

**Yang Ming Marine Transport Corporation  
and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2009 and 2008 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated balance sheets of Yang Ming Marine Transport Corporation (the "Corporation") and its subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. However, we did not audit the financial statements of the following subsidiaries which had been audit by other auditors: In 2009 and 2008, Yang Ming Line (Singapore) Pte. Ltd. and Yang Ming Line Holding Co. and in 2008 Ming Giant (Shanghai) International Logistics Co., Ltd. financial statements. The combined total assets of these subsidiaries were 3.3% (NT\$3,778,408 thousand) and 3.7% (NT\$4,193,754 thousand) of the total consolidated assets as of December 31, 2009 and 2008, respectively. The combined total operating revenues of these subsidiaries were 0.7% (NT\$617,476 thousand) and 0.5% (NT\$703,508 thousand) of the consolidated revenue in 2009 and 2008, respectively. Also, we did not audit the financial statements of the following investees which had been audit by other auditors: In 2009 and 2008, West Basin Container Terminal LLC, United Terminal Leasing LLC, Yang Ming (Vietnam) Corp., Corstor Ltd., Chang Ming Logistics Company Limited and in 2008, Formosa International Development Corporation, in which the Corporation and consolidated subsidiaries have equity-method investments. As shown in the accompanying balance sheets, the carrying values of these investments were 0.9% (NT\$1,040,227 thousand) and 0.9% (NT\$1,053,108 thousand) of the total consolidated assets as of December 31, 2009 and 2008, respectively. The equity in these investees' net income was (0.9) % (NT\$153,087 thousand) of the consolidated loss before income tax in 2009 and 1.6% (NT\$16,312 thousand) of the consolidated income before income tax in 2008. The financial statements of these subsidiaries and investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these subsidiaries and investees included in the accompanying consolidated financial statements, is based solely on the reports of other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yang Ming Marine Transport Corporation and its subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

As stated in Note 3, as of July 1, 2008, the Corporation and subsidiaries adopted the amendments to the ROC Statement of Financial Accounting Standards (SFAS) No. 34 “Financial Instruments: Recognition and Measurement” that require the reclassification of certain financial instruments when they meet specified conditions.

March 10, 2010

Notice to Readers

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

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

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2009 AND 2008**

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

ASSETS	2009		2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 2 and 4)	\$ 8,050,003	7	\$ 8,033,608	7	Short-term loans (Note 14)	\$ 855,177	1	\$ 991,804	1
Financial assets at fair value through profit or loss - current (Notes 2, 3 and 5)	919,507	1	558,359	1	Notes payable	72,532	-	124,269	-
Available-for-sale financial assets - current (Notes 2, 3 and 6)	1,624,876	1	999,179	1	Financial liabilities at fair value through profit or loss (Notes 2 and 5)	-	-	145,134	-
Held-to-maturity financial assets - current (Notes 2 and 7)	-	-	5,902	-	Payable to related parties (Note 24)	158,431	-	241,426	-
Notes receivable, net (Note 2)	154,950	-	163,805	-	Income tax payable (Notes 2 and 20)	665,304	1	130,346	-
Accounts receivable, net of allowance for doubtful accounts of \$38,305 thousand and \$74,303 thousand at December 31, 2009 and 2008 (Note 2)	2,405,833	2	2,495,287	2	Accrued expenses	6,393,605	6	4,664,756	4
Accounts receivable from related parties (Note 24)	131,097	-	26,620	-	Payable for equipment	348,815	-	3,840,036	3
Shipping fuel, net (Note 2)	4,122,359	4	2,342,358	2	Advances from customers	2,529,909	2	2,110,581	2
Prepaid expenses	1,287,351	1	1,313,238	1	Current portion of long-term interest-bearing debts (Notes 2, 10, 15 and 25)	8,288,808	7	4,290,256	4
Advances to shipping agents	412,729	-	297,563	-	Payable to shipping agents (Note 24)	1,122,982	1	2,758,617	3
Deferred income tax assets - current (Notes 2 and 20)	24,575	-	232,975	-	Other current liabilities	353,521	-	263,797	-
Other current assets (Notes 24 and 25)	562,101	1	562,487	1					
<b>Total current assets</b>	<b>19,695,381</b>	<b>17</b>	<b>17,031,381</b>	<b>15</b>	<b>Total current liabilities</b>	<b>20,789,084</b>	<b>18</b>	<b>19,561,022</b>	<b>17</b>
<b>LONG-TERM INVESTMENTS (Notes 2, 3, 6, 8, 9, 23 and 25)</b>					<b>LONG-TERM DEBTS, NET OF CURRENT PORTION</b>				
Available-for-sale financial assets - noncurrent	3,320,867	3	2,875,472	3	Hedging derivative liabilities - noncurrent (Notes 2 and 23)	15,595	-	-	-
Financial assets carried at cost - noncurrent	928,183	1	908,877	1	Bonds (Notes 2 and 15)	15,040,000	13	17,122,000	15
Hedging derivative financial assets - noncurrent	-	-	23,607	-	Long-term debts (Notes 15 and 25)	37,318,520	33	18,465,404	16
Investments accounted for using equity method	1,724,755	1	2,850,704	2	Obligations under capital leases - long-term portion (Notes 2, 10 and 15)	5,781,984	5	5,432,721	5
Cash surrender value of life insurance	19,361	-	19,307	-					
<b>Total long-term investments</b>	<b>5,993,166</b>	<b>5</b>	<b>6,677,967</b>	<b>6</b>	<b>Total long-term debts</b>	<b>58,156,099</b>	<b>51</b>	<b>41,020,125</b>	<b>36</b>
<b>PROPERTIES (Notes 2, 10 and 25)</b>					<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 16)</b>	<b>479,639</b>	<b>1</b>	<b>479,639</b>	<b>1</b>
Cost					<b>OTHER LIABILITIES</b>				
Land	471,304	-	471,453	1	Accrued pension cost (Notes 2 and 18)	1,258,696	1	1,270,296	1
Buildings	1,153,973	1	1,172,813	1	Deferred income tax liabilities - noncurrent (Notes 2 and 20)	153,088	-	2,156,771	2
Containers and chassis	22,906,638	20	23,566,163	21	Unrealized gain on sale and leaseback (Notes 2 and 17)	608,672	1	585,452	1
Ships	55,342,176	49	53,248,815	47	Others (Notes 2 and 9)	165,254	-	161,516	-
Leased assets	7,954,045	7	8,132,791	7					
Leasehold improvements	242,718	-	225,931	-	<b>Total other liabilities</b>	<b>2,185,710</b>	<b>2</b>	<b>4,174,035</b>	<b>4</b>
Miscellaneous equipment	4,001,243	4	3,848,349	4	<b>Total liabilities</b>	<b>81,610,532</b>	<b>72</b>	<b>65,234,821</b>	<b>58</b>
Total cost	92,072,097	81	90,666,315	81	<b>YANG MING'S EQUITY</b>				
Accumulated depreciation	27,527,427	24	28,033,604	25	Capital stock - \$10 par value				
Construction in progress	11,057,542	10	14,583,790	13	Authorized - 3,000,000 thousand shares	-	-	-	-
					Issued - 2,562,466 thousand shares	25,624,665	23	25,624,665	23
<b>Net properties</b>	<b>75,602,212</b>	<b>67</b>	<b>77,216,501</b>	<b>69</b>	Capital surplus				
<b>OTHER ASSETS</b>					Paid-in capital in excess of par value	7,499,701	7	7,499,701	7
Assets leased to others, net (Notes 2, 11 and 25)	4,031,307	4	4,059,378	4	Treasury stock transactions	1,480,009	1	1,480,009	1
Nonoperating assets, net (Notes 2, 12 and 25)	319,137	-	218,058	-	From long-term equity-method investment	8,927	-	8,872	-
Refundable deposits (Notes 10 and 25)	6,615,710	6	5,910,650	5	Total capital surplus	8,988,637	8	8,988,582	8
Deferred charges, net (Note 2)	397,407	-	256,174	-	Retained earnings				
Advances on long-term rent agreements (Note 13)	901,521	1	942,628	1	Legal reserve	3,869,543	3	3,814,813	3
Miscellaneous (Note 25)	261,585	-	386,231	-	Special reserve	2,067,513	2	2,067,513	2
					Unappropriated earnings (accumulated deficit)	(10,206,200)	(9)	6,074,029	6
<b>Total other assets</b>	<b>12,526,667</b>	<b>11</b>	<b>11,773,119</b>	<b>10</b>	Total retained earnings	(4,269,144)	(4)	11,956,355	11
<b>TOTAL</b>	<b>\$ 113,817,426</b>	<b>100</b>	<b>\$ 112,698,968</b>	<b>100</b>	Other items of stockholders' equity				
					Cumulative translation adjustments	240,626	-	447,853	-
					Net loss not recognized as pension cost	(25,379)	-	(36,590)	-
					Unrealized gain on financial instruments	1,200,905	1	25,832	-
					Total other items of stockholders' equity	1,416,152	1	437,095	-
					<b>Total controlling interest</b>	<b>31,760,310</b>	<b>28</b>	<b>47,006,697</b>	<b>42</b>
					<b>MINORITY INTEREST</b>	<b>446,584</b>	<b>-</b>	<b>457,450</b>	<b>-</b>
					<b>Total stockholders' equity</b>	<b>32,206,894</b>	<b>28</b>	<b>47,464,147</b>	<b>42</b>
					<b>TOTAL</b>	<b>\$ 113,817,426</b>	<b>100</b>	<b>\$ 112,698,968</b>	<b>100</b>

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

(With Deloitte & Touche audit report dated March 10, 2010)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2009 AND 2008

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

	2009		2008	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 24)	\$ 88,892,781	100	\$ 137,817,302	100
OPERATING COSTS (Notes 2, 21 and 24)	<u>100,165,318</u>	<u>113</u>	<u>131,041,973</u>	<u>95</u>
GROSS (LOSS) INCOME	<u>(11,272,537)</u>	<u>(13)</u>	<u>6,775,329</u>	<u>5</u>
OPERATING EXPENSES (Notes 21 and 24)				
Selling	5,038,846	6	5,218,572	4
General and administrative	<u>1,019,628</u>	<u>1</u>	<u>824,635</u>	<u>-</u>
Total operating expenses	<u>6,058,474</u>	<u>7</u>	<u>6,043,207</u>	<u>4</u>
OPERATING (LOSS) INCOME	<u>(17,331,011)</u>	<u>(20)</u>	<u>732,122</u>	<u>1</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of properties	876,830	1	1,364,016	1
Investment income recognized under equity method (Notes 2 and 9)	331,015	1	716,195	1
Dividend income	325,316	1	253,401	-
Gain on sale of investments, net	159,889	-	-	-
Interest income	124,939	-	552,147	-
Rent income	97,329	-	157,578	-
Valuation gain on financial assets, net (Notes 2 and 5)	381	-	-	-
Valuation gain on financial liabilities, net (Notes 2 and 5)	126,156	-	-	-
Others	<u>261,362</u>	<u>-</u>	<u>256,818</u>	<u>-</u>
Total nonoperating income and gains	<u>2,303,217</u>	<u>3</u>	<u>3,300,155</u>	<u>2</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense (Note 10)	1,139,624	2	1,431,263	1
Impairment loss on financial assets carried at cost (Notes 2 and 8)	240,019	-	69,670	-
Exchange loss, net (Note 2)	128,983	-	564,675	1
Valuation loss on financial assets, net (Notes 2 and 5)	-	-	330,737	-
Loss on sale of investments, net	-	-	318,620	-
Valuation loss on financial liabilities, net (Notes 2 and 5)	-	-	117,064	-
Others	<u>236,285</u>	<u>-</u>	<u>200,868</u>	<u>-</u>
Total nonoperating expenses and losses	<u>1,744,911</u>	<u>2</u>	<u>3,032,897</u>	<u>2</u>

(Continued)



**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock (Note 19)		Capital Surplus (Note 19)			Retained Earnings (Note 19)			Other Items of Stockholders' Equity (Notes 3 and 19)			Total Stockholders' Equity	
			Paid-in Capital in Excess of Par Value	Treasury Stock Transactions	From Long-term Equity-method Investment	Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit)	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain (Loss) on Financial Instruments		Minority Interest
	Shares (Thousands)	Amount											
BALANCE, JANUARY 1, 2008	2,328,698	\$ 23,286,982	\$ 7,491,127	\$ 1,480,009	\$ 8,872	\$ 3,212,821	\$ 2,067,513	\$ 10,889,712	\$ 100,131	\$ (38,967)	\$ 1,935,242	\$ 460,930	\$ 50,894,372
Effect of changes in consolidated entities since 2008	-	-	-	-	-	-	-	-	-	-	-	4,411	4,411
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	-	1,431	1,431
Appropriation of 2007 earnings													
Legal reserve	-	-	-	-	-	601,992	-	(601,992)	-	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	(102,876)	-	-	-	-	(102,876)
Cash dividends - \$1.0 per share	-	-	-	-	-	-	-	(2,329,054)	-	-	-	-	(2,329,054)
Stock dividends - \$1.0 per share	232,905	2,329,054	-	-	-	-	-	(2,329,054)	-	-	-	-	-
Consolidated net income in 2008	-	-	-	-	-	-	-	547,293	-	-	-	28,287	575,580
Reclassification of financial instruments at July 1, 2008	-	-	-	-	-	-	-	-	-	-	(157,445)	-	(157,445)
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	(235)	(303,842)	-	(304,077)
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	347,722	-	-	(15,989)	331,733
Changes in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(1,461,102)	-	(1,461,102)
Changes in unrealized gain (loss) on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	-	-	12,979	-	12,979
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	2,612	-	-	2,612
Cash dividends received by minority interest	-	-	-	-	-	-	-	-	-	-	-	(21,620)	(21,620)
Domestic convertible bonds converted into capital stock and capital surplus	863	8,629	8,574	-	-	-	-	-	-	-	-	-	17,203
BALANCE, DECEMBER 31, 2008	2,562,466	25,624,665	7,499,701	1,480,009	8,872	3,814,813	2,067,513	6,074,029	447,853	(36,590)	25,832	457,450	47,464,147
Appropriation of 2008 earnings													
Legal reserve	-	-	-	-	-	54,730	-	(54,730)	-	-	-	-	-
Cash dividends - \$0.15 per share	-	-	-	-	-	-	-	(384,370)	-	-	-	-	(384,370)
Consolidated net loss in 2009	-	-	-	-	-	-	-	(15,841,129)	-	-	-	21,218	(15,819,911)
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	(2,716)	258,664	-	255,948
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	(179,327)	-	-	(6,657)	(185,984)
Changes in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	944,779	-	944,779
Changes in unrealized gain (loss) on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	-	-	(30,181)	-	(30,181)
Effect of changes on sale long-term equity-method investments	-	-	-	-	55	-	-	-	(27,900)	-	1,811	-	(26,034)
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	13,927	-	-	13,927
Cash dividends received by minority interest	-	-	-	-	-	-	-	-	-	-	-	(25,427)	(25,427)
BALANCE, DECEMBER 31, 2009	2,562,466	25,624,665	7,499,701	1,480,009	8,927	3,869,543	2,067,513	(10,206,200)	240,626	(25,379)	1,200,905	446,584	32,206,894

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

(With Deloitte & Touche audit report dated March 10, 2010)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net (loss) income	\$ (15,819,911)	\$ 575,580
Depreciation	6,240,562	5,836,158
Amortization	236,711	206,203
Provision for doubtful accounts	161,133	61,718
Provision for pension cost	3,011	103,933
(Reversal of) provision for allowance for loss on shipping fuel	(552,096)	680,320
Gain (loss) on sale of investments	(174,196)	318,620
Gain on disposal of properties, net	(876,830)	(1,364,016)
Investment income recognized under equity method	(331,015)	(716,195)
Cash dividends received on equity method investee	822,003	182,913
Deferred income tax	(1,783,980)	(271,788)
Valuation (gain) loss on financial instruments	(381)	330,737
Valuation (gain) loss on financial liabilities	(126,156)	117,064
Impairment loss on financial assets carried at cost	240,019	69,670
Others	(1,149)	(93)
Changes in operating assets and liabilities		
Financial assets held for trading	(252,297)	(167,629)
Financial liabilities held for trading	(18,978)	155,988
Notes receivable	8,855	(31,862)
Accounts receivable	(65,517)	2,426,081
Accounts receivable from related parties	(104,477)	97,529
Shipping fuel	(1,227,905)	1,538,195
Prepaid expenses	58,387	(351,718)
Advances to shipping agents	(115,166)	(15,750)
Other current assets	3,626	(30,436)
Notes payable	(51,737)	(61,023)
Payables to related parties	(82,995)	(39,731)
Income tax payable	534,958	(857,366)
Accrued expenses	1,728,849	(4,314,714)
Advances from customers	419,328	64,053
Payables to shipping agents	(1,635,635)	(307,678)
Other current liabilities	89,594	(149,338)
Advances on long-term rent agreements	<u>41,107</u>	<u>41,105</u>
Net cash (used in) provided by operating activities	<u>(12,632,278)</u>	<u>4,126,530</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	(9,265,917)	(11,565,566)
Proceeds from disposal of available-for-sale financial assets	9,223,347	11,684,735
Proceeds of cash dividends from available-for-sale financial assets	-	18,984
Proceeds from disposal of held-to-maturity financial assets	3,621	20,968
Acquisition of financial assets carried at cost	(107,000)	(150,000)
Proceeds from disposal of financial assets carried at cost	19,994	-
Acquisition of investments accounted for using equity method	(94,600)	-

(Continued)



# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
Proceeds from disposal of long-term investment	\$ 750,215	\$ -
Proceeds from capital reduction of investments in share of stock	8,500	-
Acquisition of properties and assets leased to others	(12,156,174)	(22,344,215)
Acquisition of nonoperating assets	(100,800)	-
Proceeds from disposal of properties and nonoperating assets	4,031,888	11,670,270
Increase in cash surrender value of life insurance	(54)	(7,911)
Increase in deferred charges	(377,021)	(221,625)
(Increase) decrease in refundable deposits	(290,447)	365,425
Decrease (increase) in other assets	116,073	(217,345)
Effect of first time consolidation of certain subsidiaries	<u>-</u>	<u>52,825</u>
Net cash used in investing activities	<u>(8,238,375)</u>	<u>(10,693,455)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in short-term loans	(136,627)	890,842
Repayment of principal of bonds	(1,584,000)	(1,076,933)
Proceeds from long-term debts	26,269,116	8,333,185
Repayments of principal of long-term debts	(3,334,623)	(986,440)
Payment of obligations under capital leases - long-term portion	(89,488)	(112,830)
Increase (decrease) in other liabilities	4,887	(2,973)
Increase in minority interest	-	1,431
Cash dividends and employees' bonus paid by Yang Ming	(384,240)	(2,431,460)
Cash dividends received by minority interest	<u>(25,427)</u>	<u>(21,620)</u>
Net cash provided by financing activities	<u>20,719,598</u>	<u>4,593,202</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>167,450</u>	<u>401,731</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,395	(1,571,992)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,033,608</u>	<u>9,605,600</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,050,003</u>	<u>\$ 8,033,608</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	\$ 2,465,495	\$ 1,611,755
Less: Capitalized interest	<u>30,541</u>	<u>161,670</u>
Interest paid (excluding capitalized interest)	<u>\$ 2,434,954</u>	<u>\$ 1,450,085</u>
Income tax paid	<u>\$ 247,424</u>	<u>\$ 1,592,942</u>

(Continued)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Reclassification of properties into assets leased to others	\$ -	\$ 21,219
Reclassification of construction in progress into advances on long-term rent agreements	\$ -	\$ 691,543
Current portion of interest-bearing long-term debts	\$ 8,288,808	\$ 4,290,256
Domestic unsecured convertible bonds converted into capital stock and capital surplus	\$ -	\$ 17,203
<b>CASH PAID FOR ACQUISITION OF PROPERTIES AND ASSET LEASED TO OTHERS</b>		
Increase in properties and assets leased to others	\$ 8,664,953	\$ 25,067,917
Decrease (increase) in payables for equipment	3,491,221	(2,723,702)
	<u>\$ 12,156,174</u>	<u>\$ 22,344,215</u>

### SUPPLEMENTARY INFORMATION ON SUBSIDIARIES ACQUIRED :

In January 2008, Yang Ming Marine Transport Corp. obtained the control of Yang Ming (Netherlands) B.V.; the fair value of total assets and total liabilities at the time of acquisition was as follows:

	<b>Amount</b>
Cash	\$ 52,825
Accounts receivable, net	118,437
Other receivable	1,438
Prepaid expenses	2,210
Other current assets	8,545
Properties, net	13,150
Payables to related parties	(42,656)
Income tax payable	(1,124)
Accrued expenses	<u>(138,122)</u>
	14,703
Percentage of ownership	<u>70%</u>
	<u>\$ 10,292</u>

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

(With Deloitte & Touche audit report dated March 10, 2010)

(Concluded)

# **YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

---

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

Yang Ming Marine Transport Corporation (the "Corporation" or YMTC), established in December 1972, was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Corporation simultaneous to the Corporation's listing of its shares of stock on the ROC Taiwan Stock Exchange. Of the Corporation's outstanding capital stock, the MOTC owned 35.51% at both December 31, 2009 and 2008.

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

To conform with the project of spinning off the tramp department, the board of directors of YMTC made a resolution to establish the Kuang Ming (Liberia) Corp. by investing \$1,060,904 thousand. And the Corporation spun off Kuang Ming (Liberia) Corp. into Kuang Ming Shipping Corp. after Kuang Ming (Liberia) Corp., obtained the assets, liabilities and operations of All Oceans Transportation Inc.

