interest revenue of \$1,345 thousand) for the year ended December 31, 2007; net gains were \$727 thousand (including realized settlement losses of \$11,503 thousand, valuation losses of \$983 thousand and interest revenue of \$13,213 thousand) for the year ended December 31, 2006.

## 6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Domestic quoted stocks	\$ 4,011,988	\$ -
Bond fund	-	7,410,950
Less: Reclassified into current assets	<u>-</u>	<u>(7,410,950)</u>
	<u>\$ 4,011,988</u>	<u>\$ -</u>

## 7. FINANCIAL ASSETS MEASURED AT COST

	<u>December 31</u>			
	<u>2007</u>		<u>2006</u>	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
Domestic unquoted common stocks				
Taipei Port Container Terminal Co., Ltd.	\$ 166,640	10.00	\$ 76,640	10.00
Domestic unquoted preferred stocks				
New Century Infocomm Co., Ltd.	481,644	1.68	659,200	1.68
Overseas unquoted common stocks				
Antwerp International Terminal	<u>58,978</u>	16.33	<u>58,978</u>	16.33
	<u>\$ 707,262</u>		<u>\$ 794,818</u>	

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

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

## 8. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>			
	<u>2007</u>		<u>2006</u>	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
All Oceans Transportation, Inc.	\$ 5,668,915	100.00	\$ 7,916,891	100.00
Yang Ming Line (B.V.I.) Holding Co., Ltd.	5,054,031	100.00	3,901,236	100.00
Ching Ming Investment Co., Ltd.	1,716,588	100.00	1,576,459	100.00
Yang Ming Line (Singapore) Pte. Ltd.	1,568,296	100.00	2,024,491	100.00
Chunghwa Investment Co., Ltd.	857,570	40.00	795,760	40.00
Kuang Ming Shipping Corp.	823,261	100.00	306,112	100.00
Kao Ming Container Terminal Corp.	799,840	100.00	-	-
Yes Logistics Corp.	528,060	46.04	514,181	46.04
Yang Ming Line Holding Co.	379,921	100.00	229,711	100.00
Honming Terminal & Stevedoring Co., Ltd.	361,971	79.17	348,092	79.17
Yunn Wang Investment Co., Ltd.	272,623	49.75	-	-

(Continued)

	<b>December 31</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Carrying Value</b>	<b>% of Ownership</b>	<b>Carrying Value</b>	<b>% of Ownership</b>
Ming Giant (Shanghai) International Logistics Co., Ltd.	\$ 223,529	100.00	\$ 228,200	100.00
Transyang Shipping Pte. Ltd.	203,708	49.00	67,945	49.00
Jing Ming Transportation Co., Ltd.	117,518	50.98	97,009	50.98
Yang Ming (Liberia) Corp.	<u>(177,164)</u>	100.00	<u>(64,801)</u>	100.00
	18,398,667		17,941,286	
Add: Investment deducted from long-term receivables from related parties	<u>177,164</u>		<u>64,801</u>	
	<u>\$ 18,575,831</u>		<u>\$ 18,006,087</u>	

(Concluded)

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

	<b>Years Ended December 31</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Not Gain (Loss) of the Investee</b>	<b>Equity in Net Gain (Loss)</b>	<b>Net Gain (Loss) of the Investee</b>	<b>Equity in Net Gain (Loss)</b>
Yang Ming Line (B.V.I.) Holding Co., Ltd.	\$ 1,292,000	\$ 1,292,000	\$ (9,808)	\$ (9,808)
All Oceans Transportation, Inc.	752,024	752,024	2,128,863	2,128,863
Kuang Ming Shipping Corp.	517,284	517,925	57,610	57,720
Yang Ming Line Holding Co.	153,203	153,203	(59,943)	(59,943)
Ching Ming Investment Co., Ltd.	142,167	142,162	82,435	46,631
Transyang Shipping Pte. Ltd.	281,171	137,775	9,161	2,473
Chunghwa Investment Co., Ltd.	149,988	59,997	51,268	20,508
Jing Ming Transportation Co., Ltd.	50,614	25,498	24,935	12,451
Honming Terminal & Stevedoring Co., Ltd.	26,553	20,934	16,708	13,050
Yes Logistics Corp.	18,278	8,415	1,472	1,780
Yunn Wang Investment Co., Ltd.	213,495	1,678	-	-
Kao Ming Container Terminal Corp.	(1,276)	(1,276)	-	-
Yang Ming (Liberia) Corp.	(114,072)	(114,072)	(46,206)	(46,206)
Ming Giant (Shanghai) International Logistics Co., Ltd.	(19,366)	(19,366)	-	-
Yang Ming Line (Singapore) Pte. Ltd.	(501,690)	<u>(501,690)</u>	142,131	<u>142,131</u>
		<u>\$ 2,475,207</u>		<u>\$ 2,309,650</u>

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

	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
Total assets of investees	\$ 72,604,441	\$ 59,651,073
Total liabilities of investees	<u>51,604,898</u>	<u>39,657,291</u>
Total net assets	<u>\$ 20,999,543</u>	<u>\$ 19,993,782</u>
The Corporation's equity in investees' net assets	<u>\$ 18,398,667</u>	<u>\$ 17,941,927</u>



Information about capitalized interest was as follows:

	<u>December 31</u>	
	2007	2006
Capitalized interest	\$ 2,225	\$ -
Capitalization rates	3.20%	-

The Corporation leases containers and chassis under capital lease agreements. The related information for future rentals is shown in Note 25. The terms of the leases were from five years to nine years for containers and from five years to eight years for chassis. The annual rent payable on leased containers under the agreements is US\$5,471 thousand. The Corporation has the option to buy, at the end of the lease terms, all leased containers at a bargain purchase price of US\$1 per unit. The annual rent payable on leased chassis is based on contract terms, and, at the end of the lease terms, the ownership of all the leased chassis will be transferred to the Corporation at no additional cost. The details of these leases as of December 31, 2007 and 2006 were as follows:

	<u>December 31</u>			
	<u>2007</u>		<u>2006</u>	
	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)
Total capital lease obligations (undiscounted)	\$ 10,819	\$ 350,984	\$ 15,046	\$ 490,504
Less: Unamortized interest expense	<u>(843)</u>	<u>(27,347)</u>	<u>(1,623)</u>	<u>(52,909)</u>
	<u>\$ 9,976</u>	<u>\$ 323,637</u>	<u>\$ 13,423</u>	<u>\$ 437,595</u>

#### 10. ASSETS LEASED TO OTHERS, NET

	<u>December 31</u>	
	2007	2006
Cost		
Land	\$ 2,928,721	\$ 2,061,639
Buildings	<u>1,223,014</u>	<u>867,023</u>
	4,151,735	2,928,662
Accumulated depreciation - buildings	<u>103,222</u>	<u>91,874</u>
	<u>\$ 4,048,513</u>	<u>\$ 2,836,788</u>

Depreciation expenses for the years ended December 31, 2007 and 2006 were \$21,445 thousand and \$18,846 thousand, respectively.

Future rental payments receivable were summarized as follows:

Fiscal Year	Amount
2008	\$ 146,423
2009	88,297
2010	15,229
2011	12,443
2012	6,402

## 11. NONOPERATING ASSETS, NET

	<u>December 31</u>	
	2007	2006
Cost		
Land	\$ 217,715	\$ 260,043
Buildings	4,188	4,894
	<u>221,903</u>	<u>264,937</u>
Accumulated depreciation - buildings	<u>3,845</u>	<u>4,551</u>
	<u>\$ 218,058</u>	<u>\$ 260,386</u>

## 12. INTEREST-BEARING LONG-TERM DEBTS

	Current	Long-term	Total
<u>December 31, 2007</u>			
Domestic unsecured bonds	\$ 1,034,000	\$ 18,706,000	\$ 19,740,000
Domestic unsecured convertible bonds	59,400	-	59,400
Interest premium - domestic unsecured convertible bonds	829	-	829
Capital leases	<u>282,658</u>	<u>40,979</u>	<u>323,637</u>
	<u>\$ 1,376,887</u>	<u>\$ 18,746,979</u>	<u>\$ 20,123,866</u>
<u>December 31, 2006</u>			
Domestic unsecured bonds	\$ 848,000	\$ 19,740,000	\$ 20,588,000
Domestic secured bonds	3,000,000	-	3,000,000
Domestic unsecured convertible bonds	465,200	-	465,200
Interest premium - domestic unsecured convertible bonds	4,142	-	4,142
Capital leases	<u>142,890</u>	<u>294,705</u>	<u>437,595</u>
	<u>\$ 4,460,232</u>	<u>\$ 20,034,705</u>	<u>\$ 24,494,937</u>

### Domestic Unsecured Bonds

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

Other bond features and terms are as follows:

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

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

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



- July 2001 bonds      Repayments: 20% - July 16, 2006, 40% - July 16, 2007, and 40% - July 16, 2008; 4.49% annual interest. The Corporation had repaid 660,000 thousand as of December 31, 2007.
- June 2004 bonds      Type A - Aggregate face value of \$600,000 thousand and maturity on June 18, 2011; 2.46% annual interest.
- Type B - Aggregate face value of \$500,000 thousand and maturity on June 18, 2011 at USD 6-month LIBOR rate (the target rate) when the target rate is smaller than 1.15%; at 4.4% when the target rate is between 1.15% and 3.5%; at 6% less the target rate when the target rate is greater than 3.5%. The interest rate should not be smaller than 0% and will be reset quarterly.
- Type C - Aggregate face value of \$500,000 thousand and maturity on June 18, 2011 at 4.5% interest multiplied by a ratio (interest-bearing days per month divided by interest-bearing days per year) when USD 6-month LIBOR rate (the target rate) is between a certain interest range; at 0% when the target rate is out of the interest range.
- October 2004 Bonds:    Type A, B, D, E, G, H, I - Aggregate face value of \$500,000 thousand and maturity from October 8 to October 20 in 2011; 3.30% annual interest.
- Type C - Aggregate face value of \$800,000 thousand and maturity on October 12, 2011; 3.30% annual interest.
- Type F - Aggregate face value of \$700,000 thousand and maturity on October 15, 2011; 3.30% annual interest.
- December 2004 Bonds:    Aggregate face value of \$2,500,000 thousand and maturity from December 8 to 14 in 2011; 2.99% annual interest.
- October 2006 Bonds:    Type A - Aggregate face value: \$3,000,000 thousand; repayments: 33% - October 23, 2009, 33% - October 23, 2010, and 34% - October 23, 2011; 2.09% annual interest.
- Type B - Aggregate face value of \$3,000,000 thousand and maturity on October 23, 2013; 2.32% annual interest.

### **Domestic Secured Bonds**

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

### **Domestic Unsecured Convertible Bonds**

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

- a. Lump-sum payment to the holders upon maturity (in 2008) at 101.256% of the face value;
- b. Conversion by the holders, from November 2003 to 10 days before the due date, into the Corporation’s common shares at the prevailing conversion price (NT\$19.70 per share as of December 31, 2007);

- c. Reselling to the Corporation by the holders before maturity. The reselling of Type A bonds starts from August 7, 2005 at face value while that of Type B bonds starts from August 7, 2006 at 100.451% of the face value; or
- d. Redemption by the Corporation, under certain conditions, at face value before bond maturity.

As of December 31, 2007, the 2003 Convertible Bonds with aggregate face value of \$7,878,200 thousand had been converted into 312,917 thousand common shares of the Corporation, and the aggregate face value of \$62,400 thousand had been sold to the Corporation by the holders. The above converted bonds with aggregate face value of \$156,700 thousand were exercised by bondholders from October 1, 2007 to December 31, 2007 and totally converted into 7,954 thousand common shares. According to the Business Law, the revision of registration was made after the stock issued. The revision of registration of the issued stock was approved by Ministry of Economic Affairs, ROC in January 2008.

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

### Capital Lease

Refer to the Note 9 to financial statements.

## 13. ACCRUED EXPENSES

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Fuel	\$ 3,312,412	\$ 1,478,006
Space hire	1,406,593	3,105,713
Salary	549,091	231,983
Container lease	411,671	338,928
Interest	173,973	253,584
Others	<u>261,741</u>	<u>268,059</u>
	<u>\$ 6,115,481</u>	<u>\$ 5,676,273</u>

## 14. RESERVE FOR LAND VALUE INCREMENT TAX

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

## 15. UNREALIZED GAIN ON SALE AND LEASEBACK

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

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

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

## 16. PENSION PLAN

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

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

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

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

Pension plan is a defined contribution type scheme under the Act for onshore employees and shipping crews. Starting on July 1, 2005, the Corporation makes monthly contributions to the employees’ individual pension accounts in the Bureau of Labor Insurance at 6% of employees’ salaries every month. The pension cost under the defined contribution plan was \$25,001 thousand and \$22,424 thousand for the years ended December 31, 2007 and 2006, respectively.

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

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

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

a. Net periodic pension cost was as follows:

	<b>Years Ended December 31</b>	
	<b>2007</b>	<b>2006</b>
Service cost	\$ 117,520	\$ 135,633
Interest cost	45,194	37,930
Projected return on plan assets	(10,581)	(9,031)
Amortization of net transition asset or obligation	(328)	(328)
Amortization of prior service cost	436	436
Amortization of unrecognized pension cost	<u>23,101</u>	<u>10,322</u>
Pension cost	175,342	174,962
Add: Investment deducted from long-term receivables from related parties	<u>(37,795)</u>	<u>(39,244)</u>
Net periodic pension cost	<u>\$ 137,547</u>	<u>\$ 135,718</u>

b. Reconciliation of funded status of the plan and accrued pension cost was as follows:

	<b>Years Ended December 31</b>	
	<b>2007</b>	<b>2006</b>
Benefit obligation		
Vested benefit obligation (VBO)	\$ 616,605	\$ 505,444
Non-vested benefit obligation	<u>707,179</u>	<u>709,288</u>
Accumulated benefit obligation (ABO)	1,323,784	1,214,732
Additional benefit based on future salaries	<u>436,809</u>	<u>431,439</u>
Projected benefit obligation	1,760,593	1,646,171
Fair value of plan assets	<u>(455,139)</u>	<u>(347,504)</u>
Plan funded status	1,305,454	1,298,667
Unrecognized net transition asset	1,674	2,002
Unrecognized prior service cost	(3,491)	(3,927)
Unrecognized pension cost	(416,125)	(466,199)
Additional minimum pension liability	<u>38,967</u>	<u>96,743</u>
Accrued pension cost	<u>\$ 926,479</u>	<u>\$ 927,286</u>
Vested benefit	<u>\$ 792,070</u>	<u>\$ 642,613</u>

c. Actuarial assumptions

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

d. Contributions to the fund \$ 79,608 \$ 80,713

e. Payments from the fund \$ 13,932 \$ 4,874

## 17. STOCKHOLDERS' EQUITY

### a. Global depository receipts

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

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

### b. Capital surplus

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

### c. Appropriation of earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

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

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

## 18. TREASURY STOCK

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

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

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

## 19. INCOME TAX

- a. The government enacted the Alternative Minimum Tax Act (the “AMT Act”), which became effective on January 1, 2006. The alternative minimum tax (“AMT”) imposed under the AMT Act is a supplemental tax levied at a rate of 10% which is payable if the income tax payable determined pursuant to the Income Tax Law is below the minimum amount prescribed under the AMT Act. The taxable income for calculating the AMT includes most of the income that is exempted from income tax under various laws and statutes. The Corporation has considered the impact of the AMT Act in the determination of its tax liabilities.
- b. A reconciliation of income tax expense based on income before income tax at the 25% statutory rate and income tax expense was as follows:

	<b>Years Ended December 31</b>	
	<b>2007</b>	<b>2006</b>
Income tax expense at 25% statutory rate	\$ 1,751,272	\$ 407,249
Tax effect on adjusting items:		
Permanent differences	(999,625)	(300,237)
Temporary differences	344,415	(357,909)
Loss carryforwards used	(162,927)	250,897
Additional 10% income tax on undistributed earnings	<u>5,076</u>	<u>250,637</u>
Income tax payable - current	938,211	250,637
Overseas income tax	113,621	149,058
Deferred income tax expenses		
Temporary differences	(266,116)	357,910
Loss carryforwards	162,927	(250,897)
Adjustment of prior years' taxes	37,323	(3,972)
Others	<u>(1,162)</u>	<u>-</u>
Income tax expense - current	<u>\$ 984,804</u>	<u>\$ 502,736</u>

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

	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
Current (included in other current assets)		
Deferred income tax assets		
Unrealized foreign exchange loss	\$ 37,191	\$ -
Unrealized loss shipping fuel valuation losses	-	14,193
Others	<u>7,514</u>	<u>2,267</u>
	<u>44,705</u>	<u>16,460</u>
Deferred income tax liabilities		
Unrealized foreign exchange gain	-	(2,573)
Unrealized gain on financial instruments	-	(2,222)
Others	<u>-</u>	<u>(173)</u>
	<u>-</u>	<u>(4,968)</u>
	<u>\$ 44,705</u>	<u>\$ 11,492</u>

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Noncurrent		
Deferred income tax assets		
Deferred pension cost	\$ 126,362	\$ 118,459
Investment loss recognized on overseas equity-method investments	50,280	16,920
Loss carryforwards	-	250,897
Unrealized loss on financial instruments	<u>-</u>	<u>11,967</u>
	<u>176,642</u>	<u>398,243</u>
Deferred income tax liabilities		
Investment income recognized on overseas equity-method investments	(2,055,411)	(2,347,084)
Differences in estimated service lives of containers	(276,198)	(264,134)
Unrealized gain on financial instruments	<u>(1,575)</u>	<u>-</u>
	<u>(2,333,184)</u>	<u>(2,611,218)</u>
	<u>\$ (2,156,542)</u>	<u>\$ (2,212,975)</u>

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

Loss carryforwards as of December 31, 2007 were as follows:

<b>Year of Loss Carryforwards</b>	<b>Total Income Tax Credit</b>	<b>Unused Income Tax Credit</b>	<b>Expiry Year</b>
2006	<u>\$ 162,927</u>	<u>\$ -</u>	2011

Income tax returns through 2004 had been assessed by the tax authorities.

d. Information about integrated income tax was as follows:

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Balance of the imputation credit account (ICA)	\$ 511,491	\$ 354,976
Unappropriated earnings generated before June 30, 1998	2,064,438	2,064,438

The creditable ratio for distribution of earnings of 2007 and 2006 was 13.03% (estimates) and 11.85%, respectively.