YMTC and Yangming (UK) Ltd. (Yangming-UK) provide marine cargo transportation services; maintain, lease and sell old vessels, containers and chassis; and act as a shipping agent and manage ships owned by others.

All Oceans Transportation Inc. (AOT) and Yang Ming (Liberia) Corp. (Yang Ming-Liberia) provide lease vessels and containers chassis.

Kuang Ming Shipping Corp. (Kuang Ming), Kuang Ming Shipping Corp. (Panama) (KMS-Panama) and Kuang Ming (Liberia) Corp. provide leasing out and transportation vessels of tramp department.

Yang Ming Shipping Europe GmbH (Yangming-ERO), Yang Ming Italy S.p.A. (Yang Ming-Italy), Yang Ming Naples S.r.l. (Yang Ming-Naples), Yang Ming (Belgium) N.V. (Yang Ming-Belgium), Yang Ming (Netherlands) B.V. (Yang Ming-Netherlands), Young-Carrier Company Limited (Young-Carrier), Yang Ming Shipping (BVI) Inc. (YMS-BVI), Yangming (Japan) Co., Ltd. (Yangming-Japan), Yang Ming Line (Hong Kong) Ltd. (YML-HK), Yangming Shipping (Singapore) Pte. Ltd. (YMS-Singapore), Yang Ming Line (M) Sdn. Bhd. (YML-M), Yang Ming Line (India) Pvt. Ltd. (YML-India), Yang Ming Anatolia Shipping Agency S.A., Yang Ming (Korea) Co., Ltd. (Yang Ming-Korea), Manwa & Co., Ltd. (Japan) (Manwa), Yang Ming (America) Co. (Yang Ming-America) and Yang Ming Shipping (Canada) Ltd. (YMS-Canada) act as a shipping agent and forwarding agencies.

Yes Logistics Corp. (Yes Logistics), Yes Logistics Corp. USA (Yes-USA), Golden Logistics Corp. (Golden), Yes Logistic UK Limited (Yes-UK), Golden Logistics USA Corporation (Golden-USA), Yes Logistics Europe GmbH (Yes-ERO), Yes Logistics Company Ltd. (Yes-HK), Yes Logistics (Netherlands) B.V. (Yes-Netherlands B.V.), Golden Logistics (Qingdao) Corp., Star Logistics Corp. and Burger Yes B.V. provide forwarding agency, warehouse operation and logistics management.

Ming Giant (Shanghai) International Logistics Company Limited (Ming Giant-Shanghai) provides warehouse operation and forwarding agency for land, air and marine transportation. In September 2009, the Corporation sold all interest of Ming Giant Shanghai to China Nanshan Development (Group) Incorporation. Hence, all financial information regarding Ming Giant Shanghai on the consolidated financial statements as of December 31, 2009 included only its revenues and expenses for the period from January 1, 2009 to September 30, 2009.

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

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

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

Karlman Properties Limited provide properties agency. Sunbright Insurance Pte. Ltd. provides insurance services for the Group.

Sino International United Petroleum Group Co., Ltd. (Sino) trades petroleum and liquefied petroleum gas. Sino had been closed of liquidation on June 30, 2008. Hence, all financial information regarding Sino on the consolidated financial statements as of December 31, 2008 included only Sino's revenues and expenses for the period from January 1, 2008 to June 30, 2008.

As of December 31, 2009 and 2008, the Group had 4,197 and 4,660 employees, respectively.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

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

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

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

### **Consolidation**

As required by the revised ROC Statement of Financial Accounting Standards No. 7 "Consolidated Financial Statements," consolidated financial statements should include the accounts of YMTC and its direct and indirect subsidiaries or other investees in which YMTC has controlling interests. All significant intercompany accounts and transactions have been eliminated from the consolidated financial statements.

On the date the Corporation acquires or loses the control of its subsidiaries, the Corporation should start to incorporate or cease to include the subsidiaries' revenues and expenses in the consolidated financial statements.

The diagram of intercompany relationships and percentages of ownership in subsidiaries and equity-method investees as of December 31, 2009 and 2008 is shown in Schedule A (attached).

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

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

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

The financial statements of some immaterial consolidated entities as of and for the year ended December 31, 2009 and 2008 (Yes-ERO, Burger Yes B.V., Yes-UK and Golden-USA) were unaudited. YMTC's management believed that unaudited financial statements of these companies will not have material effect on the Group's consolidated financial statements.

Because of appointing CEO in Yang Ming-Netherlands in January 2008, the Corporation had controlling interest on Yang Ming-Netherlands, and Yang Ming-Netherlands should be consolidated in January 2008.

Although the Corporation directly or indirectly owns less than 50% of shares with voting rights of its investee, it should regard the investee as its subsidiary and incorporate the investee into the consolidated entity under certain premises:

- a. The Corporation has the right of control through owning more than 50% of the voting rights of the board of directors in the investee, and the board of directors owns the control of the company, or
- b. The Corporation has the right of control of the investee's finance, operation or human resources.

YMTC did not have controlling interest on Corstor Ltd.; thus Corstor's accounts were not consolidated.

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

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

### **Cash Equivalents**

Cash equivalents, consisting of repurchase agreements collateralized by bonds, are highly liquid financial instruments with maturities of three months or less when acquired and with carrying amounts that approximate their fair values

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

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

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

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

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

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

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

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

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

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

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

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

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

Cargo revenues are recognized using the completion of voyage method. Monthly rental revenues on ships and containers leased to others and ship management revenues are recognized in the month the services are rendered. Forwarder revenues are recognized after the goods are packed for shipment. The revenues from cargo arrangement services which are incomes from logistic service and shipping service are recognized after the completion of service. Warehouse rental revenues and insurance premium are recognized in the period the services are rendered.

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

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

### **Shipping Fuel Inventory**

Before January 1, 2009, shipping fuel was stated at the lower of cost or market value. Any write down was made on a total inventory basis. Market value meant replacement cost. As stated in note 3, effective January 1, 2009, shipping fuel is stated at the lower of cost or net realizable value. Any write-down is made item by item. Shipping fuel is recorded at weighted-average cost.

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

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

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

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

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

The accounting treatment for dividends on financial assets carried at cost is the same with that for dividends on available-for-sale financial assets.

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

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

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

Prior to January 1, 2006, the difference between the acquisition cost and the Corporation's proportionate share in the investee's equity was amortized by the straight-line method over 5 years. Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standard ("SFAS") No. 5, "Long-term Investments Accounted for by Equity Method", the acquisition cost is allocated to the assets acquired and liabilities assumed based on their fair values at the date of acquisition, and the excess of the acquisition cost over the fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not being amortized. The excess of the fair value of the net identifiable assets acquired over the acquisition cost is used to reduce the fair value of each of the noncurrent assets acquired (except for financial assets other than investments accounted for by the equity method, noncurrent assets held for sale, deferred income tax assets, prepaid pension or other postretirement benefit) in proportion to the respective fair values of the noncurrent assets, with any excess recognized as an extraordinary gain. Effective January 1, 2006, the accounting treatment for the unamortized investment premium arising on acquisitions before January 1, 2006 is the same as that for goodwill and the premium is no longer being amortized. For any investment discount arising on acquisitions before January 1, 2006, the unamortized amount continues to be amortized over the remaining year.

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

When the Group's share in losses of an equity-method investee equals its investment in that investee plus any advances made to the investee, the Group discontinues applying the equity method. The Group continues to recognize its share in losses of the investee if (a) the Group commits to provide further financial support to the investee or (b) the losses of the investee are considered to be temporary and sufficient evidence shows imminent return to profitability. If the investee subsequently reports profits, such profits are first attributed to the Group to the extent of the excess losses previously borne by the Group.

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

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

## **Spin-off**

The Group had spun off the assets, liabilities and operations of its tramp business department into a subsidiary in exchange for all of the subsidiary's newly issued shares. The cost of the shares received is equal to the net book value of the spun-off assets minus the spun-off liabilities without recognizing any exchange gain. If the recoverable amount of the spun-off assets is estimated to be less than its carrying amount, the carrying amount of the spun-off assets will be reduced to its recoverable amount. The Corporation will recognize the recoverable amount as the cost of the shares received.



## **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.

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

Depreciation is provided on a straight-line method over estimated useful lives as follows (plus one year to represent the estimated salvage value): buildings, 40 to 55 years; containers and chassis, 6 to 8 years; ships, 7 to 20 years; leased assets, 4 to 25 years; leasehold improvements, 2 to 10 years; and miscellaneous equipment, 3 to 18 years. Properties still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives.

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

## **Nonoperating Assets**

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

## **Impairment of Assets**

If the recoverable amount of an asset (mainly property, plant and equipment, nonoperating assets, deferred charges, leased assets and investments accounted for by the equity method) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is charged to earnings.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in earnings.

For long term equity investments for which the Corporation has significant influence but with no control, the carrying amount (including impairment) of each investment is compared with its own recoverable amount for the purpose of impairment testing.

## **Deferred Charges**

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

## **Land Rights**

The right to use land is recorded on the cost basis, and it is amortized over 50 years since the date of acquiring the land license.

## **Convertible Bonds**

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

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

## **Pension**

YMTC, AOT, Yang Ming-Liberia, Yangming-UK, and domestic subsidiaries have pension plans for all regular employees.

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.

Curtailment or settlement gains or losses of the defined benefit plan are recognized as part of the net periodic pension cost for the year.

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

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

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

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

## **Provision for Onerous Contract**

The onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

## **Income Tax**

The 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.

The Corporation and its subsidiary, Kuang Ming Shipping Corp., elected to file combined final business tax return. The differences in income tax expense and deferred income taxes between the consolidated basis and of its subsidiary will be adjusted by the Corporation, and any related distribution or payments arising from the consolidated tax returns will be recorded as receivables from and payables to related parties.

### **Foreign Currencies**

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

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

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

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

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

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

### **Hedging Derivative Financial Instruments**

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

#### **Hedge Accounting**

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

- a. Fair value hedge

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

- b. Cash flow hedge

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

## Reclassifications

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2008 have been reclassified to be consistent with the presentation of consolidated financial statements as of and for the year ended December 31, 2009.

### 3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

#### Accounting for Bonuses to Employees, Directors and Supervisors

In March 2007, the Accounting Research and Development Foundation issued Interpretation 2007-052 that requires the Group to recognize as compensation expenses bonuses paid to employees, directors and supervisors beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. The adoption of this interpretation resulted in a decrease of \$45,529 thousand in consolidated net income and a decrease in after income tax basic earnings per share of \$0.02 for the year ended December 31, 2008.

#### Accounting for Financial Instruments

On July 1, 2008, the Company adopted the newly amended SFAS No. 34, "Financial Instruments: Recognition and Measurement". The amendments to SFAS 34 mainly deal with reclassifications of financial assets at fair value through profit or loss that are held for trading. Please see Note 23 for relevant information. The effects of this accounting change were as follows:

<u>December 31, 2009</u>	<u>December 31, 2008</u>
Increase in net loss \$435,782	Increase in net income \$490,360
Increase in after income tax basic loss per share NT\$0.17	Increase in after income tax basic earnings per share NT\$0.19

#### Accounting for Inventories

On January 1, 2009, the Corporation and subsidiaries adopted the newly revised SFAS No. 10, "Accounting for Inventories". The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; and (2) write-downs of inventories and any reversal of write-downs are recorded as operating cost for the period. The adoption resulted in an increase of \$15,452 thousand in net loss and an increase of \$0.006 in after income tax basic loss per share for the year ended December 31, 2009. Non-operating losses amounting to \$680,320 thousand were reclassified to operating costs for the year ended December 31, 2008.

### 4. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Cash		
Petty cash and cash on hand	\$ 12,975	\$ 6,724
Checking accounts and demand deposits	5,127,836	4,637,725
Time deposits: Interest - 0.04%-8.75% in 2009 and 0.15%-8.50% in 2008	2,529,192	3,389,159
Cash equivalents		
Repurchase agreements collateralized by bonds: Interest - 0.25%	<u>380,000</u>	<u>-</u>
	<u>\$ 8,050,003</u>	<u>\$ 8,033,608</u>

As of December 31, 2009 and 2008, time deposits with maturity of over one year amounted to \$440 thousand and \$8,909 thousand, respectively.

The overseas deposits of YMTC as of December 31, 2009 and 2008 are summarized in the accompanying Schedule B and C.

## 5. FINANCIAL INSTRUMENTS AT FVTPL

a. Financial assets and liabilities at FVTPL were as follows:

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
<u>Financial assets held for trading</u>		
Mutual funds	\$ 691,870	\$ 286,481
Quoted stocks	190,457	146,209
Break-even instrument	30,094	-
Foreign exchange contracts	7,086	-
Oil swap option	<u>-</u>	<u>125,669</u>
	<u>\$ 919,507</u>	<u>\$ 558,359</u>
<u>Financial liabilities held for trading</u>		
Oil swap option	<u>\$ -</u>	<u>\$ 145,134</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 YMTC is based on forecasted cash flows, and the risk of the transaction can be controlled by YMTC.

Outstanding forward contracts as of December 31, 2009 were as follows:

(There were no outstanding foreign exchange contracts and options of YMTC as of December 31, 2008.)

	<b>Currency</b>	<b>Maturity Date</b>	<b>Contract Amount (In Thousands)</b>	<b>Fair Value (In Thousands)</b>
<u>December 31, 2009</u>				
Buy	US\$/NT\$	January 2010	USD30,000/TWD966,000	\$ 5,604
Sell	US\$/NT\$	January 2010	USD30,000/TWD966,000	1,482

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

Outstanding oil swap options as of December 31, 2008 were as follows:

(As of December 31, 2009: None)

	Due Date	Notional Amount	Fair Value
Sell put	2009.04.30	US\$59,205 thousand	\$ (145,134)
Buy put	2009.04.30	US\$44,340 thousand	125,669

As of December 31, 2008, the oil swap options settled were \$88,062 thousand which were recognized as other current liabilities. The settlement amount was paid in April 2009.

Net gains arising from financial assets held for trading were \$111,767 thousand (including realized settlement gain of \$111,386 thousand and valuation gain of \$381 thousand) for the year ended December 31, 2009; net loss were \$764,320 thousand (including realized settlement loss of \$433,583 thousand and valuation loss of \$330,737 thousand) for the year ended December 31, 2008.

Net gains arising from financial liabilities held for trading were \$126,156 thousand (valuation gains) and \$12,798 thousand (including realized settlement gain of \$129,862 thousand and valuation loss of \$117,064 thousand) for the years ended December 31, 2009 and 2008.

## 6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2009	2008
Domestic quoted stocks	\$ 3,997,360	\$ 3,407,158
Mutual funds	884,323	467,493
Corporate bonds	64,060	-
Less: Reclassified into current assets	(1,624,876)	(999,179)
	\$ 3,320,867	\$ 2,875,472

## 7. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31	
	2009	2008
Bond - Via Source	\$ -	\$ 5,902
Less: Reclassified into noncurrent assets	-	(5,902)
	\$ -	\$ -

YML-Singapore invested US\$500 thousand in 6-year Via Source Bond which matured on February 16, 2002 with interest rate of 9% per annum. All bonds were redeemed on August 21, 2009, and a loss on investment amounting to US\$20 thousand and an impairment loss of US\$91 thousand were recognized respectively for the years ended December 31, 2009 and 2008.

## 8. FINANCIAL ASSET CARRIED AT COST - NONCURRENT

	December 31			
	2009		2008	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Domestic unquoted common stocks				
New Century InfoComm Co., Ltd.	\$ 427,789	1.68	\$ -	-
Taipei Port Container Terminal Co., Ltd.	406,640	9.76	316,640	10.00
United Venture Capital Corp.	26,352	9.04	26,352	9.04
China Technology Venture Capital Corp.	25,500	8.96	30,000	8.96
Kingmax Technology Corp.	10,918	1.38	21,835	1.38
Ascentek Venture Capital Corp.	7,896	2.14	9,856	2.14
United Stevedoring Corporation	5,000	10.00	-	-
SF Technology Venture Capital Corp.	4,968	7.24	8,968	7.24
United Raw Material Solutions Inc.	2,953	2.76	2,953	2.76
	<u>918,016</u>		<u>416,604</u>	
Domestic unquoted preferred stocks				
New Century Infocomm Co., Ltd.	-	-	427,789	1.68
Overseas unquoted common stocks				
B2B.Com Holdings Ltd.	5,042	9.88	5,042	8.00
Antwerp International Terminal	4,665	16.33	58,979	16.33
Zoll Pool Hafen Hamburg	460	6.00	463	6.00
	<u>10,167</u>		<u>64,484</u>	
	<u>\$ 928,183</u>		<u>\$ 908,877</u>	

The Corporation had invested in preferred stock of New Century Infocomm Co., Ltd. According to the articles of incorporation and the resolution of the board of directors of New Century Infocomm Co., Ltd. on February 27, 2009, the Corporation's preferred stock had been converted into common stock on March 10, 2009. In June 2009, the shareholders of New Century Infocomm Co., Ltd. (NCIC) resolved to reduced capital in order to offset the Company's accumulated losses. The capital reduction ratio was 35.0138%, each original 1,000 shares had been transferred to 649.86225 new shares. NCIC's board of directors resolved August 1, 2009 as the record date of the capital reductions and the Corporation acquired 43,780 thousand shares as a result of the capital reduction.

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.

Because of deterioration in operations of investee companies, the Corporation and Subsidiaries recognized impairment losses of \$65,232 thousand and \$66,800 thousand for the years end December 31, 2009 and 2008, respectively.

## 9. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31			
	2009		2008	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
West Basin Container Terminal LLC	\$ 590,816	40.00	\$ 502,036	40.00
Chang Ming Logistics Company Limited	336,172	49.00	249,968	49.00
Yunn Wang Investment Co., Ltd.	252,135	49.75	202,032	49.75
Transyang Shipping Pte. Ltd.	217,924	49.00	856,048	49.00
Formosa International Development Corporation	214,469	30.00	224,743	30.00
United Terminal Leasing LLC	93,778	40.00	64,618	40.00
Corstor Ltd.	10,533	50.00	(559)	50.00
Yang Ming (Vietnam) Corp.	8,928	49.00	11,742	49.00
Chunghwa Investment Co., Ltd.	-	-	739,517	40.00
	<u>1,724,755</u>		<u>2,850,145</u>	
Add: Reclassification of the credit of investments accounted for using equity method to other liabilities	<u>-</u>		<u>559</u>	
	<u>\$ 1,724,755</u>		<u>\$ 2,850,704</u>	

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

Investee	Years Ended December 31	
	2009	2008
Transyang Shipping Pte. Ltd.	\$ 157,132	\$ 757,372
West Basin Container Terminal LLC	104,249	4,910
United Terminal Leasing LLC	31,637	17,441
Yunn Wang Investment Co., Ltd.	20,101	-
Corstor Ltd.	11,092	3,247
Chunghwa Investment Co., Ltd.	5,419	(61,453)
Yang Ming (Vietnam) Corp.	5,206	8,457
Chang Ming Logistics Company Limited	903	4,834
Formosa International Development Corporation	<u>(4,724)</u>	<u>(18,613)</u>
	<u>\$ 331,015</u>	<u>\$ 716,195</u>

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

For financing the investment project on Euromax terminal in Rotterdam, the board of directors of YMTC resolved to increase the capital investment by €12,620 thousand in Yang Ming Line (Singapore) Pte. Ltd. on January 11, 2008. As of March 10, 2010, the investment fund is still not remitted by YMTC.

The Corporation disposed all interests of Chunghwa Investment Co., Ltd., to Chunghwa Telecom Co., Ltd., a related party due to these two companies are both under control of MOTC. The selling price was \$758,709 thousand, within a net cash flow in \$756,433 thousand after paying related expenses, and the Corporation recognized a gain on disposal amounting to \$5,164 thousand. The proceeds have been received.



## 10. PROPERTIES

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
Accumulated depreciation		
Buildings	\$ 234,362	\$ 214,804
Containers and chassis	14,022,345	12,502,218
Ships	6,498,291	8,932,302
Leased assets	4,094,117	3,882,946
Leasehold improvements	167,004	153,332
Miscellaneous equipments	<u>2,511,308</u>	<u>2,348,002</u>
	<u>\$ 27,527,427</u>	<u>\$ 28,033,604</u>

Information about capitalized interest on properties were as follows:

	<b>Years Ended December 31</b>	
	<b>2009</b>	<b>2008</b>
Capitalized interest	\$ 85,036	\$ 161,670
Capitalization rate	1.56%-2.9768%	3.365%-3.472%

YMTC leases containers and chassis under capital lease agreements. The related information for future rentals is shown in Note 26. The terms of the leases were from nine years to ten years for containers and eight years for chassis. The annual rent payable on leased containers under the agreements is US\$1,072 thousand. YMTC has the option to buy, at the end of the lease terms, all leased containers at a bargain purchase price of US\$1 per unit. The annual rent payable on leased chassis is based on contract terms, and, at the end of the lease terms, the ownership of all the leased chassis will be transferred to YMTC at no additional cost.

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

The details of these leases as of December 31, 2009 and 2008 were as follows:

	<b>December 31</b>			
	<b>2009</b>		<b>2008</b>	
	<b>U.S. Dollars (Thousands)</b>	<b>New Taiwan Dollars (Thousands)</b>	<b>U.S. Dollars (Thousands)</b>	<b>New Taiwan Dollars (Thousands)</b>
Total capital lease obligations (undiscounted)	\$ 312,424	\$ 10,007,074	\$ 292,588	\$ 9,614,458
Less: Unamortized interest expense	<u>130,460</u>	<u>4,178,642</u>	<u>122,831</u>	<u>4,036,227</u>
	<u>\$ 181,964</u>	<u>\$ 5,828,432</u>	<u>\$ 169,757</u>	<u>\$ 5,578,231</u>

## 11. ASSETS LEASED TO OTHERS, NET

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Cost		
Land	\$ 2,944,499	\$ 2,944,499
Buildings	<u>1,264,890</u>	<u>1,264,890</u>
	4,209,389	4,209,389
Less: Accumulated impairment - land	10,507	10,507
Accumulated impairment - buildings	2,832	2,832
Accumulated depreciation - buildings	<u>164,743</u>	<u>136,672</u>
	<u>\$ 4,031,307</u>	<u>\$ 4,059,378</u>

Up to December 31, 2009, future rental payments receivable were summarized as follows:

<b>Fiscal Year</b>	<b>Year Ended December 31</b>
2010	\$ 78,608
2011	50,586
2012	18,622
2013	11,605
2014	7,934

## 12. NONOPERATING ASSETS, NET

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Cost		
Land	\$ 318,515	\$ 217,715
Buildings	<u>3,737</u>	<u>4,188</u>
	322,252	221,903
Accumulated depreciation - buildings	<u>3,115</u>	<u>3,845</u>
	<u>\$ 319,137</u>	<u>\$ 218,058</u>

## 13. ADVANCES ON LONG-TERM RENT AGREEMENT

For the purpose of managing storage, processing, transfer and distribution of goods, the Corporation collaborated with MOTC Harbor Bureau in building and operating the First and Second Logistics Centers of the Kaohsiung Third Container Center. The transferring procedures of First Logistics Center had been completed. According to the contract, the Corporation is entitled to the use of the center for 30 years based on the initial investment made by the Corporation. The project of the Second Logistics Center of the Kaohsiung Third Container Center had been completed in October, 2007 and the use of the center commenced in 2008. Owing to the remaining issues regarding the time frame for free tenancy, the Corporation reclassified the original investment of \$691,554 thousand (construction in process) into advances on long-term rent agreement which are amortized over 23 years and 10 months.

## 14. SHORT-TERM LOANS

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Unsecured bank loans - interest of 1.0089%-1.71% in 2009 and 1.84%-2.91% in 2008	<u>\$ 855,177</u>	<u>\$ 991,804</u>

## 15. LONG-TERM DEBTS

	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>December 31, 2009</u>			
Long-term unsecured bank loans	\$ -	\$ 1,900,000	\$ 1,900,000
Long-term secured bank loans	6,159,193	33,117,272	39,276,465
Long-term secured loans	1,167	1,248	2,415
Domestic unsecured bonds	2,082,000	15,040,000	17,122,000
Commercial paper	-	2,300,000	2,300,000
Capital leases	<u>46,448</u>	<u>5,781,984</u>	<u>5,828,432</u>
	<u>\$ 8,288,808</u>	<u>\$ 58,140,504</u>	<u>\$ 66,429,312</u>
<u>December 31, 2008</u>			
Long-term secured bank loans	\$ 2,559,635	\$ 18,460,384	\$ 21,020,019
Long-term loans from related parties	-	2,543	2,543
Long-term secured loans	1,111	2,477	3,588
Domestic unsecured bonds	1,584,000	17,122,000	18,706,000
Capital leases	<u>145,510</u>	<u>5,432,721</u>	<u>5,578,231</u>
	<u>\$ 4,290,256</u>	<u>\$ 41,020,125</u>	<u>\$ 45,310,381</u>

### Long-term Unsecured Bank Loans

The bank loan is repayable in New Taiwan dollars in one-lump sum payment at maturity in July 2012. Interest rate was 0.98%-1.00% on December 31, 2009.

### Long-term Secured Bank Loans

Secured bank loans are repayable in installments at varying amounts in New Taiwan dollars with the latest maturity in June 2016. Interest rates were 0.84253% to 2.10% and 2.25% to 2.78% on December 31, 2009 and 2008, respectively. The Corporation mortgaged ships, assets leased to others, and the ships of a subsidiary, All Oceans Transportation, Inc., as collaterals for the secured loans.

The loan of All Oceans Transportation Inc. (AOT) will be repaid in US dollars. The loan is repayable every six months from the date the loan was obtained in 10 equal installments of US\$2,000 thousand. The loan is expected to be fully repaid before March 31, 2014. The interest rate was 0.95063% as of December 31, 2009. AOT provided its ships as collaterals for the loan.

The loan of Yang Ming (Liberia) Corp. will be repaid in US dollars, and it will be repayable at a certain period from the date the loan was obtained and every six months thereafter in variable amounts. The interest rate were 0.52844%-1.5625% and 1.7325%-5.1403% as of December 31, 2009 and 2008, respectively. The loan will be fully repaid before August 2014 and was secured with its own ships as collaterals.

The loan of Kuang Ming (Liberia) Corp. will be repaid in US dollars, and it will be repayable after one year from the date the loan was obtained and every six months thereafter in 13 equal installments. The loan is expected to be fully repaid on October 28, 2015, and the interest rate were 1.3306% and 3.5625% respectively as of December 31, 2009 and 2008. The loan was secured with its own ships as collaterals.

Karlman Properties provided real estates in Hong Kong as collaterals for the fifteen-year secured loan of HK\$16,000 thousand from Shanghai Commercial Bank on April 10, 2001 and it maturing on May 21, 2016 with interest rate of 3.25% per annum. The loan will be repayable from the date the loan was obtained and every month thereafter at 180 equal installments.

Jing Ming provided its land as collateral for the fifteen-year secured loan of \$50,000 thousand from Bank of Taiwan. The interest is paid monthly in the first two years after the loan was obtained, and paid quarterly thereafter. The interest rate is 2.53% in the first two years and 2.73% thereafter. Jing Ming will pay the principal in equal installments from August, 2008 and had paid off the debt by the end of 2008.

In order to fund capital for undergoing the "First stage of Kaohsiung harbor intercontinental container center construction and operation project," Kao Ming Container Terminal Corp. provided the acquired and built properties under the contract as collaterals, and it also signed a long-term financing contract with a bank with a credit limit of \$16,200,000 thousand. The loan will mature in June 2029. As of December 31, 2009, the amount of the loan was \$3,060,000 thousand and the interest rate was 2.00%.

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

In order to purchase transportation facility, Young-Carrier Company Limited mortgaged the same facility for HK\$1,363 thousand which is amortized over 60 installments. The mortgage will be lifted by December, 2011. The interest rate were between 6.3%-7.3% as of December 31, 2009 and 2008.

### **Domestic Unsecured Bonds**

On various dates, YMTC issued domestic unsecured bonds; the dates and the aggregate face values were as follows: \$1,800,000 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 were as follows:

June 2000 Bonds: Repayments: 33% - June 1, 2008, 33% - June 1, 2009, and 34% June 1, 2010; 6.09% annual interest. The Corporation had paid \$1,188,000 thousand as of December 31, 2009

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 residual amount as of July 15, 2008.

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. The Corporation had paid off \$990,000 thousand as of December 31, 2009.

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

### **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;
- 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 August 7, 2008, the 2003 Convertible Bonds with aggregate face value of \$7,895,200 thousand had been converted into 313,780 thousand common shares of the Corporation, and bonds with aggregate face value of \$62,400 thousand had been sold to the Corporation by the holders. The Corporation had repaid residual amount \$42,400 thousand on the maturity date.

## Commercial Paper

The Corporation signed a three-year united underwriting contract for purchase of commercial paper on March 27, 2009 and the first supplementary contract on August 14, 2009, respectively, with International Bills Finance Corporation. International Bills Finance Corporation, as the lead underwriter, issued long-term commercial papers with a credit limit of \$2,300,000 thousand. The underwriting credit limit was based on the ships of All Oceans Transportation, Inc., a subsidiary of the Corporation, as collaterals. The ownership of the ships mentioned above had been transferred to the Corporation on May and July 2009, and the re-mortgage process was completed in September 2009. The Corporation had issued commercial papers of \$2,300,000 thousand as of December 31, 2009. The bills payable will be fully repaid by March 31, 2012. The Corporation can issue the commercial papers in a revolving scheme during the period of the financing contract, and issuance period of each commercial paper cannot be over 90 days. The Corporation should repay all debts under the contract at maturity date. Because the contract period is over one year, and the Corporation intended to keep refinancing for long term, the bills payable are included in long-term debts. The interest rate is the Fixing Rate of 90-day referred to in Reuters (Page 6165) plus spread. The interest rate was 1.088% on December 31, 2009.

## Obligation Under Capital Leases

Refer to the Note 10 to financial statements.

## Long-term Payable to Related Parties

Refer to Note 25 to the financial statements.

## 16. RESERVE FOR LAND VALUE INCREMENT TAX

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

## 17. UNREALIZED GAIN ON SALE AND LEASEBACK

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Vesser YM Uberty	\$ 492,120	\$ 549,790
YM Enhancer	43,110	35,568
Chassis	<u>73,442</u>	<u>94</u>
	<u>\$ 608,672</u>	<u>\$ 585,452</u>

The above properties had been sold and then leased back by YMTC and AOT. 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.

## 18. PENSION PLAN

### a. Pension plan of YMTC

YMTC adopted three pension plans after its privatization on February 15, 1996. Before YMTC's privatization, qualified employees received pension payments for service year before the start of the privatization. The service years of the employees who received pre-privatization pension payments and continued to work in YMTC after privatization will be excluded from the calculation of pension payments after privatization. These plans are as follows:

Pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Benefits are based on service years and average basic salary of the six months before retirement. The pension fund, to which YMTC contributes amounts equal to 13% (changed to 3% in 2009) of salaries every month, is administered by each company's pension reserve fund supervisory committee and deposited in the name of each company's committee in the Bank of Taiwan

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

Pension plan 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.

Because of spin-off, the service years of the employees transferred to Kuang Ming Shipping Corp. are continued from the service years in the Corporation. Benefits are based on the proportion of service years between the Corporation and Kuang Ming Shipping Corp. and are paid by individual pension accounts.

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

### b. Pension plan of subsidiaries

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

Under the Labor Standards Law, the domestic subsidiaries have a defined benefit pension plan. Benefits are based on service years and average basic salary of the six months before retirement. The Subsidiaries contribute certain percentage of total salaries and wages every month, to each pension fund, which is administered by each pension plan committee and deposited in each Committee's name in the Bank of Taiwan.

All Oceans Transportation Inc., Yang Ming (UK) Ltd., and Yang Ming (Liberia) Corp. apply pension plan under the Maritime Labor Law for shipping crew, and the pension plan 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 monthly salary of the six months before retirement.

Yang Ming (America) Corporation has entered into an agreement with the ILWU office and Clerical Employees Local 63 to provide Medical care covered by this agreement, and it was defined benefit pension plan. However, according to collective bargaining agreements, effective June 1, 2008, a new taft-hartely trust, named “OCU Health Trust” will replace the 2003 YML/ILWU agreement’s framework for the above stated benefits, which is a defined contribution plan. Starting from 2008, the contribution made to the OCU trust was calculated based on US\$4.05 per working hour. In addition to the US\$4.05 per hour contribution, the company does have a contractual obligation to fund the unfunded liability transferred to the OCU multiemployer trust over a period of no more than ten years. As of December 31, 2009 and 2008, the balance of the accrued expense is \$182,823 thousand and \$216,524 thousand, respectively.

Some consolidated subsidiaries, which are mainly for investment holding purpose, have either very few or no staff. These subsidiaries have no pension plans and thus do not contribute to pension funds and do not recognize pension costs. Except for these companies, the consolidated subsidiaries all contribute to pension funds and recognize pension costs based on local government regulations.

c. Information of the pension cost under the Act

The pension costs under the defined contribution plan amounted to \$185,100 thousand and \$240,099 thousand for the years ended December 31, 2009 and 2008, respectively.

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

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

1) Net periodic pension cost was as follows:

	<b>Year Ended December 31</b>	
	<b>2009</b>	<b>2008</b>
Service cost	\$ 116,865	\$ 130,149
Interest cost	47,263	56,389
Expected return on plan assets	(14,749)	(16,623)
Amortization of net transition assets or obligation	11,678	3,596
Amortization of prior service cost	(2,338)	(85)
Amortization of net loss	21,837	19,991
Curtailment gain	<u>(28,553)</u>	<u>-</u>
Net pension cost	<u>\$ 152,003</u>	<u>\$ 193,417</u>



- 2) Reconciliation of funded status of the pension plan to accrued pension cost as of December 31, 2009 and 2008

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
Benefit obligation		
Vested benefit obligation (VBO)	\$ 873,767	\$ 645,176
Non-vested benefit obligation	781,928	916,681
Accumulated benefit obligation (ABO)	1,655,695	1,561,857
Additional benefits based on future salaries	560,992	597,017
Projected benefit obligation	2,216,687	2,158,874
Fair value of plan assets	(684,890)	(647,017)
Plan funded status	1,531,797	1,511,857
Unrecognized net transition obligation	(23,234)	(46,412)
Unrecognized prior service cost	44,049	50,045
Unrecognized pension cost	(503,584)	(504,604)
Additional minimum pension liability	26,845	42,886
Accrued pension cost	<u>\$ 1,075,873</u>	<u>\$ 1,053,772</u>
3) Vested benefits	<u>\$ 1,250,079</u>	<u>\$ 911,949</u>
4) Actuarial assumptions		
Discount rate	2.25%	2.25%
Rate of increase in compensation	2.00%-2.75%	2.00%-2.75%
Expected rate of return on plan assets	1.50%-2.25	2.25%
	<b>Year Ended December 31</b>	
	<b>2009</b>	<b>2008</b>
5) Contribution and benefits paid		
Contributions	<u>\$ 73,040</u>	<u>\$ 97,636</u>
Payment of benefits	<u>\$ 66,627</u>	<u>\$ 15,424</u>

## 19. STOCKHOLDERS' EQUITY

### a. Global depositary receipts

On November 14, 1996, YMTC issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 dollar per unit. The holders of the GDRs may not exchange them for YMTC's stocks. However, starting February 14, 1997, the holders of the GDR may request the depository bank to sell the shares represented by the GDRs. As of December 31 2009, there were 4,769,596 units outstanding, representing 47,696,037 shares, 1.86% of total issued shares.

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

b. Capital surplus

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

c. Appropriation of earnings and dividend policy

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

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

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

YMTC did not accrue bonus to employees and remuneration to directors and supervisors due to the operating loss in 2009. The bonus to employees for the year ended December 31, 2008 was \$59,261 thousand which was represented 1% of distributable retained earnings. Material difference between such estimated amount and the amount proposed by the Board of Directors in the following year is adjusted for in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

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

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

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

The stockholders resolved to appropriate the 2008 and 2007 earnings on June 19, 2009 and June 18, 2008, respectively, as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (Dollars)</b>	
	<b>For Year 2008</b>	<b>For Year 2007</b>	<b>For Year 2008</b>	<b>For Year 2007</b>
Legal reserve	\$ 54,730	\$ 601,992		
Bonus to employees	-	102,876		
Cash dividends	384,370	2,329,054	\$0.15	\$1.00
Stock dividends	-	2,329,054	-	1.00

The bonus to employees of \$60,193 thousand for 2008 was approved in the stockholders' meeting on June 19, 2009 and was different from the accrual amount of \$59,261 thousand reflected in the financial statements for the year ended December 31, 2008. The difference of \$932 thousand, which resulted from a change in estimate had been adjusted in profit and loss for the year ended December 31, 2009.

The stockholders' resolved to distribute stock dividends out of undistributed earnings in the amount of \$2,329,054 thousand on June 18, 2008, after that the capital stock increase amounted to \$25,624,665 thousand. The above capital increase was approved by the Financial Supervisory Commission of Executive Yuan on July 8, 2008. The Corporation's board of directors resolved September 6, 2008 as the record date ex-dividends and ex-rights. Registration of the modification had been completed on September 21, 2008.

Information about the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

## 20. INCOME TAX

According to regulations stipulated by Ruling Letter No. 910458039 dated February 22, 2003, "Principles and regulations of profit seeking businesses filing joint tax returns in accordance with Article 49 of the Financial Holding Company Law and Article 40 of Enterprise Merger Law", when a company holds more than 90% of the shares of a domestic subsidiary, the company and the subsidiary can file a joint tax return once the company holds more than 90% of the subsidiary for 12 months during a taxable year. The Corporation and Kuang Ming Shipping Corp. jointly filed income tax returns for 2009.

- a. A reconciliation of income tax expense based on income (loss) before income tax at the statutory rate and income tax expense was as follows:

	<b>Year Ended December 31</b>	
	<b>2009</b>	<b>2008</b>
Income tax expense (benefit) at statutory rate	\$ (4,085,752)	\$ 368,817
Tax effect on adjusting items:		
Permanent differences	(374,135)	(344,599)
Temporary differences	828,740	186,070
Loss carryforwards used	3,735,223	17,821
Others	622,608	108
Additional income tax under the AMT	1,598	91,638
Additional 10% income tax on undistributed earnings	<u>276</u>	<u>67,567</u>
Income tax payable - current	728,558	387,422
Overseas income tax	192,429	188,885

(Continued)

	<b>Year Ended December 31</b>	
	<b>2009</b>	<b>2008</b>
Deferred income tax expenses		
Temporary differences	\$ (773,753)	\$ (171,739)
Loss carryforwards	(2,707,639)	(17,821)
Adjustment in valuation allowance	1,991,215	-
Effect of tax law change on deferred income tax	(192,739)	-
Effect of consolidated tax returns	(223,000)	-
Adjustment of prior years' taxes	26,456	37,053
Others	<u>4,979</u>	<u>-</u>
Income tax expense (benefit) - current	<u>\$ (952,794)</u>	<u>\$ 423,800</u> (Concluded)

In January 2009, the Legislative Yuan passed the amendment of Article 39 of the Income Tax Law, which extends the operating losses carryforward period from five years to ten years. In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 20%, effective 2010. The Corporation and domestic subsidiaries recalculated its deferred tax assets and liabilities in accordance with these amended Articles and recorded the resulting difference as deferred income tax benefit or expense.

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

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
Current (included in other current assets)		
Deferred income tax assets		
Unrealized foreign exchange loss	\$ 13,026	\$ 62,386
Provision for bad debts exceeding limits	7,234	-
Unrealized loss shipping fuel valuation losses	2,692	151,942
Loss carryforward	1,153	-
Unrealized loss on financial instruments	340	4,895
Others	<u>587</u>	<u>18,847</u>
	<u>25,032</u>	<u>238,070</u>
Deferred income tax liabilities		
Unrealized foreign exchange gain	(42)	(1,690)
Others	<u>(415)</u>	<u>(3,405)</u>
	<u>(457)</u>	<u>(5,095)</u>
	<u>\$ 24,575</u>	<u>\$ 232,975</u>
Noncurrent		
Deferred income tax assets		
Loss carryforward	\$ 2,881,634	\$ 18,177
Unrealized impairment loss on long-term leases for chartered-in vessels	187,776	-
Deferred pension cost	192,876	221,479
Investments loss recognized on overseas equity-method investments	118,923	38,857
Impairment loss on financial assets carried at cost	14,663	2,500
Unrealized loss on financial instruments	3,119	-

(Continued)

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
Others	\$ 2,409	\$ 22,285
Less: Valuation allowance	<u>(2,027,002)</u>	<u>(28,639)</u>
	<u>1,374,398</u>	<u>274,659</u>
Deferred income tax liabilities		
Investments gain recognized on overseas equity-method investments	(1,501,398)	(2,292,927)
Differences in estimated service lives of properties	(20,933)	(132,601)
Unrealized gain on financial instruments	-	(5,902)
Others	<u>(5,155)</u>	<u>(5,902)</u>
	<u>(1,527,486)</u>	<u>(2,431,430)</u>
	<u>\$ (153,088)</u>	<u>\$ (2,156,771)</u>
		(Concluded)

YMTC's loss carryforwards as of December 31, 2009 comprised of:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$14,408,170	2019

YMTC's tax returns through 2007 have been assessed by the tax authorities.

c. Information about integrated income tax were as follows:

	<b>December 31, 2009</b>	<b>December 31, 2008</b>	<b>Estimated Ratio of 2009</b>	<b>Actual Ratio of 2008</b>
Balance of the imputation credit account (ICA)				
YMTC	<u>\$ 957,245</u>	<u>\$ 870,836</u>	-	20.30%
Kuang Ming	<u>\$ 157,282</u>	<u>\$ 53,839</u>	14.71%	7.98%
Honming	<u>\$ 8,003</u>	<u>\$ 11,556</u>	33.39%	33.39%
Jing Ming	<u>\$ 8,946</u>	<u>\$ 13,034</u>	33.37%	33.37%
Yes Logistics	<u>\$ 19,977</u>	<u>\$ 8,926</u>	-	-
Ching Ming	<u>\$ 2,255</u>	<u>\$ -</u>	-	-
Kao Ming	<u>\$ 51</u>	<u>\$ -</u>	-	-

YMTC, Ching Ming, Yes Logistics and Kao Ming had no unappropriated earnings as of December 31, 2009. Thus, the ICA balance will be accumulated until dividend distribution in the future.

For distribution of earnings generated after June 30, 1998, the ratio for the imputation credits allocated to shareholders of YMTC and subsidiaries in ROC are based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2009 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

d. As of December 31, 2009 and 2008, the balances of YMTC's unappropriated retained earnings generated before June 30, 1998 aggregated \$1,141,939 thousand and \$2,064,438 thousand, respectively.