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



## 20. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	<u>Year Ended December 31, 2007</u>		
	<u>Operating Costs</u>	<u>Operating Expenses</u>	<u>Total</u>
Personnel expenses			
Salary	\$ 511,658	\$ 1,220,809	\$ 1,732,467
Insurance	22,658	56,718	79,376
Pension	65,590	100,376	165,966
Others	52,023	113,532	165,555
Depreciation	2,476,993	79,119	2,556,112
Amortization	66,174	7,326	73,500
	<u>\$ 3,195,096</u>	<u>\$ 1,577,880</u>	<u>\$ 4,772,976</u>
	<u>Year Ended December 31, 2006</u>		
	<u>Operating Costs</u>	<u>Operating Expenses</u>	<u>Total</u>
Personnel expenses			
Salary	\$ 453,415	\$ 685,193	\$ 1,138,608
Insurance	24,736	54,511	79,247
Pension	78,710	79,432	158,142
Others	48,742	85,257	133,999
Depreciation	2,183,181	75,706	2,258,887
Amortization	24,277	12,481	36,758
	<u>\$ 2,813,061</u>	<u>\$ 992,580</u>	<u>\$ 3,805,641</u>

## 21. EARNINGS PER SHARE

	<u>Years Ended December 31</u>			
	<u>2007</u>		<u>2006</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>	<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>Basic EPS (NT\$)</u>				
Income before cumulative effect of changes in accounting principles	\$ 3.02	\$ 2.60	\$ 0.71	\$ 0.49
Cumulative effect of changes in accounting principles	<u>-</u>	<u>-</u>	<u>0.01</u>	<u>0.01</u>
Net income for the year	<u>\$ 3.02</u>	<u>\$ 2.60</u>	<u>\$ 0.72</u>	<u>\$ 0.50</u>
	<u>December 31</u>			
	<u>2007</u>		<u>2006</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>	<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>Diluted EPS (NT\$)</u>				
Income before cumulative effect of change in accounting principles	\$ 3.00	\$ 2.58	\$ 0.70	\$ 0.48
Cumulative effect of changes in accounting principles	<u>-</u>	<u>-</u>	<u>0.01</u>	<u>0.01</u>
Net income for the year	<u>\$ 3.00</u>	<u>\$ 2.58</u>	<u>\$ 0.71</u>	<u>\$ 0.49</u>

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

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

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

	<u>Amount (Numerator)</u>		Shares (Denominator) (in Thousand Shares)	<u>EPS (NT\$)</u>	
	<u>Income Before Income Tax</u>	<u>Net Income</u>		<u>Income Before Income Tax</u>	<u>Net Income</u>
<u>Year ended December 31, 2007</u>					
Pro forma basic EPS	\$ 7,005,088	\$ 6,020,284	2,318,161	<u>\$ 3.02</u>	<u>\$ 2.60</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>666</u>	<u>499</u>	<u>13,553</u>		
Pro forma diluted EPS	<u>\$ 7,005,754</u>	<u>\$ 6,020,783</u>	<u>2,331,714</u>	<u>\$ 3.00</u>	<u>\$ 2.58</u>
<u>Year ended December 31, 2006</u>					
Pro forma basic EPS	\$ 1,683,482	\$ 1,178,524	2,308,151	<u>\$ 0.73</u>	<u>\$ 0.51</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>1,248</u>	<u>936</u>	<u>23,614</u>		
Pro forma diluted EPS	<u>\$ 1,684,730</u>	<u>\$ 1,179,460</u>	<u>2,331,765</u>	<u>\$ 0.72</u>	<u>\$ 0.51</u>

The average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of stock dividends and employee stock bonuses. This adjustment caused the basic and diluted after income tax EPS for the year ended December 31, 2006 to decrease from NT\$0.50 to NT\$0.50 and decrease from NT\$0.50 to NT\$0.49, respectively. Also, the pro forma basic and pro forma diluted after income tax EPS for the year ended December 31, 2006 decrease from NT\$0.51 to NT\$0.51 and from NT\$0.51 to NT\$0.51, respectively.

## 22. DISCLOSURE FOR FINANCIAL INSTRUMENTS

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

	<b>December 31</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 1,278,914	\$ 1,278,914	\$ 363,355	\$ 363,355
Available-for-sale financial assets - current	-	-	7,410,950	7,410,950
Investments accounted for using equity method	18,575,831	-	18,006,087	-
Financial assets measured at cost - noncurrent	707,262	-	794,818	-
Available-for-sale financial assets - noncurrent	4,011,988	4,011,988	-	-
Long-term receivables from related parties	24,164,194	24,164,194	20,564,098	20,564,098
Hedging derivative financial assets - noncurrent	9,172	9,172	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	1,944	1,944	-	-
Hedging derivative financial liabilities - noncurrent	2,871	2,871	47,871	47,871
Bonds	19,800,229	20,218,813	24,057,342	24,307,673
Capital lease obligations	323,637	323,637	437,595	437,595

Place of transaction:

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

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

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

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

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

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

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

	<u>Market Price</u>		<u>Valuation Techniques</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 1,264,778	\$ 330,735	\$ 14,136	\$ 32,620
Available-for-sale financial assets - current	-	7,410,950	-	-
Available-for-sale financial assets - noncurrent	4,011,988	-	-	-
Hedging derivative financial assets noncurrent	-	-	9,172	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	1,944	-
Hedging derivative financial liability - noncurrent	-	-	2,871	47,871

- d. Net gain (loss) on changes of the fair value determined using valuation technique were \$13,727 thousand and (\$983) thousand for the years ended December 31, 2007 and 2006.

- e. Financial assets and liabilities affected by interest rate were as follows:

	<u>December 31</u>			
	<u>2007</u>		<u>2006</u>	
	<u>Financial Assets</u>	<u>Financial Liabilities</u>	<u>Financial Assets</u>	<u>Financial Liabilities</u>
<u>Risk of interest rate change</u>				
Fair value risk	\$ 3,590,024	\$ 18,800,229	\$ 2,008,624	\$ 23,057,342
Cash flow risk	1,276,840	1,000,000	1,467,844	1,000,000

- f. Information about financial risks

1) Market risk

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

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

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

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

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

The Corporation uses credit-linked instruments for trading purposes to earn higher interest income. The Corporation chooses commodities highly correlated to interest rates. The Corporation's observance of proper procedures when buying contracts for trading purposes helps the Corporation control the market risk.

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

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

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

## 2) Credit risk

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

## 3) Liquidity risk

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

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

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

4) Cash flow risk on interest rate

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

g. Cash flow hedge

The Corporation uses interest rate swap contracts to hedge future cash flows:

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

### 23. RELATED-PARTY TRANSACTIONS

The significant transactions with related parties for the years ended December 31, 2007 and 2006 and the related balances, in addition to those mentioned in Note 25 and Schedules E and F, are summarized in the accompanying schedules C and D.

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

The transactions with related parties were conducted under contract terms.

### 24. ASSETS PLEDGED OR MORTGAGED

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

	December 31	
	2007	2006
Nonoperating assets, net	\$ 89,230	\$ 89,230
Restricted time deposits (included in other current assets)	-	124,923
Properties, net	-	673,377
	<u>\$ 89,230</u>	<u>\$ 887,530</u>

### 25. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Note 22 and Schedule F, commitments and contingent liability as of December 31, 2007 were as follows:

- Obligations to provide crews to two ships of Chinese Petroleum Corporation under contracts expiring on various dates by September 2012. The daily compensation under the contracts is \$143 thousand for all the crews.

- b. Leases of office premises, ships and container yard under operating lease agreements that will expire on various dates until May 2030. The total rental for the year ended December 31, 2007 was \$9,884,428 thousand, and future minimum rentals are as follows:

<b>Fiscal Year</b>	<b>Amount</b>
2008	\$ 4,981,412
2009	1,474,992
2010	1,107,063
2011	859,829
2012	862,164

Rentals after 2013 amount to \$814,768 thousand. The present value of those rentals, computed at an annual interest rate of 2.64%, is \$681,941 thousand.