## 21. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Year Ended December 31, 2009			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 1,792,898	\$ 3,030,158	\$ -	\$ 4,823,056
Insurance	44,019	325,869	-	369,888
Pension	102,841	234,262	-	337,103
Others	78,311	266,424	-	344,735
Depreciation	6,009,500	203,270	27,792	6,240,562
Amortization	<u>189,082</u>	<u>45,060</u>	<u>2,569</u>	<u>236,711</u>
	<u>\$ 8,216,651</u>	<u>\$ 4,105,043</u>	<u>\$ 30,361</u>	<u>\$ 12,352,055</u>
	Year Ended December 31, 2008			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 1,683,298	\$ 2,909,839	\$ -	\$ 4,593,137
Insurance	37,844	331,517	-	369,361
Pension	106,327	327,189	-	433,516
Others	100,686	342,596	-	443,282
Depreciation	5,598,464	208,286	29,408	5,836,158
Amortization	<u>189,382</u>	<u>14,094</u>	<u>2,727</u>	<u>206,203</u>
	<u>\$ 7,716,001</u>	<u>\$ 4,133,521</u>	<u>\$ 32,135</u>	<u>\$ 11,881,657</u>

## 22. EARNINGS PER SHARE

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

	Amount (Numerator)		Capital Stock (Denominator) (In Thousand Shares)	Net Income Per Share (Dollars)	
	Income Before Income Tax	Net Income (Loss)		Income Before Income Tax	Net Income (Loss)
<u>Year ended December 31, 2009</u>					
Basic EPS	\$ (17,861,982)	\$ (15,841,129)	2,562,466	<u>\$ (6.97)</u>	<u>\$ (6.18)</u>
Impact of dilutive potential common shares					
Bonus to employees	-	-	-		
Diluted EPS	<u>\$ (17,861,982)</u>	<u>\$ (15,841,129)</u>	<u>2,562,466</u>	<u>\$ (6.97)</u>	<u>\$ (6.18)</u>
<u>Year ended December 31, 2008</u>					
Basic EPS	\$ 791,375	\$ 547,293	2,562,170	<u>\$ 0.31</u>	<u>\$ 0.21</u>
Impact of dilutive potential common shares					
Bonus to employees	-	-	6,454		
Domestic unsecured convertible bonds	<u>78</u>	<u>58</u>	<u>327</u>		
Diluted EPS	<u>\$ 791,453</u>	<u>\$ 547,351</u>	<u>2,568,951</u>	<u>\$ 0.31</u>	<u>\$ 0.21</u>

The Corporation presumes that the bonus to employees will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the amount of bonus by the closing price of the shares on the balance sheet date. The dilutive effect of the shares should be considered until the shareholders resolve the number of shares to be distributed to employees in their meeting in the following year.

## 23. DISCLOSURE FOR FINANCIAL INSTRUMENTS

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

	December 31			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 919,507	\$ 919,507	\$ 558,359	\$ 558,359
Available-for-sale financial assets - current	1,624,876	1,624,876	999,179	999,179
Held-to-maturity financial assets - current	-	-	5,902	5,902
Available-for-sale financial assets - noncurrent	3,320,867	3,320,867	2,875,472	2,875,472
Financial asset carried at cost - noncurrent	928,183	-	908,877	-
Investments accounted for using equity method	1,724,755	-	2,850,704	-
Cash surrender value of life insurance	19,361	19,361	19,307	19,307
Hedging derivative financial assets - noncurrent	-	-	23,607	23,607
Refundable deposits	6,615,710	6,615,710	5,910,650	5,910,650
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	145,134	145,134
Hedging derivative financial liability - noncurrent	15,595	15,595	-	-
Long-term loans	43,478,880	43,478,880	21,026,150	21,026,150
Bonds	17,122,000	17,343,352	18,706,000	18,949,368
Capital leases	5,828,432	5,828,432	5,578,231	5,578,231

Place of transaction:

	December 31			
	2009		2008	
Place of Transaction	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial asset</u>				
Overseas (including foreign institutions in Taiwan)	\$ 7,086	\$ 7,086	\$ 149,276	\$ 149,276
<u>Financial liability</u>				
Overseas (including foreign institutions in Taiwan)	15,595	15,595	145,134	145,134

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

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

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.

- 3) Financial assets carried at cost and investments accounted for using equity method are investments in unlisted stocks which had no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair value. Therefore, no fair value is presented.
- 4) Fair values of long-term loans, loans from related parties, long-term bills payable and obligations under capital lease 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 refundable deposit (or deposits received) is estimated by the book value because the amount in the future is close to the book value.
- 6) The fair value of bonds is market value.

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

	Quoted Price		Estimated Price	
	December 31		December 31	
	2009	2008	2009	2008
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 912,421	\$ 432,690	\$ 7,086	\$ 125,669
Available-for-sale financial assets - current	1,624,876	999,179	-	-
Held-to-maturity financial assets - current	-	-	-	5,902
Available-for-sale financial assets - noncurrent	3,320,867	2,875,472	-	-
Hedging derivative financial assets - noncurrent	-	-	-	23,607
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	-	145,134
Hedging derivative financial liabilities - noncurrent	-	-	15,595	-
Bonds	17,343,352	18,949,368	-	-



- d. Net gain (loss) on changes of the fair value determined using valuation technique were \$223,278 thousand and \$(73,201) thousand for the years ended December 31, 2009 and 2008, respectively.
- e. Financial assets and liabilities affected by interest rate were as follows:

	December 31			
	2009		2008	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
<u>Risk of interest rate change</u>				
Fair value risk	\$ 2,906,645	\$ 16,293,622	\$ 3,327,024	\$ 19,305,571
Cash flow risk	10,379,022	50,990,867	9,780,132	26,996,614

- f. Information about financial risks

1) Market risk

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

For the years ended December 31, 2009 and 2008, the interest rate swap contracts held by YMTC were for nontrading purposes, i.e., to hedge overall fluctuations on interest rates. YMTC and subsidiaries use interest rate swap contracts with gains or losses that offset the gains or losses on floating interest-bearing liabilities. Through these contracts, YMTC and subsidiaries hedges most of the risks in the market. In addition, YMTC and subsidiaries evaluate the hedging effectiveness of the contracts periodically.

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

To control the risk of the derivative financial instruments for trading purpose, YMTC's sets the maximum loss limit on its derivative trading and periodically evaluates the market risk of the outstanding contracts to avoid losses that could significantly impact YMTC's operation.

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

YMTC'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 weekly periodically. The hedging instruments will be settled in cash. When oil price goes down, the Corporation's bunker cost burden will go down as well to offset the possible hedge position loss. Therefore, the market risk exposure of the Corporation should be limited and controllable.

YMTC's purpose for foreign currency derivative trading is to manage the exchange rate risk of foreign currency. By engaging in forward exchange or foreign exchange option, when exchange rate is lower than striking price, YMTC's can sell foreign currency with higher price or rely on premiums to offset a portion of exchange loss; when exchange rate is higher than striking price, the translation will result in exchange loss, but the loss will be offset by exchange gain derived from cash position.

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

2) Credit risk

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

3) Liquidity risk

YMTC entered into interest rate swaps to hedge cash flow risks for the years ended December 31, 2009 and 2008. The interest rate swap contracts are settled at net amounts; thus, and the expected cash demand is not significant.

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

4) Cash flow risk on interest rate

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

g. Cash flow hedge

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

Hedged Items	Financial Instruments Designated	Designated Hedging Instruments				Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
		December 31					
		2009		2008			
		Notional Amount	Fair Value	Notional Amount	Fair Value		
Bonds with floating interest rate	Interest rate swap	\$ (500,000)	\$ (7,167)	\$ (500,000)	\$ 6,062	June 18, 2004 - June 18, 2011	June 18, 2004 - June 18, 2011
Bonds with floating interest rate	Interest rate swap	(500,000)	(8,428)	(500,000)	17,545	June 18, 2004 - June 18, 2011	June 18, 2004 - June 18, 2011

h. Reclassifications

On July 1, 2008, YMTC and Ching Ming Investment Corp. reclassified its financial assets in accordance with the newly amended SFAS No. 34, "Financial Instruments: Recognition and Measurement". The fair values at the reclassification date were as follows:

	Before Reclassification	After Reclassification
Financial assets at fair value through profit or loss - current	\$ 2,377,600	\$ 1,118,330
Available-for-sale financial assets - current	<u>611,000</u>	<u>1,870,270</u>
	<u>\$ 2,988,600</u>	<u>\$ 2,988,600</u>

In view of the Corporation's intention of not selling the above mentioned financial assets held for trading within a short period of time as a result of the economic instability and deterioration of the world's financial markets that has occurred during the year of 2008, the Corporation reclassified these held for trading financial assets to available-for-sale financial assets.

The carrying amounts and fair values of the reclassified financial assets (excluding those that had been derecognized) as at December 31, 2009 and 2008 were as follows:

	<b>December 31</b>			
	<b>2009</b>		<b>2008</b>	
	<b>Book Value</b>	<b>Fair Value</b>	<b>Book Value</b>	<b>Fair Value</b>
Available-for-sale financial assets-current	\$ 791,022	\$ 791,022	\$ 774,568	\$ 774,568

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized before December 31, 2009 and 2008) for the years ended December 31, 2009 and 2008 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	<b>Year Ended December 31</b>			
	<b>2009</b>		<b>2008</b>	
	<b>Gains (Losses) Recorded</b>	<b>Pro Forma Gains (Losses)</b>	<b>Gains (Losses) Recorded</b>	<b>Pro Forma Gains (Losses)</b>
Available-for-sale financial assets	\$ -	\$ 342,358	\$ 11,515	\$ (490,360)

## 24. RELATED-PARTY TRANSACTIONS

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

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

<b>Related Party</b>	<b>Relationship with the Group</b>
Yang Ming (Vietnam) Corp.	Equity-method investee
West Basin Container Terminal LLC	Equity-method investee
Transyang Shipping Pte. Ltd.	Equity-method investee
Corstor Ltd.	Equity-method investee
Yang Ming Cultural Foundation	YMTC's donation is equal to foundation's capital
Leader Container Transportation Co., Ltd.	The Company's supervisor is Jing Ming's Chairman
Marine Container Service South P. Ltd.	The Company is a major shareholder of Yang Ming Line (India) Pvt. Ltd.
Bay Container Terminal PVT Ltd.	The Company is a major shareholder of Yang Ming Line (India) Pvt. Ltd.
Unicorn Enterprises	The Company is a major shareholder of Yang Ming Line (India) Pvt. Ltd.
Taiwan Navigation Co., Ltd.	More than half of the directors are identical

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

	2009		2008	
	Amount	%	Amount	%
<u>For the year ended</u>				
Operating revenues				
Taiwan Navigation Co., Ltd.	\$ 60,235	-	\$ 1,333	-
Marine Container Service South P. Ltd.	17,283	-	23,355	-
West Basin Container Terminal LLC	8,955	-	-	-
Leader Container Transportation Co., Ltd.	<u>266</u>	<u>-</u>	<u>51</u>	<u>-</u>
	<u>\$ 86,739</u>	<u>-</u>	<u>\$ 24,739</u>	<u>-</u>
Operating costs				
West Basin Container Terminal LLC	\$ 2,010,122	2	\$ 2,308,668	2
Leader Container Transportation Co., Ltd.	348,169	-	346,959	-
Taiwan Navigation Co., Ltd.	96,697	-	109,531	-
Yang Ming (Vietnam) Corp.	30,684	-	34,356	-
Marine Container Service South P. Ltd.	<u>15,675</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,501,347</u>	<u>2</u>	<u>\$ 2,799,514</u>	<u>2</u>
Operating expenses				
Yang Ming Cultural Foundation	\$ 38,482	1	\$ 114,935	2
Marine Container Service South P. Ltd.	6,384	-	21,112	-
Unicon Enterprises	4,091	-	4,340	-
Bay Container Terminal PVT Ltd.	<u>1,667</u>	<u>-</u>	<u>2,159</u>	<u>-</u>
	<u>\$ 50,624</u>	<u>1</u>	<u>\$ 142,546</u>	<u>2</u>
<u>December 31</u>				
Accounts receivable from related parties				
Yang Ming (Vietnam) Corp.	\$ 130,196	99	\$ 18,051	68
West Basin Container Terminal LLC	890	1	742	3
Marine Container Service South P. Ltd.	-	-	7,538	28
Others	<u>11</u>	<u>-</u>	<u>289</u>	<u>1</u>
	<u>\$ 131,097</u>	<u>100</u>	<u>\$ 26,620</u>	<u>100</u>
Other receivables (included in other current assets)				
Marine Container Service South P. Ltd.	\$ 7,273	100	\$ -	-
Yang Ming (Vietnam) Corp.	<u>53</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,326</u>	<u>100</u>	<u>\$ -</u>	<u>-</u>
Payable to related parties				
Yang Ming (Vietnam) Corp.	\$ 92,945	59	\$ 196,666	81
Leader Container Transportation Co., Ltd.	49,414	31	36,188	15
Taiwan Navigation Co., Ltd.	16,072	10	5,915	3
Marine Container Service South P. Ltd.	-	-	2,523	1
Unicorn Enterprises	<u>-</u>	<u>-</u>	<u>134</u>	<u>-</u>
	<u>\$ 158,431</u>	<u>100</u>	<u>\$ 241,426</u>	<u>100</u>

The financing provided by the related parties were as follows:

	<b>Maximum Balance for the Period</b>	<b>Ending Balance</b>	<b>Interest Rate</b>	<b>Interest Expense</b>	<b>Interest Payable</b>	<b>Pledged</b>
<u>2009</u>						
Long-term debts						
Marine Container Services India P. Ltd.	<u>\$ 2,543</u>	<u>\$ -</u>	12%	<u>\$ 194</u>	<u>\$ -</u>	None
<u>2008</u>						
Long-term debts						
Marine Container Services India P. Ltd.	<u>\$ 2,648</u>	<u>\$ 2,543</u>	12%	<u>\$ 340</u>	<u>\$ -</u>	None

c. Compensation of directors, supervisors and management personnel:

	<b>Year Ended December 31</b>	
	<b>2009</b>	<b>2008</b>
Salaries	\$ 17,558	\$ 22,345
Incentives	4,292	17,839
Bonus	<u>683</u>	<u>919</u>
	<u>\$ 22,533</u>	<u>\$ 41,103</u>

The transactions with related parties were conducted under contract terms.

## 25. ASSETS PLEDGED OR MORTGAGED

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

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
Properties, net	\$ 51,848,981	\$ 20,890,905
Refundable deposits	6,514,645	5,778,562
Assets leased to other, net	1,426,501	1,435,535
Restricted time deposit (included in other current assets)	10,000	101,000
Nonoperating assets, net	89,230	89,230
Pledged time deposits (included in other assets - miscellaneous)	<u>2,000</u>	<u>14,750</u>
	<u>\$ 59,891,357</u>	<u>\$ 28,309,982</u>

## 26. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Schedule E, commitments and contingent liability as of December 31, 2009 were as follows:

- a. Obligations of YMTC to provide crews to two ships of Taiwan Power Company, Ltd. under contracts expiring on various dates by September 2012. The daily compensation under the contracts is \$144 thousand for all the crews.

- b. Leases of office premises, ships and container yard of the Group under operating lease agreements that will expire on various dates until May 2030. The total rental for the year ended December 31, 2009 was \$11,093,818 thousand, and future minimum rentals are as follows:

Fiscal Year	Amount
2010	\$ 9,014,502
2011	8,537,258
2012	8,554,292
2013	8,815,641
2014	7,887,069

Rentals after 2015 will be \$34,030,684 thousand. The present value of those rentals, computed at an annual interest rate of 0.9%, is \$31,586,528 thousand.

- c. Leases of containers and chassis and vessels of the Group under capital lease agreements expiring on various dates until March 2026. The total rental and interests for the year ended December 31, 2009 were about \$295,109 thousand (deducted from leases payable). Future minimum rentals are as follows:

Fiscal Year	Amount
2010	\$ 444,039
2011	531,741
2012	482,016
2013	494,425
2014	513,621

Rentals after 2015 will be \$7,656,053 thousand. The present value of those rentals, computed at an annual interest rate of 0.9%, is \$6,953,176 thousand.

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

Company Name	Nature of Relationship	Guarantee Amount (Thousands)
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	US\$ 5,000
All Oceans Transportation Inc.	Subsidiary	US\$ 20,000
Yang Ming (Liberia) Corp.	Subsidiary	US\$ 644,170
Kuang Ming (Liberia) Corp.	Subsidiary	US\$ 369,043
Kao Ming Container Terminal Corp.	Subsidiary	NT\$ 3,000,000
United Terminal Leasing LLC	Equity-method investee	US\$ 15,238
West Basin Container Terminal LLC	Equity-method investee	US\$ 16,264
Olympic Container Terminal LLC	Subsidiary	US\$ 4,700

- e. Yang Ming Line (Hong Kong) guarantee of loan obtained by Karlman Properties Limited (HK\$16,000 thousand).
- f. Yang Ming Line (B.V.I.) Holding Co., Ltd. guarantee of loan obtained by Yangming (UK) Ltd. (US\$715 thousand).
- g. Yang Ming Line Holding Co.'s guarantee of loan for West Basin Container Terminal LLC, an equity-method investee, amounted to US\$575 thousand.

- h. AOT guarantee of loan obtained by YMTC (US\$12,466,000 thousand) and mortgaged ships as collateral.
- i. AOT and CSBC Corporation, Taiwan (formerly known as China Shipbuilding Corporation) entered into an agreement to construct 14 vessels for US\$1,339,474 thousand. As of December 31, 2009, AOT had paid \$4,366,335 thousand. In response to the issue of tonnage surplus affecting the loading rate and the global financial crisis, AOT had come to an agreement with CSBC Corporation, Taiwan during the first half year of 2009 to delay the delivery of the vessels.
- j. Kuang Ming (Liberia) Corp. bought 6 vessels under agreement that AOT signed with CSBC Corporation., Taiwan (formerly known as China Shipbuilding Corporation) for JPY24,250,000 thousand. As of December 31, 2009, AOT had paid JPY8,397,821 thousand. In response to the issue of tonnage surplus affecting the loading rate and the global financial crisis, AOT had come to an agreement with CSBC Corporation, Taiwan during the first half year of 2009 to delay the delivery of the vessels.
- k. On October 30, 2007, Kao Ming Container Terminal Corp. had signed a contract namely “consulting service for the civil engineering of dock and container yard in the Kaohsiung harbor sixth container center proposition” with CECI Engineering Consultants, Inc., Taiwan which was responsible for the technical service of design and construction of the dock and container yard for \$126,000 thousand. As of December 31, 2009, had paid off \$53,053 thousand.
- l. For the years 2007 to 2009, Kao Ming Container Terminal Corp. signed a BOT contract and a construction fence-setting project with its supplier so as to fund the construction of Kaohsiung Intercontinental Container Terminal as well as other related structures. The price of the contract was \$4,789,956 thousand (including tax). As of December 31, 2009, the total amount paid was \$2,951,595 thousand.
- m. In order to meet its operating needs, Kao Ming Container Terminal Corp. ordered 8 gantry cranes and 22 transtainers from certain Shanghai supplier. The total contract price was US\$113,500 thousand, and Kao Ming Container Terminal Corp. had paid off US\$54,627 thousand, equivalent to NT\$1,846,829, as of December 31, 2009.

## **27. ADDITIONAL IMPORTANT DISCLOSURES**

On January 8, 2010, YMTC’s board of directors had resolved to approve a proposal to raise funds through issue the fourteenth domestic secured bonds. The estimated date of issuance is under the premise of being less than 5 years and the amount being up to NT\$5,000,000 thousand.

## **28. ADDITIONAL DISCLOSURES**

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

- a. Financing provided: Please see Schedule D attached;
- b. Endorsement/guarantee provided: Please see Schedule E attached;
- c. Marketable securities held: Please see Schedule F attached;
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Schedule G attached;

- e. Acquisition of individual real estate properties at costs of at least NT\$100 million or 20% of the paid-in capital: Please see Schedule H attached;
- f. Disposal of individual real estate properties at prices of at least NT\$100 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
- h. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Schedule I attached;
- i. Names, locations, and related information of investees on which the Corporation exercises significant influence: Please see Schedule J attached;
- j. Information about derivatives of investees over which the Corporation has a controlling interest: None;
- k. Information on investment in Mainland China
- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investment: Please see Schedule K attached.
  - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None.
- l. Significant transactions between YMTC and its subsidiaries for the years ended December 31, 2009 and 2008: Please see Schedule L and M.

## 29. SEGMENT INFORMATION

### a. Department Information

	<b>2009</b>				
	<b>Marine Cargo Transportation Department</b>	<b>Tramp Department</b>	<b>Other Departments</b>	<b>Adjustment and Eliminations</b>	<b>Combined</b>
Sales to customers	\$ 83,280,497	\$ 3,625,012	\$ 1,987,272	\$ -	\$ 88,892,781
Intercompany sales	<u>17,835,660</u>	<u>13</u>	<u>996,230</u>	<u>(18,831,903)</u>	<u>-</u>
Total revenue	<u>\$ 101,116,157</u>	<u>\$ 3,625,025</u>	<u>\$ 2,983,502</u>	<u>\$ (18,831,903)</u>	<u>\$ 88,892,781</u>
Segment operating income	<u>\$ (18,022,005)</u>	<u>\$ 1,527,110</u>	<u>\$ 226,421</u>	<u>\$ (42,909)</u>	\$ (16,311,383)
Investment income recognized under equity method					331,015
General income, net					1,366,915
General expenses					(1,019,628)
Interest expense					<u>(1,139,624)</u>
Income before income tax					<u>\$ (16,772,705)</u>

(Continued)



<b>2009</b>					
	<b>Marine Cargo Transportation Department</b>	<b>Tramp Department</b>	<b>Other Departments</b>	<b>Adjustment and Eliminations</b>	<b>Combined</b>
Identifiable assets	\$ <u>128,842,872</u>	\$ <u>6,735,063</u>	\$ <u>8,789,255</u>	\$ <u>(32,948,263)</u>	\$ 111,418,927
Investments in shares of stock					1,724,755
General assets					<u>673,744</u>
Total assets					<u>\$ 113,817,426</u>
Depreciation	\$ <u>5,893,443</u>	\$ <u>275,054</u>	\$ <u>72,065</u>		
Capital expenditure	\$ <u>7,600,104</u>	\$ <u>292,757</u>	\$ <u>4,263,313</u>		

(Concluded)

<b>2008</b>					
	<b>Marine Cargo Transportation Department</b>	<b>Tramp Department</b>	<b>Other Departments</b>	<b>Adjustment and Eliminations</b>	<b>Combined</b>
Sales to customers	\$ 130,418,787	\$ 4,370,104	\$ 3,028,411	\$ -	\$ 137,817,302
Intercompany sales	<u>20,653,985</u>	<u>40,485</u>	<u>1,844,844</u>	<u>(22,539,314)</u>	<u>-</u>
Total revenue	<u>\$ 151,072,772</u>	<u>\$ 4,410,589</u>	<u>\$ 4,873,255</u>	<u>\$ (22,539,314)</u>	<u>\$ 137,817,302</u>
Segment operating income	<u>\$ (420,904)</u>	<u>\$ 1,663,430</u>	<u>\$ 315,374</u>	<u>\$ (1,143)</u>	\$ 1,556,757
Investment income recognized under equity method					716,195
General income, net					982,326
General expenses					(824,635)
Interest expense					<u>(1,431,263)</u>
Income before income tax					<u>\$ 999,380</u>
Identifiable assets	\$ <u>129,201,306</u>	\$ <u>9,220,967</u>	\$ <u>4,804,396</u>	\$ <u>(33,982,694)</u>	\$ 109,243,975
Investments in shares of stock					2,850,704
General assets					<u>604,289</u>
Total assets					<u>\$ 112,698,968</u>
Depreciation	\$ <u>5,514,914</u>	\$ <u>207,258</u>	\$ <u>113,986</u>		
Capital expenditure	\$ <u>15,013,431</u>	\$ <u>6,188,427</u>	\$ <u>1,142,357</u>		

b. The Group's geographic area information is presented in Schedule L.

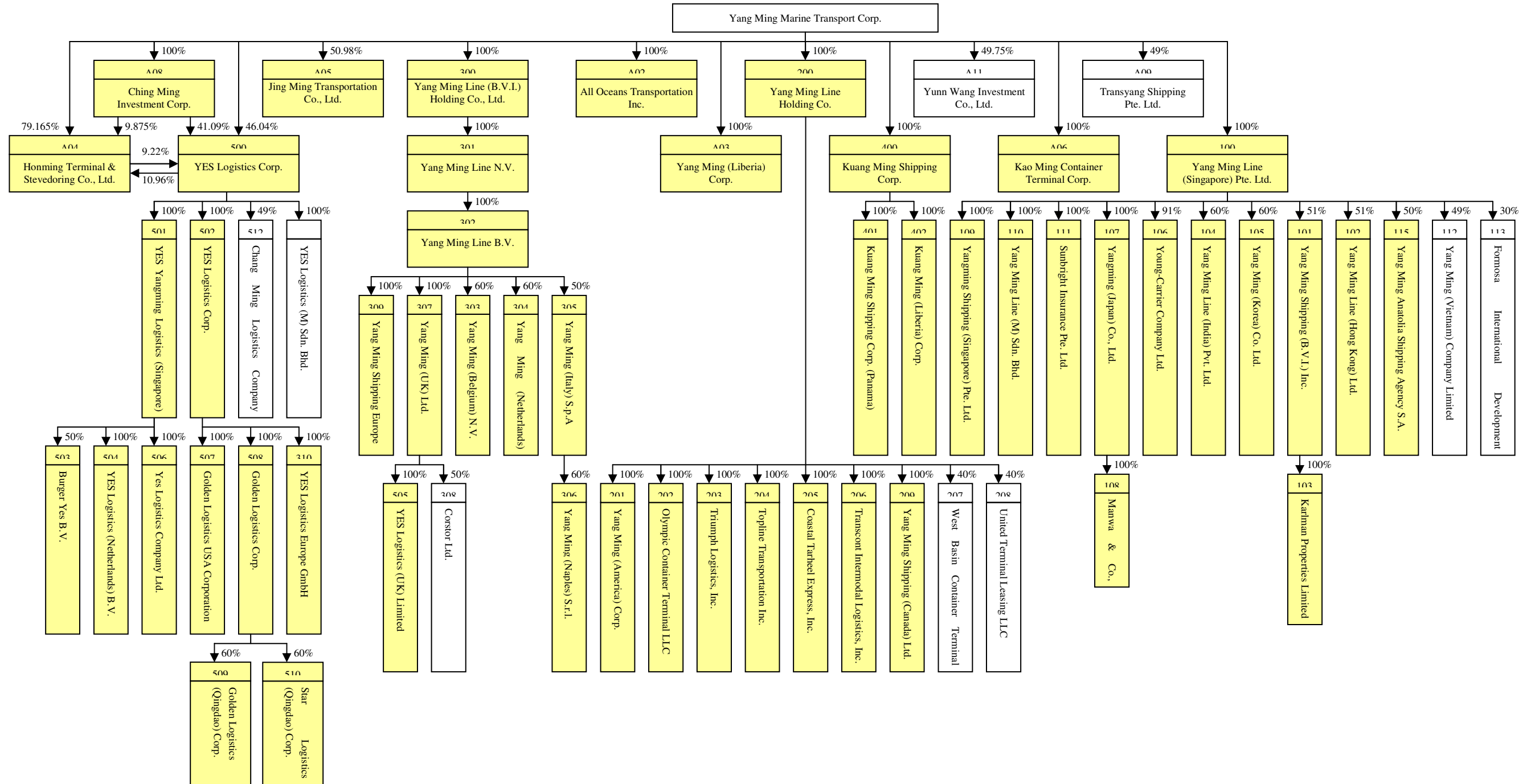
c. Cargo transport revenues

<b>Line Service</b>	<b>Year Ended December 31</b>			
	<b>2009</b>		<b>2008</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
U.S. Western coast line	\$ 22,248,617	25	\$ 39,823,325	29
Northwest European line	15,808,250	18	26,731,208	19
Asia line	14,948,524	17	17,726,372	13
U.S. Eastern coast line	13,357,369	15	18,617,341	14
Mediterranean line	9,060,617	10	16,152,483	12

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

**YANG MING MARINE GROUP**  
**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

The intercompany relationships and percentages of ownership as of December 31, 2009 are shown below:



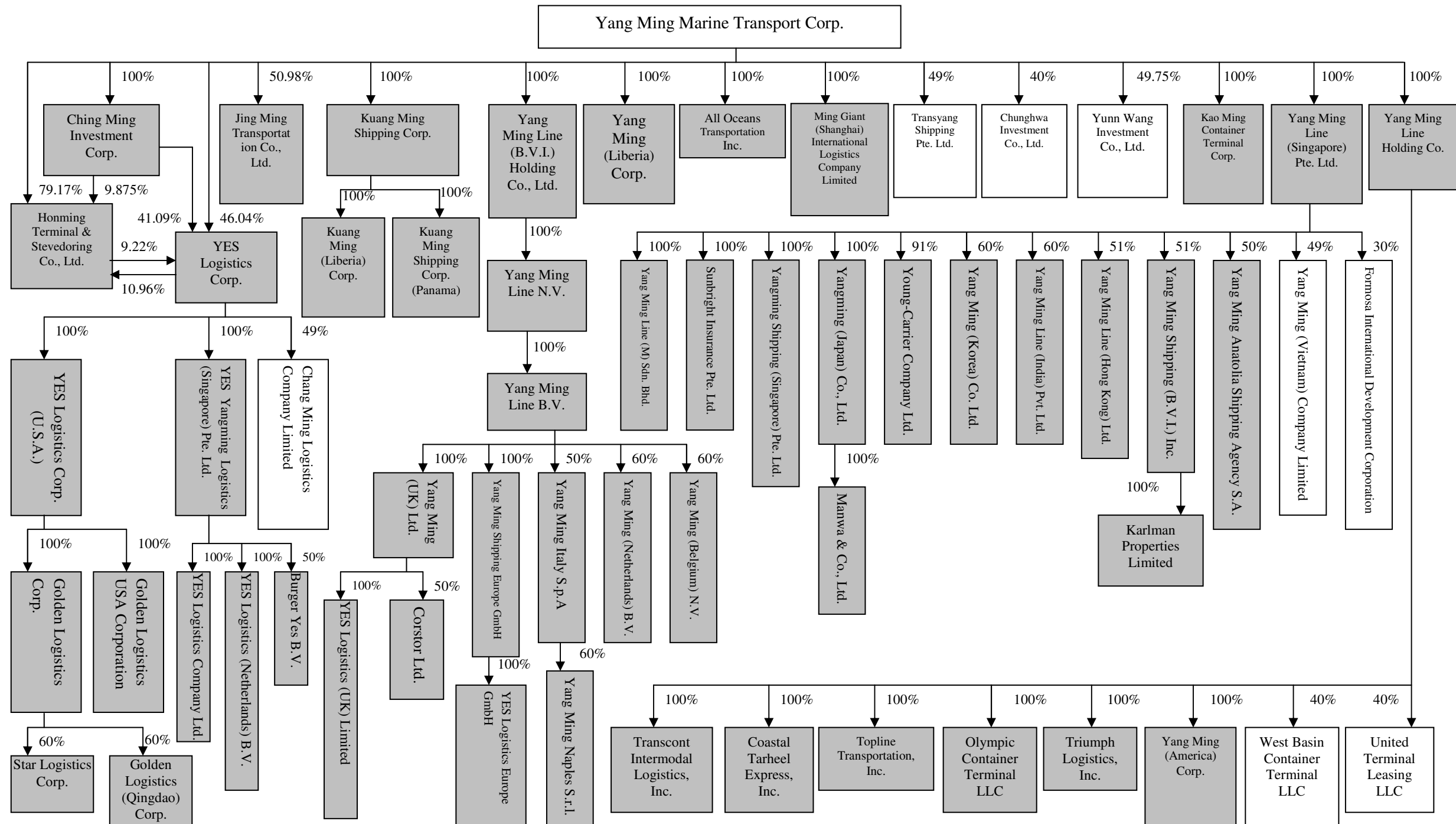
Note 1: Consolidated entities for 2009 are highlighted in above diagram.

Note 2: YMTC had disposed of all interests of Ming Giant (Shanghai) International Logistics Co., Ltd., and therefore the consolidated report only included its revenue and expense before disposal.

Note 3: The Group accounted for its investments in and its equity in net income or loss of other subsidiaries excluded in the consolidated entities as “equity method investments in shares of stock” and “equity in net income of investees, net”.

**YANG MING MARINE GROUP**

The intercompany relationships and percentages of ownership as of December 31, 2008 are shown below:



Note 1: Consolidated entities for 2008 are highlighted in above diagram.

Note 2: Sino International United Petroleum Group Co., Ltd. (Sino) had been liquidated on June 30, 2008, and therefore the consolidated report only included its revenue and expense from January 1 to June 30, 2008.

Note 3: The Group accounted for its investments in and its equity in net income or loss of other subsidiaries excluded in the consolidated entities as “equity method investments in shares of stock” and “equity in net income of investees, net”.

**SCHEDULE B****YANG MING MARINE TRANSPORT CORPORATION****OVERSEAS DEPOSITS OF YMTC  
DECEMBER 31, 2009**

<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	\$ 209	32.03	\$ 6,693
	JPY	783,054	0.3477	272,296
Hong Kong	USD	4,129	32.03	132,256
	HKD	9,889	4.1302	40,845
United States	USD	8,780	32.03	281,224
Indonesia	USD	319	32.03	10,223
Belgium	EUR	265	45.9774	12,205
Malaysia	USD	200	32.03	6,408
	MYR	82	9.3477	771
Britain	USD	201	32.03	6,452
	GBP	32	50.9582	1,606
Germany	EUR	175	45.9774	8,064
	USD	120	32.03	3,843
Philippines	USD	72	32.03	2,316
	PHP	31,947	0.6896	22,029
Singapore	USD	41	32.03	1,307
	SGD	299	22.8069	6,827
India	INR	36,611	0.6857	25,105
Thailand	THB	9,967	0.9603	9,571
Korea	USD	9	32.03	283
	KRW	853,430	0.0275	23,471
Canada	CAD	936	30.5834	28,637

**YANG MING MARINE TRANSPORT CORPORATION****OVERSEAS DEPOSITS OF YMTC  
DECEMBER 31, 2008**

<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	\$ 9	32.8600	\$ 284
	JPY	956,761	0.3640	348,241
Hong Kong	USD	1,862	32.8600	61,184
	HKD	35,595	4.2401	150,927
United States	USD	9,352	32.8600	307,318
Belgium	EUR	4	46.3227	185
Indonesia	USD	275	32.8600	9,045
Malaysia	USD	330	32.8600	10,832
	MYR	2,605	9.4889	24,717
Britain	USD	38	32.8600	1,263
	GBP	4	47.5221	199
Germany	USD	79	32.8600	2,593
	EUR	479	46.3227	22,171
Philippines	USD	46	32.8600	1,518
	PHP	11,738	0.6930	8,134
Singapore	USD	264	32.8600	8,664
	SGD	448	22.9085	10,252
India	INR	12,878	0.6782	8,733
Thailand	THB	43,801	0.9475	41,503
Korea	USD	7	32.8600	221
	KRW	913,992	0.0262	23,943

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**FINANCING PROVIDED**

**DECEMBER 31, 2009**

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

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Year (Note L)	Ending Balance (Note L)	Interest Rate	Nature of Financing (Note A)	In the Last Two Years 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	\$ 1,905,369 (US\$ 59,487,000)	\$ -	2.28%	1	\$ 3,872,050	Repayment of loans	\$ -	-	\$ -	\$ 3,872,050 (Note C)	\$ 9,528,093 (Note B)
		Antwerp International Terminal	Other receivables	15,035 (EUR 327,000)	15,017 (EUR 327,000)	1.77%	1	568,110 (EUR 13,154,000)	Improve financial structure	-	-	-	529,595 (Note C)	9,528,093 (Note B)
		All Oceans Transportation, Inc.	Other receivables	4,950,000	-	2.28%	1	6,591,094	Acquisition of ships	-	-	-	4,764,047 (Note C)	9,528,093 (Note B)
1	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	438,811 (US\$ 13,700,000)	438,811 (US\$ 13,700,000)	2.00%	2	-	Obtain working capital	-	-	-	518,886 (Note E)	576,540 (Note D)
2	Yang Ming Shipping (B.V.I.) Inc.	Karman Properties Limited	Temporary debits	99,694 (HK\$ 24,153,000)	330 (HK\$ 80,000)	-	2	-	Acquisition of office building	-	-	-	397,943 (Note G)	497,429 (Note F)
3	Kuang Ming Shipping Corp.	Yang Ming (Liberia) Corp.	Other receivables	512,480 (US\$ 6,000,000)	-	2.725%	2	-	Obtain working capital	-	-	-	821,768 (Note I)	2,191,381 (Note H)

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. Represent 40% of the lender's net asset value.

I. Represent 15% of the lender's net asset value.

J. United States dollars and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.03 and HK\$1=NT\$4.1276 and EUR1=NT\$45.9791 as of December 31, 2009.

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**ENDORSEMENT/GUARANTEE PROVIDED**

**DECEMBER 31, 2009**

**(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 M)	Ending Balance (Note M)	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	\$ 38,112,372 (Note B)	\$ 48,045 (US\$ 1,500,000)	\$ -	\$ -	-	\$ 47,640,465 (Note A)
		All Oceans Transportation, Inc.	Subsidiary	38,112,372 (Note B)	640,600 (US\$ 20,000,000)	640,600 (US\$ 20,000,000)	-	2.00%	47,640,465 (Note A)
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	38,112,372 (Note B)	160,150 (US\$ 5,000,000)	160,150 (US\$ 5,000,000)	-	0.50%	47,640,465 (Note A)
		Yang Ming (Liberia) Corp.	Subsidiary	38,112,372 (Note B)	20,632,765 (US\$ 644,170,000)	20,632,765 (US\$ 644,170,000)	-	64.96%	47,640,465 (Note A)
		Kuang Ming Shipping Corp.	Subsidiary	38,112,372 (Note B)	12,620,717 (US\$ 394,028,000)	11,820,446 (US\$ 369,043,000)	-	37.22%	47,640,465 (Note A)
		Kao Ming Container Terminal Corp.	Subsidiary	38,112,372 (Note B)	4,000,000	3,000,000	-	9.45%	47,640,465 (Note A)
		United Terminal Leasing LLC	Equity-method investee of subsidiary	38,112,372 (Note B)	504,440 (US\$ 15,749,000)	488,084 (US\$ 15,238,000)	-	1.54%	47,640,465 (Note A)
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	38,112,372 (Note B)	520,936 (US\$ 16,264,000)	520,936 (US\$ 16,264,000)	-	1.64%	47,640,465 (Note A)
		Olympic Container Terminal LLC	Subsidiary	38,112,372 (Note B)	150,541 (US\$ 4,700,000)	150,541 (US\$ 4,700,000)	-	0.47%	47,640,465 (Note A)
1	Yang Mine Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	461,232 (Note D)	23,030 (US\$ 719,000)	18,413 (US\$ 575,000)	-	0.06%	576,540 (Note C)
2	Yes Logistics Corp.	Yes Logistics Co., Ltd.	Subsidiary	600,000 (Note F)	525,452 (US\$ 16,405,000)	-	-	-	1,200,000 (Note E)
3	Yang Ming Line (Hong Kong) Ltd.	Karman Properties Limited	Subsidiary	66,042 (Note H)	70,293 (HK\$ 17,030,000)	66,042 (HK\$ 16,000,000)	-	0.21%	82,552 (Note G)
4	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	Subsidiary	2,652,212 (Note J)	36,984 (GBP 715,000)	36,984 (GBP 715,000)	-	0.12%	3,315,265 (Note I)
5	All Oceans Transportation, Inc.	Ming Marine Transport Corporation	Parent	21,209,142 (Note L)	12,466,000	12,466,000	12,466,000	39.00%	26,511,427 (Note K)

(Continued)

Notes:

- A. Represents 100% of the paid-in capital of Yang Ming Marine Transport Corporation (the "Corporation").
- B. Represents 80% of the Corporation's paid-in capital.
- C. Represents US\$18,000,000.
- D. Represents 80% of the amount mentioned in Note C.
- E. 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. Represents 100% of the assets of All Oceans Transportation, Inc.
- L. Represents 80% of the amount mentioned in Note K.
- M. United States dollars, Great Britain's currency and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.03, GBP\$1=NT\$51.7252 and HK\$1=NT\$4.1276 on December 31, 2009.
- N. Represents 14 ships used as guarantees, with carrying value \$13,711,150 thousand as of December 31, 2009.