- c. Leases of containers and chassis under capital lease agreements expiring on various dates until May 2011. Rental for the year ended December 31, 2007 was about \$135,388 thousand (deducted from leases payable). Future minimum rentals are as follows:

<b>Fiscal Year</b>	<b>Amount</b>
2008	\$ 256,418
2009	20,070
2010	20,070
2011	6,598

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

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

- e. The Corporation signed an agreement to acquire containers. As of December 31, 2007, the Corporation has not yet received the containers and thus has not yet made the related payment of US\$26,497,000.
- f. An agreement was entered into on October 8, 2004 for the Corporation to build the second logistics center in Kaohsiung jointly with the MOTC Harbor Bureau. The center is to be used to package, store, process, transfer and distribute goods. The Corporation had paid \$691,544 thousand for this center and is currently awaiting completion of transferring procedure with MOTC Harbor Bureau.



- g. At the meetings of their respective boards of directors on February 9, 2007, Yang Ming Marine Transport Corporation and Taiwan Navigation Co., Ltd. (more than half of the directors are identical) presented a proposal. Under the proposal, these two companies will enter a strategic alliance through a share swap and collaborate on pursuing new business opportunities. Shares will be exchanged at 1.35 shares of Yang Ming Marine Transport Corporation for every share of Taiwan Navigation Co., Ltd. Thus, Yang Ming Marine Transport Corporation will issue 69,627,226 shares in exchange for 51,575,723 shares of Taiwan Navigation Co., Ltd. However, on December 12, 2007, the board of directors resolved to suspend the proposal of share swap which was further approved by the Securities and Futures Bureau.

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

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

## 26. ADDITIONAL DISCLOSURES

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

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

k. Information on investment in Mainland China

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

**27. SEGMENT INFORMATION**

- a. The Corporation operates in a single business, namely, ocean freight transport.
- b. The Corporation has no revenue - generating unit (branch or office) outside Taiwan.
- c. Cargo transport revenues

Line Service	2007		2006	
	Amount	%	Amount	%
U.S. Western coast line	\$ 38,500,490	34	\$ 32,864,911	36
Northwest European line	21,184,160	19	10,081,831	11
Asia line	16,027,026	14	13,653,851	15
U.S. Eastern coast line	15,982,636	14	14,040,320	15
Mediterranean line	8,716,669	8	10,133,086	13

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

**SCHEDULE A****YANG MING MARINE TRANSPORT CORPORATION****OVERSEAS DEPOSITS  
DECEMBER 31, 2007**

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

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

**SCHEDULE B****YANG MING MARINE TRANSPORT CORPORATION****OVERSEAS DEPOSITS  
DECEMBER 31, 2006**

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

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

**YANG MING MARINE TRANSPORT CORPORATION**

**RELATED PARTY TRANSACTIONS**  
**YEARS ENDED DECEMBER 31, 2007 AND 2006**  
(In Thousands of New Taiwan Dollars)

Related Party	Name of Relationship (See Notes Below)	Operating Revenues												Operating Costs				Nonoperating Income and Gains				Purchase of Properties		Sale of Properties				
		Charter Hire		Agents' Income		Rent of Container		Cargo Transport Revenue		Rent of Container Section		Ship Management		Other Operating Income		Haulage		Others		Interest Income		Rental Income		Amount	%	Amount	%	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
<b>2007</b>																												
Kuang Ming Shipping Corp.	A	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 44,715	19	\$ -	-	\$ 14,946	S	-	\$ -	-	\$ -	-	\$ 137	-	\$ -	-	\$ 318,581	P	5	
All Oceans Transportation, Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	4,443,307	G	10	-	-	718,611	80	-	-	2,287,561	Q	31	1,506,294	N	26
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	190,000	1	-	-	-	-	-	-	-	-	-	
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	775,927	3	-	-	-	-	-	-	-	-	-	
Ching Ming Investment Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	92	-	-	-	-	-	-	
Yangming (Japan) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	249,781	1	-	-	-	-	-	
Young-Carrier Company Limited	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	587,430	2	-	-	-	-	-	
Yangming (Cayman) Ltd. (Note W)	A	-	-	-	-	-	-	-	-	-	-	-	-	1,495	I	-	-	-	-	-	-	-	-	-	-	-	-	
Yangming (UK) Ltd.	A	479,464	E	20	107,663	99	725,303	99	-	8	-	138,672	59	2,407,849	M	6	379,248	1	-	-	-	-	-	-	-	-	-	
Yang Ming Shipping Europe GmbH	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	396,549	1	-	-	-	-	-	-	-	-	-	
Yang Ming Line (Hong Kong) Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	355,262	1	-	-	-	-	-	-	-	-	-	
Yangming Shipping (Singapore) Pte. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78,219	-	-	-	-	-	-	-	-	-	-	
Kuang Ming Shipping Corp. (Panama)	A	-	-	-	-	-	-	-	-	-	-	-	-	56,218	K	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Line (M) Sdn. Bhd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,667	-	-	-	-	-	-	-	-	-	-	
Yang Ming (America) Co.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,738,860	6	-	-	-	-	-	-	-	-	-	
Yang Ming (Netherlands) B.V.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	116,396	-	-	-	-	-	-	-	-	-	-	
Yes Logistics Corp.	A	-	-	-	-	-	253,997	-	-	-	-	-	16,552	-	-	-	55,933	-	-	-	4,000	3	-	-	-	-	-	
Yang Ming Italy S.p.A.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118,582	-	-	-	-	-	-	-	-	-	-	
Yang Ming Line (India) Pvt. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,918	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	1,724,342	U	4	-	-	81,154	9	-	-	-	-	-	-	-	
Yang Ming Shipping (B.V.I.) Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	216,685	1	-	-	-	-	-	-	-	-	-	
Yang Ming (Vietnam) Corp.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,498	-	-	-	-	-	-	-	-	-	-	
West Basin Container Terminal LLC	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,742,194	9	-	-	-	-	-	-	-	-	-	
Olympic Container Terminal LLC	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	422,915	1	-	-	-	-	-	-	-	-	-	
Yang Ming (Belgium) N.V.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49,116	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Korea) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	190,157	1	-	-	-	-	-	-	-	-	-	
Taiwan Navigation Co., Ltd.	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	216,366	1	-	-	-	-	-	-	-	-	-	
		<u>\$ 479,464</u>	<u>20</u>	<u>\$ 107,663</u>	<u>99</u>	<u>\$ 725,303</u>	<u>99</u>	<u>\$ 253,997</u>	<u>-</u>	<u>\$ 8</u>	<u>-</u>	<u>\$ 183,387</u>	<u>78</u>	<u>\$ 16,552</u>	<u>-</u>	<u>\$ 8,648,157</u>	<u>20</u>	<u>\$ 8,967,703</u>	<u>29</u>	<u>\$ 799,765</u>	<u>89</u>	<u>\$ 4,229</u>	<u>3</u>	<u>\$ 2,287,561</u>	<u>31</u>	<u>\$ 1,824,875</u>	<u>31</u>	
<b>2006</b>																												
Kuang Ming Shipping Corp.	A	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 36,143	T	-	\$ 1,098	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
All Oceans Transportation, Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	5,348,409	F	15	-	-	713,194	71	-	-	651,448	R	100	4,519,963	O	100
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	199,404	1	-	-	-	-	-	-	-	-	-	
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	711,795	3	-	-	-	-	-	-	-	-	-	
Yang Ming (America) Co.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,678,561	7	-	-	-	-	-	-	-	-	-	
Yangming (Japan) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	247,137	1	-	-	-	-	-	-	-	-	-	
Young-Carrier Company Limited	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	515,041	2	-	-	-	-	-	-	-	-	-	
Yangming (Cayman) Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yangming (UK) Ltd.	A	27,226	D	2	85,973	98	558,350	99	-	447,569	14	147,727	57	186,417	H	1	2,303,726	L	6	302,756	1	-	-	-	-	-	-	
Yang Ming Shipping Europe GmbH	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	359,786	1	-	-	-	-	-	-	-	-	-	
Yang Ming Line (Hong Kong) Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,836	1	-	-	-	-	-	-	-	-	-	
Yangming Shipping (Singapore) Pte. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	68,215	-	-	-	-	-	-	-	-	-	-	
Kuang Ming Shipping Corp. (Panama)	A	-	-	-	-	-	-	-	-	-	-	-	-	59,668	J	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Line (M) Sdn. Bhd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,423	-	-	-	-	-	-	-	-	-	-	
Yang Ming Line (India) Pvt. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,018	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Vietnam) Corp.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,265	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	58,388	V	-	-	-	120,432	12	-	-	-	-	-	-	-	
Yang Ming Italy S.p.A.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	137,776	1	-	-	-	-	-	-	-	-	-	
Yes Logistics Corp.	A	-	-	-	-	-	149,561	-	-	-	-	-	13,846	75	-	-	42,708	-	-	-	4,000	-	-	-	-	-	-	
Yang Ming (Netherlands) B.V.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58,544	-	-	-	-	-	-	-	-	-	-	
West Basin Container Terminal LLC	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,357,581	9	-	-	-	-	-	-	-	-	-	
Olympic Container Terminal LLC	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	192,293	1	-	-	-	-	-	-	-	-	-	
Yang Ming Shipping (B.V.I.) Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	169,201	1	-	-	-	-	-	-	-	-	-	
Yang Ming (Korea) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	117,807	-	-	-	-	-	-	-	-	-	-	
		<u>\$ 27,226</u>	<u>2</u>	<u>\$ 85,973</u>	<u>98</u>	<u>\$ 558,350</u>	<u>99</u>	<u>\$ 149,561</u>	<u>-</u>	<u>\$ 447,569</u>	<u>14</u>	<u>\$ 147,727</u>	<u>57</u>	<u>\$ 13,846</u>	<u>75</u>	<u>\$ 7,992,751</u>	<u>22</u>	<u>\$ 7,427,245</u>	<u>29</u>	<u>\$ 833,626</u>	<u>83</u>	<u>\$ 4,000</u>	<u>-</u>	<u>\$ 651,448</u>	<u>100</u>	<u>\$ 4,519,963</u>	<u>100</u>	