(Concluded)



## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2009

(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, 2009				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 by the equity method	10,351	\$ 3,767,414	100.00	\$ 3,767,414	
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	60,130,000	1,630,396	100.00	1,630,396	
	All Oceans Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	1,000	4,894,610	100.00	4,894,610	
	Kuang Ming Shipping Corp.	Subsidiary	Investments accounted for by the equity method	205,514,000	5,478,453	100.00	5,478,453	
	Yang Ming Line Holding Co.	Subsidiary	Investments accounted for by the equity method	13,500	23,780	100.00	23,780	
	Ching Ming Investment Corp.	Subsidiary	Investments accounted for by the equity method	160,650,000	1,538,107	100.00	1,538,107	
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	31,667,630	346,722	79.17	346,722	
	Jing Ming Transportation Co., Ltd.	Subsidiary	Investments accounted for by the equity method	8,615,923	113,936	50.98	113,936	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	55,251,100	482,341	46.04	482,341	
	Yang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	(266,531)	100.00	(266,531)	Note D
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments accounted for by the equity method	1,345	217,924	49.00	217,924	
	Kao Ming Container Terminal Corp.	Subsidiary	Investments accounted for by the equity method	180,000,000	1,818,097	100.00	1,818,097	
	Yunn Wang Investment Co., Ltd.	Equity-method investee	Investments accounted for by the equity method	5,211,474	252,135	49.75	252,135	
	New Century Infocomm Co., Ltd.	-	Financial asset carried at cost - noncurrent	43,780,180	427,789	1.68	-	
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset carried at cost - noncurrent	41,000,000	406,640	9.76	-	
	Antwerp International Terminal N.V.	-	Financial asset carried at cost - noncurrent	1,486,030	4,665	16.33	-	
	United Stevedoring Corporation	-	Financial asset carried at cost - noncurrent	500,000	5,000	10.00	-	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	70,758,243	3,297,334	16.96	3,297,334	Note S
	Taiwan Fertilizer Co., Ltd.	-	Financial assets at fair value through profit or loss - current	18,000	2,052	0.01	2,052	
	Formosa Plastics Corporation	-	Available-for-sale financial assets - current	1,762,290	118,602	0.04	118,602	
	China Steel Corporation	-	Available-for-sale financial assets - current	823,980	27,191	0.02	27,191	
	Delta Electronics, Inc.	-	Available-for-sale financial assets - current	473,786	47,379	0.02	47,379	
	Greatek Electronics Inc.	-	Available-for-sale financial assets - current	476,236	15,596	0.08	15,596	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	1,795,500	107,191	0.02	107,191	
	Tripod Technology Corporation	-	Available-for-sale financial assets - current	648,043	69,989	0.15	69,989	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets - current	196,959	\$ 31,415	0.14	\$ 31,415	
	Aten International Co., Ltd.	-	Available-for-sale financial assets - current	123,614	8,183	0.10	8,183	
	<u>Mutual fund</u>							
	Polaris New Taiwan Fund	-	Available-for-sale financial assets - current	100,000	2,743	-	2,743	
	BGI Liquidity First Fund (USD)	-	Financial assets at fair value through profit or loss - current	7,362	235	-	235	
	BGI Liquidity First Fund (EUR)	-	Financial assets at fair value through profit or loss - current	1,461,732	67,207	-	67,207	
	BGI Liquidity First Fund (GBP)	-	Financial assets at fair value through profit or loss - current	2,284,050	116,391	-	116,391	
	Fuh Hwa Global Short-Term Income Fund	-	Financial assets at fair value through profit or loss - current	2,998,710.6	31,149	-	31,149	
	Polaris/P-ShTSEC Taiwan Non-Tech50ETF	-	Available-for-sale financial assets - current	450,000	11,633	-	11,633	
	Energy selectspdr	-	Available-for-sale financial assets - current	150,000	273,905	-	273,905	
	<u>Corporate bonds</u>							
	Deutsche Bank AG	-	Available-for-sale financial assets - current	200	64,060	-	64,060	
	<u>Principle guaranteed notes</u>							
	Chunghwa Telecom digital principle guaranteed notes	-	Financial assets at fair value through profit or loss - current	-	30,094	-	30,094	
Ching Ming Investment Corp.	<u>Common stock</u>							
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	3,950,000	43,247	9.88	43,247	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	49,311,077	430,509	41.09	430,509	
	SF Technology Venture Capital Investment Corp.	-	Financial asset carried at cost - noncurrent	2,400,000	4,968	7.24	-	
	United Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	4,800,000	26,352	9.04	-	
	Ascentek Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	784,000	7,896	2.14	-	
	China Technology Venture Capital Corporation	-	Financial asset carried at cost - noncurrent	2,550,000	25,500	8.96	-	
	Kingmax Technology Corp.	-	Financial asset carried at cost - noncurrent	822,115	10,918	1.38	-	
	High Tech Computer Corp.	-	Financial assets at fair value through profit or loss - current	215,275	78,898	0.03	78,898	
	U-Ming Marine Transport Corp.	-	Financial assets at fair value through profit or loss - current	80,000	5,200	0.01	5,200	
	Evergreen Internation Storage &Transport Corp.	-	Financial assets at fair value through profit or loss - current	132,000	3,775	0.01	3,775	
	Polaris Securities Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,590,000	30,290	0.07	30,290	
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	400,000	15,720	-	15,720	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	720,000	16,920	0.01	16,920	
	Largan Precision Co., Ltd.	-	Financial assets at fair value through profit or loss - current	20,000	8,420	0.01	8,420	
	Ardentec Corporation	-	Financial assets at fair value through profit or loss - current	15,000	319	-	319	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Hwacom Systems Inc.	-	Financial assets at fair value through profit or loss - current	25,000	\$ 629	0.03	\$ 629	
	Powertech Technology Inc.	-	Financial assets at fair value through profit or loss - current	210,000	22,785	0.03	22,785	
	Phison Electronics Corp.	-	Financial assets at fair value through profit or loss - current	20,000	5,450	0.01	5,450	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	505,000	23,533	0.12	23,533	Note S
	China Steel Corporation	-	Available-for-sale financial assets - current	369,158	12,182	-	12,182	
	Delta Electronics, Inc.	-	Available-for-sale financial assets - current	40,821	4,082	-	4,082	
	Hon Hai Precision Ind Co, Ltd.	-	Available-for-sale financial assets - current	46,150	6,992	-	6,992	
	AU Optronics Corp.	-	Available-for-sale financial assets - current	370,778	14,386	-	14,386	
	Novatek Microelectronics Corp.	-	Available-for-sale financial assets - current	5,010	2,796	-	2,796	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	3,282,750	195,980	0.03	195,980	
	Wellypower Optronics Co., Ltd.	-	Available-for-sale financial assets - current	115,500	4,620	0.07	4,620	
	Coretronic Corporation	-	Available-for-sale financial assets - current	70,956	3,292	0.01	3,292	
	Radiant Opto-Electronics Corp.	-	Available-for-sale financial assets - current	37,493	1,745	0.01	1,745	
	Taiwan Surface Mounting Technology Corp.	-	Available-for-sale financial assets - current	27,365	2,301	0.01	2,301	
	Formosa Petrochemical Corp.	-	Available-for-sale financial assets - current	31,200	2,571	-	2,571	
	<u>Mutual fund</u>							
	JF (Taiwan) Japan Brilliance	-	Available-for-sale financial assets - current	1,000,000	6,910	-	6,910	
	AIG Global Medallion Fund of Funds	-	Available-for-sale financial assets - current	1,779,107	20,406	-	20,406	
	IBT North American Income Trust Fund	-	Available-for-sale financial assets - current	500,000	5,160	-	5,160	
	Templeton Developing Markets Fund	-	Available-for-sale financial assets - current	2,254	1,598	-	1,598	
	Fidelity Emerging Markets Fund	-	Available-for-sale financial assets - current	2,477	1,457	-	1,457	
	Fidelity European Growth Fund	-	Available-for-sale financial assets - current	5,136	4,799	-	4,799	
	Fidelity European Aggressive Fund	-	Available-for-sale financial assets - current	1,277	628	-	628	
	Hua Nan Global Infrastructure Fund	-	Available-for-sale financial assets - current	200,000	1,552	-	1,552	
	Capital Strategin Growth Fund	-	Available-for-sale financial assets - current	1,000,000	11,670	-	11,670	
	Allianz GIS RCM Little Dragon Fund	-	Available-for-sale financial assets - current	13,623	39,616	-	39,616	
	KBC Concord Taiwan Home Run Equity Fund	-	Available-for-sale financial assets - current	500,000	6,355	-	6,355	
	PCA Global Green Solutions	-	Financial assets at fair value through profit or loss - current	984,252	9,980	-	9,980	
	Cathay Bond Fund	-	Financial assets at fair value through profit or loss - current	2,945,950	35,219	-	35,219	
	SinoPac Bond	-	Financial assets at fair value through profit or loss - current	4,225,014	56,349	-	56,349	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	UPAMC James Bond Fund	-	Financial assets at fair value through profit or loss - current	1,943,605	\$ 31,071	-	\$ 31,071	
	IBT 1699 Bond Fund	-	Financial assets at fair value through profit or loss - current	775,994	10,007	-	10,007	
	PAC Africa Fund	-	Financial assets at fair value through profit or loss - current	809,894	12,683	-	12,683	
	Fuh Hwa Global Short-term Income Fu	-	Financial assets at fair value through profit or loss - current	5,875,495	61,032	-	61,032	
	Prudential Financial Return Fund	-	Financial assets at fair value through profit or loss - current	1,221,126	18,034	-	18,034	
	Cathay Man AHL Futures Fund of Fund	-	Financial assets at fair value through profit or loss - current	1,000,000	9,420	-	9,420	
	PCA Umbrella Fund - Global Bond Fund of Fund	-	Financial assets at fair value through profit or loss - current	6,024,111	65,138	-	65,138	
	Fuh Hwa Strategic High Income Fund of Funds	-	Financial assets at fair value through profit or loss - current	2,199,044	22,474	-	22,474	
	Capital Asia-Pacificmega-Trend Funds	-	Financial assets at fair value through profit or loss - current	234,375	3,005	-	3,005	
	Yuanta India Fund	-	Financial assets at fair value through profit or loss - current	200,000	2,114	-	2,114	
	FSITC China Century Fund	-	Financial assets at fair value through profit or loss - current	500,000	4,975	-	4,975	
	SinoPac Strategic Allocation Balanced Fund	-	Financial assets at fair value through profit or loss - current	1,488,770	15,498	-	15,498	
	Capital Chinese Golden Age Equity Fund	-	Financial assets at fair value through profit or loss - current	200,000	2,000	-	2,000	
	PCA Brazil Fund	-	Financial assets at fair value through profit or loss - current	1,500,000	15,000	-	15,000	
Yang Ming Line (Singapore) Pte. Ltd.	<u>Common stock</u>							
	Yang Ming Shipping (BVI) Inc.	Subsidiary	Investments accounted for by the equity method	510	253,689	51.00	253,689	
	Young-Carrier Company Ltd.	Subsidiary	Investments accounted for by the equity method	910,000	374,105	91.00	374,105	
	Yangming (Japan) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	3,000	41,929	100.00	41,929	
	Sunbright Insurance Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	64,958	100.00	64,958	
	Yangming Shipping (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	67,719	100.00	67,719	
	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	Investments accounted for by the equity method	1,000,000	21,740	100.00	21,740	
	Yang Ming Line (Hong Kong) Ltd.	Subsidiary	Investments accounted for by the equity method	510,000	(86,731)	51.00	(86,731)	Note D
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	Investments accounted for by the equity method	300,000	12,764	60.00	12,764	
	Yang Ming (Korea) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	60,000	22,069	60.00	22,069	
	Yan Ming Anatolia Shipping Agency	Subsidiary	Investments accounted for by the equity method	50,000	26,914	50.00	26,914	
	Yang Ming (Vietnam) Corp.	Equity-method investee	Investments accounted for by the equity method	(Note H)	8,928	49.00	8,928	
	Formosa International Development Corporation	Equity-method investee	Investments accounted for by the equity method	(Note G)	214,469	30.00	89,840	
Yangming (Japan) Co., Ltd.	<u>Common stock</u>							
	Manwa & Co., Ltd.	Subsidiary	Investments accounted for by the equity method	200	3,073	100.00	3,073	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Yang Ming Shipping (BVI) Inc.	<u>Common stock</u> Karman Properties Limited	Subsidiary	Investments accounted for by the equity method	24,000,000	\$ 88,797	100.00	\$ 88,797	
Yang Ming Line (BVI) Holding Co., Ltd.	<u>Common stock</u> Yang Ming Line N.V.	Subsidiary	Investments accounted for by the equity method	1,500,000	(1,971,358)	100.00	(1,971,358)	Note D
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Subsidiary	Investments accounted for by the equity method	2,500	(1,974,290)	100.00	(1,974,290)	Note D
Yang Ming Line B.V.	<u>Common stock</u> Yangming (UK) Ltd.	Subsidiary	Investments accounted for by the equity method	900,000	(2,130,115)	100.00	(2,130,115)	Note D
	Yang Ming Shipping Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note B)	108,289	100.00	108,289	
	Yang Ming (Belgium) B.V.	Subsidiary	Investments accounted for by the equity method	369	(1,191)	60.00	(1,191)	Note D
	Yang Ming (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note I)	12,460	60.00	12,460	
	Yang Ming Italy S.p.A.	Subsidiary	Investments accounted for by the equity method	125,000	24,188	50.00	24,188	
Yangming (UK) Ltd.	<u>Common stock</u> Corstor Ltd.	Equity-method investee	Investments accounted for by the equity method	(Note C)	9,769	50.00	9,769	
	Yes Logistics UK Limited	Subsidiary	Investments accounted for by the equity method	200	(4,042)	100.00	(4,042)	Note D
Yang Ming Shipping Europe GmbH	<u>Common stock</u> Zoll Pool Hafen Hamburg	-	Financial asset carried at cost - noncurrent	(Note N)	460	6.00	460	
Yang Ming Italy S.p.A.	<u>Common stock</u> Yang Ming Naples Srl	Subsidiary	Investments accounted for by the equity method	(Note K)	1,392	60.00	1,392	
Yang Ming Line Holding Co.	<u>Common stock</u> West Basin Container Terminal LLC	Equity-method investee	Investments accounted for by the equity method	(Note E)	590,816	40.00	590,816	
	United Terminal Leasing LLC	Equity-method investee	Investments accounted for by the equity method	(Note F)	93,778	40.00	93,778	
	Yang Ming (America) Corp.	Subsidiary	Investments accounted for by the equity method	5,000	(266,806)	100.00	(266,806)	Note D
	Triumph Logistics INC.	Subsidiary	Investments accounted for by the equity method	200	(3,746)	100.00	(3,746)	Note D
	Olympic Container Terminal LLC	Subsidiary	Investments accounted for by the equity method	(Note L)	(434,030)	100.00	(434,030)	Note D
	Topline Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	100	1,666	100.00	1,666	
	Coastal Tarheel Express, Inc.	Subsidiary	Investments accounted for by the equity method	100	6,976	100.00	6,976	
	Transcont Intermodal Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	7,304	100.00	7,304	
	Yang Ming Shipping (Canada) Ltd.	Subsidiary	Investments accounted for by the equity method	1,000	9,651	100.00	9,651	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Kuang Ming Shipping Corp.	<u>Common stock</u> Kuang Ming Shipping Corp. (Panama)	Subsidiary	Investments accounted for by the equity method	49,500	\$ 96,089	100.00	\$ 96,089	
	Kuang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	1,886,688	100.00	1,886,688	
	<u>Mutual fund</u> Polaris/P-shares Taiwan Electronics Tech ETF	-	Financial assets at fair value through profit or loss - current	403,000	10,354	-	10,354	
	Fuh Hwa Bond Fund	-	Available-for-sale financial assets - current	10,933,932	1,436	-	1,436	
Honming Terminal & Stevedoring Co., Ltd.	<u>Common stock</u> Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	11,068,800	89,292	9.22	89,292	
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> PCA Well Pool Fund	-	Available-for-sale financial assets - current	1,975,740	25,652	-	25,652	
	Mego Diamond Bond Fund	-	Available-for-sale financial assets - current	8,385,744	100,051	-	100,051	
	ING Taiwan Bond Fund	-	Available-for-sale financial assets - current	4,401,143	68,647	-	68,647	
	SinoPac Bond Fund	-	Available-for-sale financial assets - current	22,501,744	300,104	-	300,105	
Yes Logistics Corp.	<u>Common stock</u> Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	4,382,370	48,407	10.96	48,407	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	5,460,000	83,442	100.00	83,442	
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	703,285	(79,656)	100.00	(79,656)	Note D
	B2B Com Holdings Ltd.	-	Financial asset carried at cost - noncurrent	800,000	5,042	9.88	-	
	United Raw Material Solutions Inc.	-	Financial asset carried at cost - noncurrent	295,325	2,953	2.76	-	
	Chang Ming Logistics Company Limited	Equity-method investee	Investments accounted for by the equity method	(Note O)	336,172	49.00	336,172	
	<u>Mutual fund</u> TIIM Bond Fund	-	Financial assets at fair value through profit or loss - current	1,109,468	16,011	-	16,011	
	Prudential Financial Bond Fund	-	Financial assets at fair value through profit or loss - current	398,252	6,028	-	6,028	
	Fuh Hwa Bond Fund	-	Financial assets at fair value through profit or loss - current	291,272	4,024	-	4,024	
	Fuh-Hwa Yuli Bond Fund	-	Financial assets at fair value through profit or loss - current	776,355	10,004	-	10,004	
	The Rsit Enhanced Bond Fund	-	Financial assets at fair value through profit or loss - current	613,405	7,016	-	7,016	
	The Forever Fund	-	Financial assets at fair value through profit or loss - current	469,323	7,002	-	7,002	
Jih Sun Bond Fund	-	Financial assets at fair value through profit or loss - current	496,482	7,009	-	7,009		
IBT 1699 Bond Fund	-	Financial assets at fair value through profit or loss - current	1,009,521	13,019	-	13,019		
IBT Ta Chong Bond Fund	-	Financial assets at fair value through profit or loss - current	738,722	10,009	-	10,009		

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	ING Taiwan Select Bond Fund	-	Financial assets at fair value through profit or loss - current	938,310	\$ 11,006	-	\$ 11,006	
	NAM Short Term Fixed Income Fund	-	Financial assets at fair value through profit or loss - current	1,762	871	-	871	
Yes Yangming Logistics (Singapore)	<u>Common stock</u> Yes Logistics Co., Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	(82,351)	100.00	(82,351)	Note D
	Yes Logistics (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note P)	(235)	100.00	(235)	Note D
	Burger YES B.V.	Subsidiary	Investments accounted for by the equity method	9,000	4,138	50.00	4,138	
Yes Logistics Corp. (U.S.A.)	<u>Common stock</u> Golden Logistics Corp.	Subsidiary	Investments accounted for by the equity method	(Note M)	58,743	100.00	58,743	
	Golden Logistics USA Corporation	Subsidiary	Investments accounted for by the equity method	100	(785)	100.00	(785)	Note D
	YES Logistics Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note J)	2,712	100.00	2,712	
Golden Logistics Corp.	<u>Common stock</u> Golden Logistics (Qingdao) Corp.	Subsidiary	Investments accounted for by the equity method	(Note R)	9,870	60.00	9,870	
	Star Logistics Corp.	Subsidiary	Investments accounted for by the equity method	(Note Q)	11,844	60.00	11,844	

Notes:

- A. Market values were based on closing prices at June 30, 2009 or the net asset value of the fund on June 30, 2009, 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 a deduction in long-term other receivables - related parties 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\$94,000, and no shares were issued.
- I. This is equivalent to EUR11,000, and no shares were issued.
- J. This is equivalent to EUR25,000, and no shares were issued.
- K. This is equivalent to EUR6,000, and no shares were issued.
- L. This is equivalent to US\$1,000,000, and no shares were issued.
- M. This is equivalent to US\$5,000,000, and no shares were issued.
- N. This is equivalent to EUR10,000, and no shares were issued.
- O. This is equivalent to US\$9,301,000, and no shares were issued.
- P. This is equivalent to EUR30,000, and no shares were issued.
- Q. This is equivalent to RMB2,960,000 and no shares were issued.
- R. This is equivalent to RMB3,000,000, and no shares were issued.
- S. More than half of the directors are identical.

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 YEAR ENDED DECEMBER 31, 2009  
 (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> Chunghwa Investment Co., Ltd.	Investments accounted for by the equity method	Chunghwa Telecom Co., Ltd.	Governed by the MOTC	80,000,000	\$ 739,517	-	\$ -	80,000,000	\$ 756,433	\$ 749,092	\$ 5,164	-	\$ -	
	Ming Giant (Shanghai) International Logistics Company Limited	Investments accounted for by the equity method	China Nanshan Development (Group) Incorporation	-	-	235,739	-	-	-	227,625	229,348	26,489	-	-	
	<u>Mutual fund</u> SinoPac Bond	Available-for-sale financial asset - current	-	-	-	-	20,268,499	270,000	20,268,499	270,013	270,000	13	-	-	
	Capital Income Fund	Available-for-sale financial asset - current	-	-	-	-	12,351,875	190,000	12,351,875	190,024	190,000	24	-	-	
	TIIM Bond	Available-for-sale financial asset - current	-	-	-	-	31,310,514	451,000	31,310,514	451,054	451,000	54	-	-	
	FSITC Bond Fund	Available-for-sale financial asset - current	-	-	-	-	3,055,356	520,000	3,055,356	520,100	520,000	100	-	-	
	Taishin Lucky Fund	Available-for-sale financial asset - current	-	-	-	-	11,317,872	120,000	11,317,872	120,026	120,000	26	-	-	
	Hua Nan Phoenix Bond Fund	Available-for-sale financial asset - current	-	-	-	-	25,708,305	400,000	25,708,305	400,021	400,000	21	-	-	
	Fu-Hwa Bond Fund	Available-for-sale financial asset - current	-	-	-	-	160,453,213	2,215,000	160,453,213	2,215,114	2,215,000	114	-	-	
	Mega Diamond Bond	Available-for-sale financial asset - current	-	-	-	-	57,895,668	690,000	57,895,668	690,092	690,000	92	-	-	
	Shin Kong Chi-Shin Fund	Available-for-sale financial asset - current	-	-	-	-	33,773,971	500,000	33,773,971	500,023	500,000	23	-	-	
	ING Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	32,072,252	500,000	32,072,252	500,029	500,000	29	-	-	
	Unio Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,876,040	200,000	15,876,040	200,016	200,000	16	-	-	
	IBT Ta Chong Equity Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	27,353,654	370,000	27,353,654	370,140	370,000	140	-	-	
	IBT 1699 Bond Fund	Available-for-sale financial asset - current	-	-	-	-	57,065,775	735,000	57,066	735,057	735,000	57	-	-	
	Jih Sun Bond Fund	Available-for-sale financial asset - current	-	-	-	-	32,616,832	460,000	32,616,832	460,042	460,000	42	-	-	
	BGI Liquidity First Fund (USD)	Available-for-sale financial asset - current	-	-	-	4,745	156	41,002,617	1,313,310	41,000,000	1,313,230	1,313,230	-	7,362	235
	BGI Liquidity First Fund (GBP)	Financial assets at fair value through profit or loss - current	-	-	-	9,655	459	7,873,395	405,542	5,599,000	289,610	289,610	-	2,284,050	116,391
	BGI Liquidity First Fund (EUR)	Financial assets at fair value through profit or loss - current	-	-	-	6,209	288	22,632,523	549,056	21,177,000	482,137	482,137	-	1,461,732	67,207
Ching Ming Investment Corp.	<u>Mutual fund</u> Fuh-Hwa Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	3,883,401	53,441	3,725,390	51,395	7,608,791	105,038	104,836	202	-	
	PCA Well Pool Fund	Financial assets at fair value through profit or loss - current	-	-	-	2,164,168	28,000	5,842,547	75,760	8,006,715	103,920	103,760	160	-	
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> PCA Well Pool Fund	Available-for-sale financial assets - current	-	-	-	6,000,000	77,434	33,984,940	441,000	38,009,200	493,220	492,819	400	1,975,740	
	Central Diamond Bond	Available-for-sale financial assets - current	-	-	-	-	-	13,925,954	166,000	5,540,210	66,037	66,000	37	8,385,744	
	ING Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	-	-	-	19,240,143	300,000	14,839,000	231,449	231,375	74	4,401,143	
	SinoPac Bond Fund	Available-for-sale financial assets - current	-	-	-	-	-	22,501,744	300,000	-	-	-	-	22,501,744	