- Notes:
- A. Subsidiary of the Corporation.
  - B. An equity-method investee of subsidiary of the Corporation.
  - C. More than half of the directors are identical.
  - D. Lease of 1 ship to Yangming (U.K.) Ltd. from January 11, 2006 to March 7, 2006; rent is receivable monthly.
  - E. Lease of 4 ships for Yangming (U.K.) Ltd.
  - F. Lease of 30 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until September 2009; rent is payable monthly.

(Continued)

- G. Lease of 37 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until September 2009; rent is payable monthly.
- H. Lease of one ship from Yang Ming (Cayman) Ltd. under an agreement expiring on June 30, 2012; rent is payable quarterly.
- I. Lease of one ship from Yang Ming (Cayman) Ltd. under an agreement was cancelled before expiry date in March 2007.
- J. Lease of one ship from Kuang Ming Shipping Corp. (Panama) under an agreement expiring on December 31, 2006; rent is payable monthly.
- K. Lease of one ship from Kuang Ming Shipping Corp. (Panama) under an agreement was cancelled before expiry date on November 30, 2007.
- L. Lease of space from Yangming (U.K.) Ltd. under several agreements expiring on various dates until December 2007; rent is payable monthly.
- M. Lease of space from Yangming (U.K.) Ltd. under several agreements expiring on various dates until December 2008; rent is payable monthly.
- N. Sale of two ships to All Oceans Transportation Inc. in January and April of 2007 were at carrying value.
- O. Sale of six ships to All Oceans Transportation Inc. in February, April, July, August, October and November of 2006 were at carrying value.
- P. Sale of one ship to third parties in October of 2007 was at carrying value.
- Q. Acquisition of four ships from All Oceans Transportation Inc. in June and July of 2007 were at carrying value.
- R. Acquisition of two ships from All Ocean Transportation Inc. in December 2006 were at carrying value.
- S. Lease of one ship from Kuang Ming Shipping Corp. under an agreement was cancelled on June 1, 2007 before expiring date on April 10, 2008; rent is payable monthly.
- T. Lease of one ship from Kuang Ming Shipping Corp. under an agreement expiring on April 10, 2007; rent is payable monthly.
- U. Lease of 9 ships from Yang Ming (Liberia) Corp. under an agreement expiring date on November 21, 2008; rent is payable monthly.
- V. Lease of 3 ships from Yang Ming (Liberia) Corp. under an agreement expiring on November 21, 2008; rent is payable monthly.
- W. Yangming (Cayman) Ltd. had been liquidated on September 28, 2007.
- X. Other related parties, with which the Corporation had no transactions for the year ended December 31, 2007, are listed in Schedule K.

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION**

**RELATED-PARTY ACCOUNT BALANCES  
DECEMBER 31, 2007 AND 2006  
(In Thousands of New Taiwan Dollars)**

Related Party	Nature of Relation-ship (See Notes Below)	Receivables from Related Parties						Advances to Shipping Agents	Prepaid Expense	Long-term Receivable from Related Parties	Payables to Related Parties									
		Accounts Receivables		Other Receivables		Total					Amount	%	Amount	%	Accrued Expense		Payables to Shipping Agents		Total	
		Amount	%	Amount	%	Amount	%								Amount	%	Amount	%	Amount	%
<u>2007</u>																				
Kuang Ming Shipping Corp.	A	\$ 46,951	1	\$ 4,093	-	\$ 51,044	1	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-			
All Oceans Transportation, Inc.	A	-	-	1,654,012	D 29	1,654,012	29	-	-	21,763,729	K 90	-	-	-	-	-	-			
Jing Ming Transportation Co., Ltd.	A	-	-	402	-	402	-	-	-	-	-	64,027	3	-	-	64,027	3			
Yang Ming (America) Co.	A	398,493	7	58,277	1	456,770	8	-	-	-	-	-	-	34,633	2	34,633	2			
Yangming (Japan) Co., Ltd.	A	145,687	2	-	-	145,687	2	-	-	-	-	-	-	101,238	5	101,238	5			
Yang Ming Line Holding Co.	A	-	-	-	-	-	-	-	-	30,523	-	-	-	-	-	-	-			
Young-Carrier Company Limited	A	1,318,066	22	-	-	1,318,066	22	-	-	-	-	-	-	215,990	11	215,990	11			
Yangming (UK) Ltd.	A	124,614	2	194,640	3	319,254	5	68,549	18	-	-	-	-	968,959	H 48	968,959	48			
Yang Ming Shipping Europe GmbH	A	202,984	3	-	-	202,984	3	-	-	-	-	-	-	4,705	-	4,705	-			
Yang Ming Line (Hong Kong) Ltd.	A	163,312	3	-	-	163,312	3	-	-	-	-	-	-	244,250	12	244,250	12			
Yangming Shipping (Singapore) Pte. Ltd.	A	18,656	-	-	-	18,656	-	-	-	-	-	-	-	21,122	1	21,122	1			
Yang Ming Line (M) Sdn. Bhd.	A	24,567	-	64	-	24,631	-	-	-	-	-	-	-	6,721	-	6,721	-			
Yes Logistics Corp.	A	33,270	1	5,116	-	38,386	1	-	-	-	-	-	-	-	-	-	-			
Yang Ming Italy S.p.A.	A	92,003	2	-	-	92,003	2	-	-	-	-	-	-	21,341	1	21,341	1			
Yang Ming (Korea) Co., Ltd.	A	164,510	3	-	-	164,510	3	-	-	-	-	-	-	89,173	5	89,173	5			
Yang Ming (Netherlands) B.V.	B	74,476	1	-	-	74,476	1	-	-	-	-	-	-	74,972	4	74,972	4			
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	1,225,155	E 5	-	-	-	-	-	-			
Yang Ming (Vietnam) Corp.	B	43,921	1	-	-	43,921	1	-	-	-	-	-	-	88,591	4	88,591	4			
Yang Ming Line (India) Pvt. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	32,364	2	32,364	2			
Yang Ming (Liberia) Corp.	A	-	-	1,067,242	I 18	1,067,242	18	-	-	1,144,787	F 5	-	-	-	-	-	-			
Kuang Ming Shipping Corp. (Panama)	A	-	-	-	-	-	-	-	-	-	-	30,012	1	-	-	30,012	1			
Ching Ming Investment Corp.	A	-	-	2,208	-	2,208	-	-	-	-	-	-	-	-	-	-	-			
Yang Ming (Belgium) N.V.	A	31,074	1	-	-	31,074	1	37,042	10	-	-	-	-	-	-	-	-			
Taiwan Navigation Co., Ltd.	C	-	-	-	-	-	-	-	-	-	-	14,997	1	-	-	14,997	1			
		<u>\$ 2,882,584</u>	<u>49</u>	<u>\$ 2,986,054</u>	<u>51</u>	<u>\$ 5,868,638</u>	<u>100</u>	<u>\$ 105,591</u>	<u>28</u>	<u>\$ -</u>	<u>-</u>	<u>\$24,164,194</u>	<u>100</u>	<u>\$ 109,036</u>	<u>5</u>	<u>\$ 1,904,059</u>	<u>95</u>	<u>\$ 2,013,095</u>	<u>100</u>	
<u>2006</u>																				
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 30,823	-	\$ 30,823	-	\$ -	-	\$ -	-	\$ 756	-	\$ -	-	\$ 756	-			
All Oceans Transportation, Inc.	A	-	-	3,110,560	D 33	3,110,560	33	-	-	17,227,394	F 84	-	-	-	-	-	-			
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	105,675	11	-	-	105,675	11			
Yang Ming (America) Co.	A	527,683	6	-	-	527,683	6	-	-	-	-	-	-	28,865	3	28,865	3			
Yangming (Japan) Co., Ltd.	A	1,055	-	-	-	1,055	-	-	-	-	-	-	-	94,029	10	94,029	10			
Yang Ming Line Holding Co.	A	-	-	10,453	-	10,453	-	-	-	20,215	-	-	-	-	-	-	-			
Young-Carrier Company Limited	A	805,123	9	-	-	805,123	9	-	-	-	-	-	-	121,643	13	121,643	13			
Yangming (UK) Ltd.	A	158,154	2	2,614,125	H 28	2,772,279	30	67,224	28	-	-	-	-	-	-	-	-			
Yang Ming Shipping Europe GmbH	A	132,385	1	-	-	132,385	1	15,344	7	-	-	-	-	-	-	-	-			
Yang Ming Line (Hong Kong) Ltd.	A	189,309	2	-	-	189,309	2	-	-	-	-	-	-	210,962	21	210,962	21			
Yangming Shipping (Singapore) Pte. Ltd.	A	13,927	-	-	-	13,927	-	-	-	-	-	-	-	27,440	3	27,440	3			
Yang Ming Line (M) Sdn. Bhd.	A	63,116	1	-	-	63,116	1	-	-	-	-	-	-	74,990	8	74,990	8			
Yes Logistics Corp.	A	9,838	-	-	-	9,838	-	-	-	-	-	669	-	-	-	669	-			
Yang Ming Italy S.p.A.	B	288,788	3	-	-	288,788	3	-	-	-	-	-	-	49,074	5	49,074	5			
Yang Ming (Korea) Co., Ltd.	A	103,900	1	-	-	103,900	1	-	-	-	-	-	-	79,638	8	79,638	8			
Yang Ming (Netherlands) B.V.	B	63,164	1	-	-	63,164	1	-	-	-	-	-	-	31,424	3	31,424	3			
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	1,265,066	E 6	-	-	-	-	-	-			
Yang Ming (Vietnam) Corp.	B	37,851	-	-	-	37,851	-	-	-	-	-	-	-	68,446	7	68,446	7			
Yang Ming Line (India) Pvt. Ltd.	A	20,711	-	-	-	20,711	-	-	-	-	-	-	-	56,598	6	56,598	6			