Notes:

A. Carrying value is original acquisition amount.



**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
YEAR ENDED DECEMBER 31, 2009**

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

Asset Name	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction made by Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
						Owner						
Sec. 2, Nanhai Sec. 86th, 96th, 99th, 100th, 101th land number Zhongzheng Dist., Taipei City	August 27, 2009	\$100,800	Full paid	Northern Region Office, National Property Administration	-	-	-	-	\$ -	Northern Region Office, National Property Administration approved the purchase price of NT\$100,800	Nonoperating land	-

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

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

**DECEMBER 31, 2009**

**(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	\$ 19,743,039 (Note D)	-	\$ -	-	\$ -	\$ -
	Yang Ming (Liberia) Corp.	A	871,549 (Note E)	-	-	-	-	-
	Yangming (UK) Ltd.	A	730,041 (Note F)	-	-	-	59,817	-
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	188,672 (Note G)	-	-	-	-	-
	Young-Carrier Company Ltd.	A	786,286	-	-	-	776,181	-
	Yang Ming Italy S.p.A.	A	170,938	-	-	-	170,938	-
	Yang Ming (Vietnam) Corp.	A	124,795	-	-	-	124,795	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	B	6,988,209 (Note E)	-	-	-	-	-
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	C	2,443,375 (Note H)	-	-	-	-	-
Young-Carrier Company Ltd.	Yang Ming Marine Transport Corporation	C	161,961	-	-	-	161,961	-
Yang Ming (America) Corp.	Olympic Container Terminal LLC	B	438,811 (Note I)	-	-	-	-	-
Yang Ming Shipping (B.V.I) Inc.	Yang Ming Line (Hong Kong) Ltd.	B	126,399	-	-	-	-	-

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. Proceeds from sale of ship.
- F. Freight and shipping line expense receivable.
- G. Dividends receivable.
- H. Proceeds from sale of ships.
- I. Financing providing.
- J. 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 SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
 YEAR ENDED DECEMBER 31, 2009  
 (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, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2009	December 31, 2008	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	\$ 3,767,414	\$ (1,090,155)	\$ (1,090,155)	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	1,630,396	43,882	43,882	Subsidiary
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,500,013	160,650,000	100.00	1,538,107	39,396	39,396	Subsidiary
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	4,894,610	(644,729)	(644,729)	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	551,944	551,944	55,251,100	46.04	482,341	(74,011)	(34,075)	Subsidiary
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	4,143,884	4,143,884	205,514,000	100.00	5,478,453	1,068,363	1,068,363	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	316,780	316,780	31,667,630	79.17	346,722	2,338	1,851	Subsidiary
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	113,936	8,388	4,276	Subsidiary
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	23,780	(289,266)	(289,266)	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	217,924	320,677	157,132	Equity-method investee
	Chunghwa Investment Co., Ltd.	Taipei, Taiwan	Investment	-	800,000	-	-	-	13,548	5,419	Equity-method investee
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,378	3,378	1	100.00	(266,531)	(445,623)	(445,623)	Subsidiary
	Ming Giant (Shanghai) International Logistics Company Limited	Shanghai, China	Warehouse operation and forwarding agency	-	231,700	-	-	-	(1,417)	(1,417)	Subsidiary
	Yuan Wang Investment Co., Ltd.	Taipei, Taiwan	Investment	179,810	179,810	5,211,474	49.75	252,135	40,404	20,101	Equity-method investee
Kao Ming Container Terminal Corp.	Kaohsiung, Taiwan	Terminal operation and stevedoring	1,800,000	800,000	180,000,00	100.00	1,818,097	31,088	31,088	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	43,247	2,338	-	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	493,111	493,111	49,311,077	41.09	430,509	(74,011)	-	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	590,816	266,622	-	Equity-method investee
	United Terminal Leasing LLC	Los Angeles, USA	Terminal operation and machine lease	34,750	34,750	(Note G)	40.00	93,778	79,093	-	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	(266,806)	(340,428)	-	Subsidiary
	Triumph Logistics, Inc.	U.S.A.	Container transportation	1,699	1,699	200	100.00	(3,746)	(6,927)	-	Subsidiary
	Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	31,530	31,530	(Note Q)	100.00	(434,030)	(65,090)	-	Subsidiary
	Topline Transportation, Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	1,666	(1,602)	-	Subsidiary
	Coastal Tarheel Express, Inc.	U.S.A.	Container transportation	2,430	2,430	100	100.00	6,976	3,206	-	Subsidiary
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	2,444	2,444	200	100.00	7,304	2,691	-	Subsidiary
	Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	-	100,000	100.00	1,000	7,227	-	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	(1,971,358)	(1,467,719)	-	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	(1,974,290)	(1,467,300)	-	Subsidiary
Yang Ming Line B.V.	Yangming (UK) Ltd.	London, U.K.	Investment, shipping agency, forwarding agency and shipping managers	42,408	42,408	900,000	100.00	(2,130,115)	(1,455,916)	-	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100.00	108,289	(8,779)	-	Subsidiary
	Yang Ming Italy S.p.A.	Genova, Italy	Shipping agency	4,319	4,319	125,000	50.00	24,188	(3,391)	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2009	December 31, 2008	Shares	Percentage of Ownership	Carrying Value			
Yangming (UK) Ltd.	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	\$ 540	\$ 540	(Note I)	60.00	\$ 12,460	\$ 20,129	\$ -	Subsidiary
	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,651	1,651	375	60.00	(369)	(9,873)	-	Subsidiary
Yangming (UK) Ltd.	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	25	25	(Note C)	50.00	10,532	6,567	-	Equity-method investee
	Yes Logistic UK Limited	U.K.	Forwarding agency	-	-	200	100.00	(4,040)	-	-	Subsidiary
Yang Ming Italy S.p.A.	Yang Ming Naples S.r.l.	Naples, Italy	Forwarding agency	238	238	(Note K)	60.00	1,392	(270)	-	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	374,105	(11,429)	-	Subsidiary
Yangming (Japan) Co., Ltd.	Yang Ming Shipping (B.V.I) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51.00	253,689	(23,806)	-	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	41,929	(29,268)	-	Subsidiary
Yang Ming Line (Hong Kong) Ltd.	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	32,440	32,440	1,000,000	100.00	64,958	24,610	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(86,731)	7,171	-	Subsidiary
Yangming Shipping (Singapore) Pte Ltd.	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	67,719	9,317	-	Subsidiary
Yang Ming Line (M) Sdn. Bhd.	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	21,740	6,696	-	Subsidiary
Yang Ming Line (India) Pvt. Ltd.	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	12,764	695	-	Subsidiary
Yang Ming (Vietnam) Corp.	Yang Ming (Vietnam) Corp.	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note J)	49.00	8,928	10,625	-	Equity-method investee
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	22,069	7,318	-	Subsidiary
Yang Ming Anatolia Shipping Agency	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	254,358	254,358	(Note N)	30.00	214,469	37,494	-	Equity-method investee
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	26,914	55,674	-	Subsidiary
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	3,073	(20)	-	Subsidiary
Yang Ming Shipping (B.V.I) Inc.	Karman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	88,797	295	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming Shipping Corp. (Panama)	Panama	Forwarding agency	30,987	30,987	49,500	100.00	96,089	1,295	-	Subsidiary
	Kuang Ming (Liberia) Corp.	Monrovia, Republic of Liberia	Forwarding agency	1,060,904	1,060,904	1	100.00	1,886,689	579,774	-	Subsidiary
Honming Terminal & Stevedoring Co., Ltd.	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	110,610	110,610	11,068,800	9.22	89,292	(74,158)	-	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp.	Auckland, USA	Shipping agency, forwarding agency and shipping managers	179,750	179,750	5,460,000	100.00	83,442	(41,780)	-	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	14,428	14,428	703,285	100.00	(79,656)	(15,761)	-	Subsidiary
Yes Logistics Corp.	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	43,824	43,824	4,382,370	10.96	48,407	2,338	-	Subsidiary
	Chang Ming Logistics Company Limited	Chongqing, China	Terminal operation and stevedoring	304,326	209,726	(Note D)	49.00	336,172	1,842	-	Equity-method investee
Yes Logistics Corp.	Golden Logistics Corp.	Shanghai, China	Forwarding agency	164,329	164,329	(Note L)	100.00	58,743	(43,936)	-	Subsidiary
	Golden Logistics USA Corporation	USA	Container transportation	328	328	100	100.00	(785)	(2,451)	-	Subsidiary
	Yes Logistics Europe GmbH	Germany	Forwarding agency	1,158	-	(Note H)	100.00	2,712	1,691	-	Subsidiary
Golden Logistics Corp.	Golden Logistics (Qingdao) Corp.	Qingdao, China	Forwarding agency	12,498	12,498	(Note P)	60.00	9,870	(738)	-	Subsidiary
	Star Logistics Corp.	Qingdao, China	Forwarding agency	10,850	10,850	(Note S)	60.00	11,844	(5,261)	-	Subsidiary
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Company, Ltd.	Hong Kong	Forwarding agency	4,304	4,304	1,000,000	100.00	(82,351)	(10,105)	-	Subsidiary
	Yes Logistics (Netherlands) B.V.	Netherlands	Forwarding agency	1,224	1,224	(Note M)	100.00	(235)	(3,413)	-	Subsidiary
	Burger YES B.V.	Netherlands	Forwarding agency	7,587	7,587	9,000	50.00	4,138	(3,760)	-	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\$9,301,000, 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 EUR11,000, 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. This is equivalent to EUR25,000, and no shares were issued.
- N. This is equivalent to US\$7,800,000, and no shares were issued.
- O. 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 investment is not charged against the Corporation.
- P. This is equivalent to RMB3,000,000, and no shares were issued.
- Q. This is equivalent to US\$1,000,000, and no shares were issued.
- R. This is equivalent to RMB2,960,000, and no shares were issued.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA  
YEAR ENDED DECEMBER 31, 2009

(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, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2009	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Value as of December 31, 2009 (Note E)	Accumulated Inward Remittance of Earnings as of December 31, 2009
						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.	\$ 596,463 (US\$ 18,622,000)	\$ -	\$ -	\$ 596,463 (US\$ 18,622,000)	12.00%	\$ -	(Note G)	\$ -
	Ming Giant (Shanghai) International Logistics Company Limited (Note B)	Warehouse operation and forwarding agency	US\$ 7,000,000	Direct investment in Mainland China	224,210 (US\$ 7,000,000)	-	-	224,210 (US\$ 7,000,000) (Note H)	100.00%	(1,417)		-
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.	160,150 (US\$ 5,000,000)	-	-	160,150 (US\$ 5,000,000)	96.35%	(42,332)	56,599	-
	Chang Ming Logistics Company Limited (Note D)	Terminal operation and stevedoring	RMB 144,800,000	Investee's direct investment in Mainland China.	206,081 (US\$ 6,434,000)	91,830 (US\$ 2,867,000)	-	297,911 (US\$ 2,867,000)	47.21%	870	323,902	-

Accumulated Investment in Mainland China as of December 31, 2009	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 820,673 (US\$ 25,622,000)	\$ 820,673 (US\$ 25,622,000)	\$ 19,056,186
458,061 (US\$ 14,301,000)	458,061 (US\$ 14,301,000)	628,594 (Note F)

## 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, November 29, 2006 and December 2, 2008.
- E. Calculated by the % ownership of direct or indirect investment.
- F. It represents 60% (\$1,047,656 thousand) of the net assets of Yes Logistics Corp. as of December 31, 2009.
- G. Impairment loss was recognized in 2007.
- H. The Corporation disposed all equities of Ming Giant (Shanghai) International Logistics Company Limited in December 2009, and had remitted the investment funds. The Corporation will apply for cancelling the investment amounts to the Investment Commission, Ministry of Economic Affairs.
- I. U.S. dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.03.

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

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

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

2009

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
0	YMTC	Yangming-ERO	1	Payables to related parties	\$ 19,309	Conducted as agreed terms	-
				Accounts receivable from related parties	33,020	Conducted as agreed terms	-
				Operating costs	277,194	Conducted as agreed terms	-
		Yangming-UK	1	Advances to shipping agents	7,710	Conducted as agreed terms	-
				Accounts receivable from related parties	42,041	Conducted as agreed terms	-
				Payables to related parties	738	Conducted as agreed terms	-
				Other receivable from related parties	688,000	Conducted as agreed terms	1%
				Advances to shipping agents	40,189	Conducted as agreed terms	-
				Prepaid expenses	132,950	Conducted as agreed terms	-
				Operating revenues	1,293,439	Conducted as agreed terms	1%
		Yes Logistics	1	Operating costs	5,300,267	Conducted as agreed terms	6%
				Operating revenues	516,782	Conducted as agreed terms	1%
				Rent income	4,030	Conducted as agreed terms	-
				Operating costs	59,865	Conducted as agreed terms	-
				Other receivable from related parties	10,785	Conducted as agreed terms	-
				Payables to related parties	1,024	Conducted as agreed terms	-
				Operating revenues	56,827	Conducted as agreed terms	-
		Kuang Ming	1	Rent income	1,673	Conducted as agreed terms	-
				Other receivable from related parties	228,173	Conducted as agreed terms	-
				Operating costs	2,531,541	Conducted as agreed terms	3%
				Interest revenues	576,732	Conducted as agreed terms	1%
		AOT	1	Other receivable from related parties	18,758	Conducted as agreed terms	-
				Long-term receivables from related parties	19,724,282	Conducted as agreed terms	17%
				Operating costs	177,000	Conducted as agreed terms	-
		Honming	1	Operating costs	722,476	Conducted as agreed terms	1%
				Other receivable from related parties	372	Conducted as agreed terms	-
		Jing Ming	1	Payables to related parties	43,647	Conducted as agreed terms	-
Operating costs	1,245,992			Conducted as agreed terms	1%		
Yang Ming-America	1	Accounts receivable from related parties	24,404	Conducted as agreed terms	-		
		Other receivable from related parties	2,143	Conducted as agreed terms	-		
		Advances to shipping agents	790,608	Conducted as agreed terms	1%		
		Operating costs	508,197	Conducted as agreed terms	1%		
Olympic Container Terminal LLC	1	Operating costs	139,662	Conducted as agreed terms	-		
		Operating costs	45,887	Conducted as agreed terms	-		
Yangming-Japan	1	Payables to related parties	75,763	Conducted as agreed terms	-		
		Operating costs	383,853	Conducted as agreed terms	-		
Young-Carrier Company Ltd.	1	Accounts receivable from related parties	786,286	Conducted as agreed terms	1%		
		Payables to related parties	161,961	Conducted as agreed terms	-		
		Operating costs					

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		YML-HK	1	Operating costs	\$ 217,136	Conducted as agreed terms	-
				Accounts receivable from related parties	50,786	Conducted as agreed terms	-
				Payables to related parties	54,452	Conducted as agreed terms	-
		YMS-Singapore	1	Operating costs	37,315	Conducted as agreed terms	-
				Accounts receivable from related parties	6,018	Conducted as agreed terms	-
				Payables to related parties	29,943	Conducted as agreed terms	-
				Advances to shipping agents	591	Conducted as agreed terms	-
		YML-M	1	Operating costs	37,315	Conducted as agreed terms	-
				Accounts receivable from related parties	14,608	Conducted as agreed terms	-
				Other receivable from related parties	64	Conducted as agreed terms	-
				Payables to related parties	18,165	Conducted as agreed terms	-
		YML-India	1	Operating costs	8,348	Conducted as agreed terms	-
				Accounts receivable from related parties	22,369	Conducted as agreed terms	-
				Payables to related parties	37,050	Conducted as agreed terms	-
		Yang Ming-Korea	1	Operating costs	111,111	Conducted as agreed terms	-
				Accounts receivable from related parties	33,613	Conducted as agreed terms	-
				Payables to related parties	79,836	Conducted as agreed terms	-
		YMS-BVI	1	Operating costs	69,658	Conducted as agreed terms	-
		Yang Ming-Liberia	1	Operating costs	1,922,960	Conducted as agreed terms	2%
				Interest revenues	57,308	Conducted as agreed terms	-
				Long-term receivables from related parties	605,018	Conducted as agreed terms	1%
		YML-BVI	1	Long-term receivables from related parties	188,672	Conducted as agreed terms	-
		Ching Ming	1	Rent income	368	Conducted as agreed terms	-
		Yang Ming-Italy	1	Operating costs	36,118	Conducted as agreed terms	-
				Accounts receivable from related parties	170,938	Conducted as agreed terms	-
				Advances to shipping agents	3,397	Conducted as agreed terms	-
		Yang Ming-Belgium	1	Operating costs	37,692	Conducted as agreed terms	-
				Accounts receivable from related parties	29,631	Conducted as agreed terms	-
				Payables to related parties	34,008	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	1	Operating costs	107,854	Conducted as agreed terms	-
				Accounts receivable from related parties	6,955	Conducted as agreed terms	-
				Payables to related parties	46,640	Conducted as agreed terms	-
		Kuang Ming (Liberia) Corp.	1	Operating revenues	176,011	Conducted as agreed terms	-
				Other receivable from related parties	10,197	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	1	Accounts receivable from related parties	35,732	Conducted as agreed terms	-
				Payables to related parties	38,579	Conducted as agreed terms	-
				Operating costs	96,776	Conducted as agreed terms	-
		Yang Ming Shipping (Canada) Ltd.	1	Accounts receivable from related parties	18,457	Conducted as agreed terms	-
				Advances to shipping agents	2,586	Conducted as agreed terms	-
		Yang Ming Line B.V.	1	Other receivable from related parties	1,060	Conducted as agreed terms	-
				Payables to related parties	4,046	Conducted as agreed terms	-
				Refundable deposits	310,866	Conducted as agreed terms	-
		Sunbright Insurance Pte. Ltd.	1	Operating costs	39,226	Conducted as agreed terms	-
				Prepaid expenses	7,874	Conducted as agreed terms	-
1	Kuang Ming	YMTC	2	Operating costs	56,827	Conducted as agreed terms	-
				Administration expenses	1,673	Conducted as agreed terms	-
				Payables to related parties	228,173	Conducted as agreed terms	-
		Yang Ming-Liberia	3	Interest revenues	14,434	Conducted as agreed terms	-

(Continued)



Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details					
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue		
2	AOT	YMTC	2	Operating revenues	\$ 2,531,541	Conducted as agreed terms	3%		
				Interest expenses	576,732	Conducted as agreed terms	-		
				Payables to related parties	19,743,040	Conducted as agreed terms	2%		
		Yangming-UK	3	Operating revenues	513,393	Conducted as agreed terms	1%		
				Interest expenses	846	Conducted as agreed terms	-		
		KMS-Panama	3	Operating revenues	178,299	Conducted as agreed terms	-		
				Interest revenues	98,900	Conducted as agreed terms	-		
		Kuang Ming (Liberia) Corp.	3	Long-term receivables from related parties	6,988,209	Conducted as agreed terms	6%		
				Payables to related parties	5,503	Conducted as agreed terms	-		
				Accounts receivable from related parties	7,213	Conducted as agreed terms	-		
Yang Ming-Liberia	3	Operating costs	49,866	Conducted as agreed terms	-				
3	Honming	YMTC	2	Operating revenues	177,000	Conducted as agreed terms	-		
4	Jing Ming	YMTC	2	Operating revenues	722,476	Conducted as agreed terms	1%		
				Accounts receivable from related parties	43,647	Conducted as agreed terms	-		
				Payables to related parties	372	Conducted as agreed terms	-		
		Yes Logistics	3	Operating revenues	2,593	Conducted as agreed terms	-		
				Accounts receivable from related parties	562	Conducted as agreed terms	-		
5	Yang Ming-America	YMTC	2	Operating revenues	1,245,992	Conducted as agreed terms	1%		
				Payables to related parties	817,155	Conducted as agreed terms	1%		
		Yangming-UK	3	Operating revenues	18,806	Conducted as agreed terms	-		
				Accounts receivable from related parties	39,349	Conducted as agreed terms	-		
		Yes Logistics	3	Payables to related parties	41,271	Conducted as agreed terms	-		
				Payables to related parties	9,088	Conducted as agreed terms	-		
				Accounts receivable from related parties	772	Conducted as agreed terms	-		
				Operating revenues	1,019	Conducted as agreed terms	-		
				Operating costs	54,608	Conducted as agreed terms	-		
6	Olympic Container Terminal LLC	YMTC	2	Operating revenues	508,197	Conducted as agreed terms	-		
7	Yangming-Japan	YMTC	2	Operating revenues	139,662	Conducted as agreed terms	-		
				Payables to related parties	45,887	Conducted as agreed terms	-		
				Accounts receivable from related parties	75,763	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenues	8,442	Conducted as agreed terms	-		
				Payables to related parties	973	Conducted as agreed terms	-		
		Yes Logistics	3	Accounts receivable from related parties	7,642	Conducted as agreed terms	-		
				Operating costs	302,680	Conducted as agreed terms	-		
				Payables to related parties	29,423	Conducted as agreed terms	-		
		8	Young-Carrier Company Ltd.	YMTC	2	Operating revenues	383,853	Conducted as agreed terms	-
						Payables to related parties	786,286	Conducted as agreed terms	1%
Accounts receivable from related parties	161,961					Conducted as agreed terms	-		
Yangming-UK	3			Operating revenues	57,805	Conducted as agreed terms	-		
				Payables to related parties	136,715	Conducted as agreed terms	-		
Yang Ming Line (Singapore) Pte. Ltd.	3			Accounts receivable from related parties	110,603	Conducted as agreed terms	-		
				Accounts receivable from related parties	7,837	Conducted as agreed terms	-		
				Administration expenses	32,341	Conducted as agreed terms	-		