(Continued)

Related Party	Nature of Relationship (See Notes Below)	Receivables from Related Parties								Advances to Shipping Agents	Prepaid Expense	Long-term Receivable from Related Parties	Payables to Related Parties							
		Accounts Receivables		Other Receivables		Total		Amount	%				Amount	%	Accrued Expense		Payables to Shipping Agents		Total	
		Amount	%	Amount	%	Amount	%								Amount	%	Amount	%	Amount	%
Yang Ming (Liberia) Corp.	A	\$ -	-	\$ 1,211,552	J 13	\$ 1,211,552	13	\$ -	-	\$ -	-	\$ 2,051,423	G 10	\$ -	-	\$ -	-	\$ -	-	
Kuang Ming Shipping Corp. (Panama)	A	-	-	457	-	457	-	-	-	1,820	-	-	-	-	-	-	-	-	-	
Yangming (Cayman) Ltd.	A	-	-	-	-	-	-	-	-	2,070	1	-	-	-	-	-	-	-	-	
Olympic Container Terminal LLC	A	-	-	-	-	-	-	-	-	-	-	-	-	14,049	2	-	-	14,049	2	
Ching Ming Investment Corp.	A	-	-	2,480	-	2,480	-	-	-	-	-	-	-	-	-	-	-	-	-	
		<u>\$ 2,415,004</u>	<u>26</u>	<u>\$ 6,980,450</u>	<u>74</u>	<u>\$ 9,395,454</u>	<u>100</u>	<u>\$ 82,568</u>	<u>35</u>	<u>\$ 3,890</u>	<u>1</u>	<u>\$20,564,098</u>	<u>100</u>	<u>\$ 121,149</u>	<u>13</u>	<u>\$ 843,109</u>	<u>87</u>	<u>\$ 964,258</u>	<u>100</u>	

- Notes:
- A. Subsidiary of the Corporation
  - B. An equity-method investee of subsidiary of the Corporation.
  - C. More than half of the directors are identical.
  - D. Including dividends receivable, the payment for All Oceans Transportation Inc. and the amount of proceeds from disposal of ships.
  - E. Dividends receivable.
  - F. The amount of proceeds from disposal of ships.
  - G. Including the amount of proceeds from disposal of ships and financing provided (Schedule E).
  - H. Represents freight expense paid and held on behalf of Yangming (UK) Ltd.
  - I. Including the payment made for Yang Ming (Liberia) Corp.
  - J. Including financing provided and the payment made for Yang Ming (Liberia) Corp.
  - K. Including dividends receivable and the amount of proceeds from disposal of ships.
  - L. The receivables for proceeds from disposal of ships from All Oceans Transportation Inc. (a subsidiary) and Yang Ming (Liberia) Corp. will be offset by rentals payable periodically.
  - M. Other related parties, with which the Corporation had no transactions for the year ended December 31, 2007, are listed in Schedule K.

(Concluded)



**YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES**

**FINANCING PROVIDED**

**DECEMBER 31, 2007**

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

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

Notes:

A. Nature of Financing:

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

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

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

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

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

F. Represents the lender's net asset value.

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

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

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

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

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

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

**YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES**

**ENDORSEMENT/GUARANTEE PROVIDED**

**DECEMBER 31, 2007**

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

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

Notes:

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

(Continued)

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

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES**

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2007**

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

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

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	KGI Securities Co., Ltd.	-	Financial asset at fair value through profit or loss - current	400,000	\$ 6,700	0.02	\$ 6,700	
	System Corporation	-	Financial asset at fair value through profit or loss - current	500,000	16,000	0.16	16,000	
	Aten International Co., Ltd.	-	Financial asset at fair value through profit or loss - current	110,000	10,769	0.10	10,769	
	Test-Serv Inc.	-	Financial asset at fair value through profit or loss - current	53,000	753	0.09	753	
	Chenbro Micom Co., Ltd.	-	Financial asset at fair value through profit or loss - current	60,000	1,380	0.06	1,380	
	<u>Convertible bond</u> Greatwall Ent	-	Financial asset at fair value through profit or loss - current	20,000	1,865	-	1,865	
	<u>Mutual fund</u> Allianz Glb inv Glb Eco Trends Fund	-	Financial asset at fair value through profit or loss - current	11,494,965	210,588	-	210,588	
	KGI PanAaia TW Enterprise Fund	-	Financial asset at fair value through profit or loss - current	4,995,005	48,252	-	48,252	
	Baring GUF Eastern Europe Fund	-	Financial asset at fair value through profit or loss - current	22,072	121,040	-	121,040	
	Franklin Mutual European Fund	-	Financial asset at fair value through profit or loss - current	108,820	103,786	-	103,786	
	Cathay Global Infrastructure Fund	-	Financial asset at fair value through profit or loss - current	862,813	9,664	-	9,664	
	Paradigm Small Capital Fund	-	Financial asset at fair value through profit or loss - current	255,232	9,997	-	9,997	
	Yuanta Main Stream Equity Fund	-	Financial asset at fair value through profit or loss - current	205,170	4,046	-	4,046	
	Allianz Glb Inv Glb Demographic Trends Fund	-	Financial asset at fair value through profit or loss - current	10,000,000	94,400	-	94,400	
	PCA High Technology Fund	-	Financial asset at fair value through profit or loss - current	123,404	6,002	-	6,002	
	PCA Export Fund	-	Financial asset at fair value through profit or loss - current	168,269	6,016	-	6,016	
	Prudential Financial Small & Medium Capital Fund	-	Financial asset at fair value through profit or loss - current	241,429	8,242	-	8,242	
	AIG Equity Fund Japan	-	Financial asset at fair value through profit or loss - current	4,048	28,123	-	28,123	
	MLIIF Japan Value Fund	-	Financial asset at fair value through profit or loss - current	38,314	14,194	-	14,194	
	MLIIF World Energy Fund C2	-	Financial asset at fair value through profit or loss - current	17,605	16,397	-	16,397	
	ABN AMRO Utilities Fund	-	Financial asset at fair value through profit or loss - current	24,331	111,022	-	111,022	
	Templeton Emerging Markets Bond Fund	-	Financial asset at fair value through profit or loss - current	356,748	204,493	-	204,493	
	<u>Preferred stock</u> New Century Infocomm Co., Ltd.	-	Financial asset measured at cost - noncurrent	67,368,400	481,644	1.68	-	
Ching Ming Investment Corp.	<u>Common stock</u> Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for using equity method	3,950,000	45,149	9.88	45,149	
	Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	49,311,077	471,315	41.09	471,315	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	SF Technology Venture Capital Investment Corp.	-	Financial asset measured at cost - noncurrent	2,800,000	\$ 8,968	7.24	\$ -	
	United Venture Capital Corp.	-	Financial asset measured at cost - noncurrent	6,400,000	52,352	9.04	-	
	Ascentek Venture Capital Corp.	-	Financial asset measured at cost - noncurrent	1,400,000	14,056	2.14	-	
	China Technology Venture Capital Corporation	-	Financial asset measured at cost - noncurrent	3,000,000	30,000	8.96	-	
	Kingmax Technology Corp.	-	Financial asset measured at cost - noncurrent	1,644,231	21,835	1.38	-	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	630,000	35,721	0.15	35,721	(Note X)
	China Steel Corporation	-	Financial asset at fair value through profit or loss - current	300,000	13,050	-	13,050	
	Cathay Financial Holding Co., Ltd.	-	Financial asset at fair value through profit or loss - current	1,000,000	67,600	0.01	67,600	
	U-Ming Marine Transport Corp.	-	Financial asset at fair value through profit or loss - current	200,000	17,720	0.02	17,720	
	Delta Electronics, Inc.	-	Financial asset at fair value through profit or loss - current	52,500	5,828	-	5,828	
	Powertech Technology Inc.	-	Financial asset at fair value through profit or loss - current	460,000	53,130	0.08	53,130	
	Tripod Technology Corporation	-	Financial asset at fair value through profit or loss - current	430,000	50,310	0.10	50,310	
	AU Optronics Corp.	-	Financial asset at fair value through profit or loss - current	102,755	6,525	-	6,525	
	Radiant Opto-Electronics Corp.	-	Financial asset at fair value through profit or loss - current	400,526	16,822	0.10	16,822	
	Novatek Microelectronics Corp.	-	Financial asset at fair value through profit or loss - current	18,250	7,683	-	7,683	
	Hon Hai Precision Ind Co, Ltd.	-	Financial asset at fair value through profit or loss - current	170,000	34,340	-	34,340	
	Taiwan Surface Mounting Technology Corp.	-	Financial asset at fair value through profit or loss - current	80,500	4,564	0.06	4,564	
	High Tech Computer Corp.	-	Financial asset at fair value through profit or loss - current	205,000	122,795	0.04	122,795	
	Acer Incorporated	-	Financial asset at fair value through profit or loss - current	94,500	6,001	-	6,001	
	Wellypower Optronics Co., Ltd.	-	Financial asset at fair value through profit or loss - current	110,000	8,965	0.07	8,965	
	Formosa Petrochemical Corp.	-	Financial asset at fair value through profit or loss - current	350,000	33,950	-	33,950	
	Coretronic Corporation	-	Financial asset at fair value through profit or loss - current	350,938	15,301	0.06	15,301	
	Richtek Technology Corp.	-	Financial asset at fair value through profit or loss - current	33,000	9,669	0.03	9,669	
	Tainan Spinning Co., Ltd.	-	Financial asset at fair value through profit or loss - current	400,000	5,160	0.03	5,160	
	Greatek Electronics Inc.	-	Financial asset at fair value through profit or loss - current	458,000	18,183	0.10	18,183	
	Shin Zu Shing Co., Ltd.	-	Financial asset at fair value through profit or loss - current	282,500	56,218	0.25	56,218	
	Aten International Co., Ltd.	-	Financial asset at fair value through profit or loss - current	461,986	45,228	0.44	45,228	
	Sporton International Inc.	-	Financial asset at fair value through profit or loss - current	367,000	16,588	0.48	16,588	
	Kinik Company	-	Financial asset at fair value through profit or loss - current	200,000	12,180	0.01	12,180	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	<u>Mutual fund</u> Cathay Bond Fund	-	Financial asset at fair value through profit or loss - current	2,399,561	\$ 28,089	-	\$ 28,089	
	IBT Ta-Chong Bond Fund	-	Financial asset at fair value through profit or loss - current	3,880,685	51,361	-	51,361	
	IBT North American Income Trust Fund	-	Financial asset at fair value through profit or loss - current	500,000	5,460	-	5,460	
	Hua Nan Global Infrastructure Fund	-	Financial asset at fair value through profit or loss - current	200,000	2,138	-	2,138	
	Allianz GIS RCM Little Dragon Fund	-	Financial asset at fair value through profit or loss - current	3,209	12,148	-	12,148	
	IBT Hi-Tech Equity Fund	-	Financial asset at fair value through profit or loss - current	256,937	4,168	-	4,168	
	IBT China Equity Fund	-	Financial asset at fair value through profit or loss - current	252,653	4,333	-	4,333	
	Grand Cathay Bond Fund	-	Financial asset at fair value through profit or loss - current	5,352,049	70,252	-	70,252	
	UPAMC Taiwan Power Fund	-	Financial asset at fair value through profit or loss - current	1,000,000	9,200	-	9,200	
	Fidelity European Growth Fund	-	Financial asset at fair value through profit or loss - current	5,136	6,897	-	6,897	
	Templeton Developing Markets Fund	-	Financial asset at fair value through profit or loss - current	2,254	2,230	-	2,230	
	Fidelity European Aggressive Fund	-	Financial asset at fair value through profit or loss - current	1,277	1,423	-	1,423	
	Fidelity Emerging Markets Fund	-	Financial asset at fair value through profit or loss - current	2,477	2,117	-	2,117	
	Fuh Hwa Digital Economy Fund	-	Financial asset at fair value through profit or loss - current	483,559	8,554	-	8,554	
	AIG Global Medallion Fund of Funds	-	Financial asset at fair value through profit or loss - current	1,779,107	21,954	-	21,954	
	Capital Strategin Growth Fund	-	Financial asset at fair value through profit or loss - current	1,000,000	11,700	-	11,700	
	AIG Latin America Fund	-	Financial asset at fair value through profit or loss - current	100,000	1,453	-	1,453	
	JF (Taiwan) Japan Brilliance Fund	-	Financial asset at fair value through profit or loss - current	1,000,000	8,250	-	8,250	
	Grand Cathay Fund	-	Financial asset at fair value through profit or loss - current	443,066	9,185	-	9,185	
	Grand Cathay Hi Tech Fund	-	Financial asset at fair value through profit or loss - current	535,045	8,737	-	8,737	
	Yuanta Main Stream Equity Fund	-	Financial asset at fair value through profit or loss - current	205,170	4,046	-	4,046	
	Polaris/P-shares Taiwan Dividend ETF	-	Financial asset at fair value through profit or loss - current	500,000	13,165	-	13,165	
Yang Ming Line (Singapore) Pte. Ltd.	<u>Common stock</u> Yang Ming Shipping (BVI) Inc.	Subsidiary	Investments accounted for using equity method	510	267,601	51.00	267,601	
	Young-Carrier Company Ltd.	Subsidiary	Investments accounted for using equity method	910,000	470,055	91.00	470,055	
	Yangming (Japan) Co., Ltd.	Subsidiary	Investments accounted for using equity method	3,000	58,881	100.00	58,881	
	Yangming Shipping (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for using equity method	1,000,000	48,876	100.00	48,876	
	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	Investments accounted for using equity method	1,000,000	21,049	100.00	21,049	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Yang Ming Line (Hong Kong) Ltd.	Subsidiary	Investments accounted for using equity method	510,000	\$ (88,305)	51.00	\$ (88,305)	(Note U)
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	Investments accounted for using equity method	300,000	14,039	60.00	14,039	
	Yang Ming (Korea) Co., Ltd.	Subsidiary	Investments accounted for using equity method	60,000	24,791	60.00	24,791	
	Sino International United Petroleum Group Company Limited	Subsidiary	Investments accounted for using equity method	5,065,475	12,565	100.00	12,565	
	Yang Ming (Vietnam) Corp.	Equity-method investee	Investments accounted for using equity method	(Note I)	9,070	49.00	9,070	
	Formosa International Development Corporation	Equity-method investee	Investments accounted for using equity method	(Note G)	241,022	30.00	241,022	
	Yangtze River Express Airlines Company Limited	-	Financial asset measured at cost - noncurrent	(Note P)	-	12.00	-	
	<u>Global depositary receipt</u> Via Source Policy Fund	-	Financial asset held-to-maturity - noncurrent	5	9,570	-	9,570	
	<u>Mutual fund</u> World Energy Fund	-	Financial asset at fair value through profit or loss - current	45,328	42,216	-	42,216	
	Japan Value Fund	-	Financial asset at fair value through profit or loss - current	73,882	27,371	-	27,371	
Yangming (Japan) Co., Ltd.	<u>Common stock</u> Manwa & Co., Ltd.	Subsidiary	Investments accounted for using equity method	200	2,464	100.00	2,464	
Yang Ming Shipping (BVI) Inc.	<u>Common stock</u> Karman Properties Limited	Subsidiary	Investments accounted for using equity method	1,000	5,462	100.00	5,462	
Yang Ming Line (BVI) Holding Co., Ltd.	<u>Common stock</u> Yang Ming Line N.V.	Subsidiary	Investments accounted for using equity method	1,500,000	17,145	100.00	17,145	
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Subsidiary	Investments accounted for using equity method	2,500	13,334	100.00	13,334	
Yang Ming Line B.V.	<u>Common stock</u> Yangming (UK) Ltd.	Subsidiary	Investments accounted for using equity method	900,000	(101,170)	100.00	(101,170)	(Note D)
	Yang Ming Shipping Europe GmbH	Subsidiary	Investments accounted for using equity method	(Note B)	108,424	100.00	108,424	
	Yang Ming Italy S.p.A.	Subsidiary	Investments accounted for using equity method	125,000	29,172	50.00	29,172	
	Yang Ming (Belgium) B.V.	Subsidiary	Investments accounted for using equity method	375	1,385	60.00	1,385	
	Yang Ming (Netherlands) B.V.	Equity-method investee	Investments accounted for using equity method	(Note J)	10,292	70.00	10,292	
Yangming (UK) Ltd.	<u>Common stock</u> Corstor Ltd.	Equity-method investee	Investments accounted for using equity method	(Note C)	32	50.00	32	

(Continued)



Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Yang Ming Shipping Europe GmbH	<u>Common stock</u> Yes Logistics Europe GmbH	Subsidiary	Investments accounted for using equity method	(Note K)	\$ 679	100.00	\$ 679	
	Zoll Pool Hafen Hamburg	-	Financial asset measured at cost - noncurrent	(Note Q)	477	6.00	-	
Yang Ming Italy S.p.A.	<u>Common stock</u> Yang Ming Naples Srl	Subsidiary	Investments accounted for using equity method	(Note L)	689	60.00	689	
Yang Ming Line Holding Co.	<u>Common stock</u> West Basin Container Terminal LLC	Equity-method investee	Investments accounted for using equity method	(Note E)	490,568	40.00	490,568	
	United Terminal Leasing LLC	Equity-method investee	Investments accounted for using equity method	(Note F)	45,847	40.00	45,847	
	Yang Ming (America) Corp.	Subsidiary	Investments accounted for using equity method	5,000	137,388	100.00	137,388	
	Triumph Logistics INC.	Subsidiary	Investments accounted for using equity method	200	(456)	100.00	(456)	(Note D)
	Olympic Container Terminal LLC	Subsidiary	Investments accounted for using equity method	(Note M)	(315,667)	100.00	(315,667)	(Note D)
	Topline Transportation, Inc.	Subsidiary	Investments accounted for using equity method	100	6,084	100.00	6,084	
	Coastal Tarheel Express, Inc.	Subsidiary	Investments accounted for using equity method	100	2,531	100.00	2,531	
	Transcont Intermodal Logistics, Inc.	Subsidiary	Investments accounted for using equity method	200	2,142	100.00	2,142	
	Kuang Ming Shipping Corp.	<u>Common stock</u> Kuang Ming Shipping Corp. (Panama)	Subsidiary	Investments accounted for using equity method	49,500	94,319	100.00	94,319
<u>Mutual fund</u> Fuh Hwa Bond Fund		-	Available-for-sale financial asset - current	11,870,768	160,810	-	160,810	
Honming Terminal & Stevedoring Co., Ltd.	<u>Common stock</u> Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	11,068,800	101,876	9.22	101,876	
Yes Logistics Corp.	<u>Common stock</u> Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for using equity method	4,382,370	50,034	10.96	50,034	
	Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	1,100,000	146,565	100.00	146,565	
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for using equity method	340,000	(17,658)	100.00	(17,658)	(Note D)
	Nexus International Express Inc.	Equity-method investee	Investments accounted for using equity method	328,000	-	49.00	-	(Note W)
	B2B Com Holdings Ltd.	-	Financial asset measured at cost - noncurrent	800,000	5,043	8.00	5,043	
	United Raw Material Solutions Inc.	-	Financial asset measured at cost - noncurrent	800,000	5,898	2.76	5,898	
	Chang Ming Logistics Company Limited	Equity-method investee	Investments accounted for using equity method	(Note R)	225,681	49.00	225,681	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
	<u>Mutual fund</u> Capital Income Fund	-	Financial asset at fair value through profit or loss - current	859,645	\$ 13,005	-	\$ 13,005	
	NAM Short Term Fixed Income Fund	-	Financial asset at fair value through profit or loss - current	228,499	111,026	-	111,026	
Yes Yangming Logistics (Singapore) (Note 13)	<u>Common stock</u> Yes Logistics UK Limited	Subsidiary	Investments accounted for using equity method	200	(3,190)	100.00	(3,190)	(Note D)
	Yes Logistics Co., Ltd.	Subsidiary	Investments accounted for using equity method	1,000,000	(18,450)	100.00	(18,450)	(Note D)
	Yes Logistics (Netherlands) B.V.	Subsidiary	Investments accounted for using equity method	(Note S)	4,289	100.00	4,289	
	Burger YES B.V.	Subsidiary	Investments accounted for using equity method	9,000	7,880	50.00	7,880	
Yes Logistics Corp. (U.S.A.)	<u>Common stock</u> Golden Logistics Corp.	Subsidiary	Investments accounted for using equity method	(Note O)	131,610	100.00	131,610	
	Golden Logistics USA Corporation	Subsidiary	Investments accounted for using equity method	100	1,053	100.00	1,053	
Golden Logistics Corp.	<u>Common stock</u> Golden Logistics (Qingdao) Corp.	Subsidiary	Investments accounted for using equity method	(Note V)	13,242	60.00	13,242	
	Star Logistics Corp.	Subsidiary	Investments accounted for using equity method	(Note T)	11,012	50.00	11,012	
Golden Logistics (Qingdao) Corp.	<u>Mutual fund</u> Fortis Haitong Money Market Fund	-	Financial asset at fair value through profit or loss - current	2,007,728	8,920	-	8,920	
Star Logistics Corp.	<u>Mutual fund</u> Fullgoal Tian Shi Money Market Fund	-	Financial asset at fair value through profit or loss - current	4,004,383	17,790	-	17,790	
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> PCA Well Pool Fund	-	Available-for-sale financial asset - current	27,274,552	347,063	-	347,063	
	Mega Diamond Bond Fund	-	Available-for-sale financial asset - current	4,555,242	53,263	-	53,263	

Notes:

- A. Market values were based on closing prices at December 31, 2007 or the net asset value of the fund on December 31, 2007, or, if market prices were unavailable, on the investees' net assets.
- B. The issued capital stock amounted to EUR818,000.
- C. This is equivalent to GBP500, and no shares were issued.
- D. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- E. This is equivalent to US\$3,800,000, and no shares were issued.
- F. This is equivalent to US\$1,000,000, and no shares were issued.
- G. This is equivalent to US\$7,800,000, and no shares were issued.
- H. This is equivalent to US\$7,000,000, and no shares were issued.
- I. This is equivalent to US\$94,000, and no shares were issued.
- J. This is equivalent to EUR13,000, and no shares were issued.
- K. This is equivalent to EUR25,000, and no shares were issued.
- L. This is equivalent to EUR6,000, and no shares were issued.

(Continued)

- M. This is equivalent to US\$1,000,000, and no shares were issued.
- N. This is a deduction of long-term receivables from related parties.
- O. This is equivalent to US\$5,000,000, and no shares were issued.
- P. This is equivalent to US\$18,622,000, and no shares were issued. Initial investment was recognized as impairment loss in 2007, thus the carrying value decreased to zero.
- Q. This is equivalent to EUR10,000, and no shares were issued.
- R. This is equivalent to US\$6,434,000, and no shares were issued.
- S. This is equivalent to EUR30,000, and no shares were issued.
- T. This is equivalent to RMB2,500,000, and no shares were issued.
- U. The loss of subsidiary was recognized in proportion to the Company's equity. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss in excess of the related investments is not charged against the Corporation.
- V. This is equivalent to RMB3,000,000, and no shares were issued.
- W. Because recognize the investee's loss, the carrying value of investment become negative. Then the Corporation committed not to support its operation, and decrease the carrying value to zero.
- X. More than half of the directors are identical.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

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

YEAR ENDED DECEMBER 31, 2007

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

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

(Continued)

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

(Continued)

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

Notes:

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

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION**

**ACQUISITION OF INDIVIDUAL REAL ESTATES AT COST OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

(Expressed in Thousands of New Taiwan Dollars)

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

**YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES**

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

**DECEMBER 31, 2007**

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

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

Notes:

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



## YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
YEAR ENDED DECEMBER 31, 2007  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

(Continued)

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

(Continued)

Notes:

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

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES**

**INVESTMENTS IN MAINLAND CHINA  
YEAR ENDED DECEMBER 31 2007**

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

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

Notes:

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