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
9	Yangming-UK	YMTC	2	Payables to related parties	\$ 903,180	Conducted as agreed terms	1%
				Accounts receivable from related parties	738	Conducted as agreed terms	-
				Operating costs	1,293,439	Conducted as agreed terms	1%
				Operating revenues	5,300,267	Conducted as agreed terms	6%
		Yang Ming-America	3	Operating costs	18,806	Conducted as agreed terms	-
				Payables to related parties	39,349	Conducted as agreed terms	-
				Accounts receivable from related parties	41,271	Conducted as agreed terms	-
				Operating costs	8,442	Conducted as agreed terms	-
		Yangming-Japan	3	Accounts receivable from related parties	973	Conducted as agreed terms	-
				Payables to related parties	7,642	Conducted as agreed terms	-
				Operating costs	57,805	Conducted as agreed terms	-
				Accounts receivable from related parties	136,715	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	3	Payables to related parties	110,603	Conducted as agreed terms	-
				Operating costs	23,901	Conducted as agreed terms	-
				Accounts receivable from related parties	8,138	Conducted as agreed terms	-
				Payables to related parties	28,547	Conducted as agreed terms	-
		YML-HK	3	Operating costs	18,267	Conducted as agreed terms	-
				Accounts receivable from related parties	686	Conducted as agreed terms	-
				Payables to related parties	7,295	Conducted as agreed terms	-
				Operating costs	8,729	Conducted as agreed terms	-
		YMS-Singapore	3	Accounts receivable from related parties	2,682	Conducted as agreed terms	-
				Payables to related parties	10,857	Conducted as agreed terms	-
				Operating costs	24,613	Conducted as agreed terms	-
				Accounts receivable from related parties	18,105	Conducted as agreed terms	-
		YML-M	3	Payables to related parties	109,074	Conducted as agreed terms	-
				Operating costs	6,961	Conducted as agreed terms	-
				Operating costs	33,920	Conducted as agreed terms	-
				Operating costs	5,025	Conducted as agreed terms	-
		Yangming-ERO	3	Accounts receivable from related parties	11,652	Conducted as agreed terms	-
				Payables to related parties	2,840	Conducted as agreed terms	-
				Operating costs	61,533	Conducted as agreed terms	-
				Accounts receivable from related parties	6	Conducted as agreed terms	-
		Yang Ming-Korea	3	Payables to related parties	34,080	Conducted as agreed terms	-
				Payables to related parties	1,547	Conducted as agreed terms	-
				Accounts receivable from related parties	2,028	Conducted as agreed terms	-
				Operating costs	6,616	Conducted as agreed terms	-
		Yang Ming-Italy	3	Operating costs	213	Conducted as agreed terms	-
				Accounts receivable from related parties	77	Conducted as agreed terms	-
				Payables to related parties	24	Conducted as agreed terms	-
				Operating costs	1,490	Conducted as agreed terms	-
Sunbright Insurance Pte. Ltd.	3	Accounts receivable from related parties	145	Conducted as agreed terms	-		
		Payables to related parties	3,913	Conducted as agreed terms	-		
		Operating costs	217	Conducted as agreed terms	-		
		Accounts receivable from related parties	482	Conducted as agreed terms	-		
Yang Ming-Belgium	3	Payables to related parties	17	Conducted as agreed terms	-		
		Operating costs	513,393	Conducted as agreed terms	1%		
		Operating costs	187,884	Conducted as agreed terms	-		
		Operating costs					
Yang Ming (Netherlands) B.V.	3	Operating costs					
		Accounts receivable from related parties					
		Payables to related parties					
		Operating costs					
Yang Ming Anatolia Shipping Agency S.A.	3	Operating costs					
		Accounts receivable from related parties					
		Payables to related parties					
		Operating costs					
AOT	3	Operating costs					
		Accounts receivable from related parties					
		Payables to related parties					
		Operating costs					
Yang Ming-Liberia	3	Operating costs					
		Accounts receivable from related parties					
		Payables to related parties					
		Operating costs					

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
10	YML-HK	YMTC	2	Operating revenues	\$ 217,136	Conducted as agreed terms	-
				Payables to related parties	50,786	Conducted as agreed terms	-
				Accounts receivable from related parties	54,452	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	23,901	Conducted as agreed terms	-
				Payables to related parties	8,138	Conducted as agreed terms	-
				Accounts receivable from related parties	28,547	Conducted as agreed terms	-
11	YMS-Singapore	YMTC	2	Operating revenues	37,315	Conducted as agreed terms	-
				Payables to related parties	6,618	Conducted as agreed terms	-
				Accounts receivable from related parties	29,943	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	18,267	Conducted as agreed terms	-
				Payables to related parties	686	Conducted as agreed terms	-
				Accounts receivable from related parties	7,295	Conducted as agreed terms	-
12	KMS-Panama	AOT	3	Interest revenues	846	Conducted as agreed terms	-
13	YML-M	YMTC	2	Operating revenues	37,315	Conducted as agreed terms	-
				Payables to related parties	14,672	Conducted as agreed terms	-
				Accounts receivable from related parties	18,165	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	8,729	Conducted as agreed terms	-
				Payables to related parties	2,682	Conducted as agreed terms	-
				Accounts receivable from related parties	10,857	Conducted as agreed terms	-
14	Yes Logistics	YMTC	2	Operating costs	516,782	Conducted as agreed terms	1%
				Administration expenses	4,030	Conducted as agreed terms	-
				Operating revenues	59,865	Conducted as agreed terms	-
		Yangming-Japan	3	Payables to related parties	10,785	Conducted as agreed terms	-
				Accounts receivable from related parties	1,024	Conducted as agreed terms	-
				Operating revenues	302,680	Conducted as agreed terms	-
				Accounts receivable from related parties	29,423	Conducted as agreed terms	-
				Payables to related parties	454	Conducted as agreed terms	-
				Payables to related parties	297	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	3	Operating costs	2,593	Conducted as agreed terms	-
				Payables to related parties	562	Conducted as agreed terms	-
				Accounts receivable from related parties	9,088	Conducted as agreed terms	-
		Yang Ming-Korea	3	Payables to related parties	722	Conducted as agreed terms	-
				Operating costs	1,019	Conducted as agreed terms	-
				Operating revenues	54,608	Conducted as agreed terms	-
Jing Ming	3	Payables to related parties	1,446	Conducted as agreed terms	-		
		Accounts receivable from related parties	133	Conducted as agreed terms	-		
		Accounts receivable from related parties	133	Conducted as agreed terms	-		
Yang Ming-America	3	Operating costs	722	Conducted as agreed terms	-		
		Payables to related parties	9,088	Conducted as agreed terms	-		
		Accounts receivable from related parties	9,088	Conducted as agreed terms	-		
YML-India	3	Operating costs	1,019	Conducted as agreed terms	-		
		Operating revenues	54,608	Conducted as agreed terms	-		
		Payables to related parties	1,446	Conducted as agreed terms	-		
15	YML-BVI	YMTC	2	Long-term payables to related parties	188,672	Conducted as agreed terms	-
				Accounts receivable from related parties	133	Conducted as agreed terms	-
16	Ching Ming	YMTC	2	Administration expenses	368	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
17	YML-India	YMTC	2	Operating revenues	\$ 8,348	Conducted as agreed terms	-
				Accounts receivable from related parties	37,050	Conducted as agreed terms	-
				Payables to related parties	22,369	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	24,613	Conducted as agreed terms	-
				Payables to related parties	18,105	Conducted as agreed terms	-
				Accounts receivable from related parties	109,074	Conducted as agreed terms	-
		Yes Logistics	3	Payables to related parties	133	Conducted as agreed terms	-
				Accounts receivable from related parties	1,446	Conducted as agreed terms	-
18	Yangming-ERO	YMTC	2	Accounts receivable from related parties	19,309	Conducted as agreed terms	-
				Payables to related parties	40,730	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	277,194	Conducted as agreed terms	-
				Accounts receivable from related parties	6,961	Conducted as agreed terms	-
				Operating revenues	33,920	Conducted as agreed terms	-
19	Yang Ming-Liberia	YMTC	2	Operating revenues	1,922,960	Conducted as agreed terms	2%
				Interest expenses	57,308	Conducted as agreed terms	-
		AOT	3	Long-term payables to related parties	605,018	Conducted as agreed terms	1%
				Interest expenses	98,900	Conducted as agreed terms	-
		Kuang Ming Sunbright Insurance Pte. Ltd.	3	Long-term payables to related parties	6,988,209	Conducted as agreed terms	6%
				Interest expenses	14,434	Conducted as agreed terms	-
		Yangming-UK	3	Payables to related parties	10,545	Conducted as agreed terms	-
				Other receivable from related parties	13,821	Conducted as agreed terms	-
				Operating costs	32,672	Conducted as agreed terms	-
				Operating revenues	187,884	Conducted as agreed terms	-
20	Yang Ming-Korea	YMTC	2	Operating revenues	111,111	Conducted as agreed terms	-
				Payables to related parties	33,613	Conducted as agreed terms	-
				Accounts receivable from related parties	79,836	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	5,025	Conducted as agreed terms	-
				Payables to related parties	11,652	Conducted as agreed terms	-
				Accounts receivable from related parties	2,840	Conducted as agreed terms	-
		Yes Logistics	3	Accounts receivable from related parties	297	Conducted as agreed terms	-
21	YMS-BVI	YMTC	2	Operating revenues	69,658	Conducted as agreed terms	-
22	Yang Ming-Italy	YMTC	2	Operating revenues	36,118	Conducted as agreed terms	-
				Payables to related parties	174,335	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	61,533	Conducted as agreed terms	-
				Payables to related parties	6	Conducted as agreed terms	-
				Accounts receivable from related parties	34,080	Conducted as agreed terms	-
23	Yang Ming-Belgium	YMTC	2	Operating revenues	37,692	Conducted as agreed terms	-
				Payables to related parties	29,631	Conducted as agreed terms	-
				Accounts receivable from related parties	34,008	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	213	Conducted as agreed terms	-
				Payables to related parties	77	Conducted as agreed terms	-
				Accounts receivable from related parties	24	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details					
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue		
24	Yang Ming (Netherlands) B.V.	YMTC	2	Operating revenues	\$ 107,854	Conducted as agreed terms	-		
				Payables to related parties	6,955	Conducted as agreed terms	-		
				Accounts receivable from related parties	46,640	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenues	1,490	Conducted as agreed terms	-		
				Accounts receivable from related parties	3,913	Conducted as agreed terms	-		
				Payables to related parties	145	Conducted as agreed terms	-		
		Yes Logistics	3	Accounts receivable from related parties	454	Conducted as agreed terms	-		
25	Yang Ming Anatolia Shipping Agency S.A.	YMTC	2	Operating revenues	96,776	Conducted as agreed terms	-		
				Accounts receivable from related parties	38,579	Conducted as agreed terms	-		
				Payables to related parties	35,732	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenues	217	Conducted as agreed terms	-		
				Accounts receivable from related parties	17	Conducted as agreed terms	-		
				Payables to related parties	482	Conducted as agreed terms	-		
		26	Kuang Ming (Liberia) Corp.	YMTC	2	Other payables to related parties	10,197	Conducted as agreed terms	-
Operating costs	176,011					Conducted as agreed terms	-		
AOT	3			Operating costs	178,299	Conducted as agreed terms	-		
27	Kao Ming Container Terminal Corp.	Sunbright Insurance Pte. Ltd.	3	Other receivable from related parties	15,831	Conducted as agreed terms	-		
				Operating costs	13,033	Conducted as agreed terms	-		
28	Yang Ming Line (Singapore) Pte. Ltd.	Young-Carrier Company Ltd.	3	Payables to related parties	7,837	Conducted as agreed terms	-		
				Rent Revenue	32,341	Conducted as agreed terms	-		
29	Yang Ming Shipping (Canada) Ltd.	YMTC	2	Payables to related parties	21,043	Conducted as agreed terms	-		
30	Yang Ming Line B.V.	YMTC	2	Accounts receivable from related parties	4,046	Conducted as agreed terms	-		
				Payables to related parties	1,060	Conducted as agreed terms	-		
				Guarantee deposits received	310,866	Conducted as agreed terms	-		
31	Sunbright Insurance Pte. Ltd.	YMTC	2	Operating revenues	39,226	Conducted as agreed terms	-		
				Receipts revenues	7,874	Conducted as agreed terms	-		
		AOT	3	Operating revenues	49,866	Conducted as agreed terms	-		
				Accounts receivable from related parties	5,503	Conducted as agreed terms	-		
				Payables to related parties	7,213	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenues	6,616	Conducted as agreed terms	-		
				Accounts receivable from related parties	1,547	Conducted as agreed terms	-		
				Payables to related parties	2,028	Conducted as agreed terms	-		
		Yang Ming-Liberia	3	Operating revenues	32,672	Conducted as agreed terms	-		
				Accounts receivable from related parties	10,545	Conducted as agreed terms	-		
				Payables to related parties	13,821	Conducted as agreed terms	-		
		Kao Ming Container Terminal Corp.		Payables to related parties	15,831	Conducted as agreed terms	-		
				Operating revenues	13,033	Conducted as agreed terms	-		

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
0	YMTC	Yangming-ERO	1	Payables to related parties	\$ 34,378	Conducted as agreed terms	-
				Accounts receivable from related parties	82,218	Conducted as agreed terms	-
				Operating costs	408,399	Conducted as agreed terms	-
		Yangming-UK	1	Accounts receivable from related parties	195,965	Conducted as agreed terms	-
				Payables to related parties	931,141	Conducted as agreed terms	1%
				Operating revenues	1,927,460	Conducted as agreed terms	1%
				Operating costs	5,148,322	Conducted as agreed terms	4%
				Operating revenues	129,362	Conducted as agreed terms	-
		Yes Logistics	1	Rent income	4,000	Conducted as agreed terms	-
				Operating costs	61,839	Conducted as agreed terms	-
				Accounts receivable from related parties	2,164	Conducted as agreed terms	-
				Other receivable from related parties	12,884	Conducted as agreed terms	-
				Payables to related parties	1,222	Conducted as agreed terms	-
				Operating revenues	175,794	Conducted as agreed terms	-
				Rent income	274	Conducted as agreed terms	-
		AOT	1	Other receivable from related parties	46,177	Conducted as agreed terms	-
				Operating costs	4,059,553	Conducted as agreed terms	3%
				Interest revenues	699,774	Conducted as agreed terms	1%
		Honming	1	Long-term receivables from related parties	25,390,306	Conducted as agreed terms	23%
				Operating costs	184,000	Conducted as agreed terms	-
		Jing Ming	1	Operating costs	840,587	Conducted as agreed terms	1%
				Payable to related parties	66,820	Conducted as agreed terms	-
		Yang Ming-America	1	Operating costs	1,529,420	Conducted as agreed terms	1%
				Accounts receivable from related parties	162,017	Conducted as agreed terms	-
				Advances to shipping agents	102,660	Conducted as agreed terms	-
		Olympic Container Terminal LLC	1	Operating costs	446,153	Conducted as agreed terms	-
		Yangming-Japan	1	Operating costs	249,439	Conducted as agreed terms	-
				Accounts receivable from related parties	167,352	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	1	Payables to related parties	187,402	Conducted as agreed terms	-
				Operating costs	559,924	Conducted as agreed terms	-
				Accounts receivable from related parties	1,045,922	Conducted as agreed terms	1%
		YML Holding	1	Payables to related parties	963,670	Conducted as agreed terms	-
				Long-term receivable from related parties	30,911	Conducted as agreed terms	-
YML-HK	1	Operating costs	115,171	Conducted as agreed terms	-		
		Accounts receivable from related parties	47,077	Conducted as agreed terms	-		
YMS-Singapore	1	Payables to related parties	91,719	Conducted as agreed terms	-		
		Operating costs	78,759	Conducted as agreed terms	-		
		Accounts receivable from related parties	3,559	Conducted as agreed terms	-		
		Payables to related parties	19,738	Conducted as agreed terms	-		
		Advances to shipping agents	2,374	Conducted as agreed terms	-		
KMS-Panama	1	Payables to related parties	30,401	Conducted as agreed terms	-		
YML-M	1	Operating costs	36,669	Conducted as agreed terms	-		
		Accounts receivable from related parties	18,034	Conducted as agreed terms	-		
		Other receivable from related parties	63	Conducted as agreed terms	-		
		Payables to related parties	6,301	Conducted as agreed terms	-		

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		YML-India	1	Operating costs	\$ 5,579	Conducted as agreed terms	-
				Accounts receivable from related parties	37,750	Conducted as agreed terms	-
				Payables to related parties	19,077	Conducted as agreed terms	-
		Yang Ming-Korea	1	Operating costs	154,698	Conducted as agreed terms	-
				Accounts receivable from related parties	150,184	Conducted as agreed terms	-
				Payables to related parties	77,904	Conducted as agreed terms	-
		YMS-BVI	1	Operating costs	182,415	Conducted as agreed terms	-
		Yang Ming-Liberia	1	Operating costs	1,940,090	Conducted as agreed terms	1%
				Interest revenues	60,684	Conducted as agreed terms	-
				Long-term receivables from related parties	1,639,208	Conducted as agreed terms	1%
		YML-BVI	1	Long-term receivables from related parties	1,130,363	Conducted as agreed terms	1%
		Ching Ming	1	Rent income	91	Conducted as agreed terms	-
		Yang Ming-Italy	1	Operating costs	89,511	Conducted as agreed terms	-
				Accounts receivable from related parties	98,029	Conducted as agreed terms	-
				Payables to related parties	45,250	Conducted as agreed terms	-
		Yang Ming-Belgium	1	Operating costs	94,306	Conducted as agreed terms	-
				Advances to shipping agents	5,893	Conducted as agreed terms	-
				Accounts receivable from related parties	64,467	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	1	Operating costs	149,932	Conducted as agreed terms	-
				Accounts receivable from related parties	101,160	Conducted as agreed terms	-
				Other receivable from related parties	10,978	Conducted as agreed terms	-
				Payables to related parties	100,868	Conducted as agreed terms	-
		Kuang Ming (Liberia) Corp.	1	Operating costs	40,485	Conducted as agreed terms	-
				Interest revenues	35,438	Conducted as agreed terms	-
				Other receivable from related parties	21,436	Conducted as agreed terms	-
				Payables to related parties	30,108	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	1	Accounts receivable from related parties	1,947	Conducted as agreed terms	-
1	Kuang Ming	YMTC	2	Operating costs	175,794	Conducted as agreed terms	-
				Operating revenues	-	Conducted as agreed terms	-
				Administration expenses	274	Conducted as agreed terms	-
				Payables to related parties	46,177	Conducted as agreed terms	-
		Yang Ming-Liberia	3	Long-term receivables from related parties	525,760	Conducted as agreed terms	-
2	AOT	YMTC	2	Operating revenues	4,059,553	Conducted as agreed terms	3%
				Interest expenses	699,774	Conducted as agreed terms	-
				Payables to related parties	25,390,306	Conducted as agreed terms	21%
		Yangming-UK	3	Operating revenues	893,600	Conducted as agreed terms	1%
		KMS-Panama	3	Interest expenses	1,863	Conducted as agreed terms	-
				Payables to related parties	60,347	Conducted as agreed terms	-
		Kuang Ming (Liberia) Corp.	3	Long-term receivables from related parties	21,385	Conducted as agreed terms	-
				Operating revenues	41,492	Conducted as agreed terms	-
		Yang Ming-Liberia	3	Interest revenues	30,233	Conducted as agreed terms	-
				Other receivable from related parties	130,637	Conducted as agreed terms	-
				Long-term receivables from related parties	883,729	Conducted as agreed terms	1%
		Yang Ming Line (Singapore) Pte. Ltd.	3	Payables to related parties	15,198	Conducted as agreed terms	-
				Other receivable from related parties	20,172	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details					
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue		
3	Honming	YMTC	2	Operating revenues	\$ 184,000	Conducted as agreed terms	-		
4	Jing Ming	YMTC	2	Operating revenues	840,587	Conducted as agreed terms	1%		
				Accounts receivable from related parties	66,820	Conducted as agreed terms	-		
		Yes Logistics	3	Operating revenues	1,815	Conducted as agreed terms	-		
				Accounts receivable from related parties	502	Conducted as agreed terms	-		
5	Yang Ming-America	YMTC	2	Operating revenues	1,529,420	Conducted as agreed terms	1%		
				Long-term payables to related parties	264,677	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenues	67,582	Conducted as agreed terms	-		
				Accounts receivable from related parties	129,049	Conducted as agreed terms	-		
		Yes Logistics	3	Payables to related parties	11,932	Conducted as agreed terms	-		
				Payables to related parties	6,637	Conducted as agreed terms	-		
				Accounts receivable from related parties	182	Conducted as agreed terms	-		
				Operating revenues	17	Conducted as agreed terms	-		
				Operating costs	60620	Conducted as agreed terms	-		
6	Olympic Container Terminal LLC	YMTC	2	Operating revenues	446,153	Conducted as agreed terms	-		
7	Yangming-Japan	YMTC	2	Operating revenues	249,439	Conducted as agreed terms	-		
				Payables to related parties	167,352	Conducted as agreed terms	-		
				Accounts receivable from related parties	187,402	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenues	7,805	Conducted as agreed terms	-		
				Payables to related parties	2,109	Conducted as agreed terms	-		
				Accounts receivable from related parties	1,265	Conducted as agreed terms	-		
		Yes Logistics	3	Operating costs	245,896	Conducted as agreed terms	-		
				Payables to related parties	32,830	Conducted as agreed terms	-		
				Payables to related parties	30,911	Conducted as agreed terms	-		
8	YML Holding	YMTC	2	Operating revenues	559,924	Conducted as agreed terms	-		
				Payables to related parties	1,045,922	Conducted as agreed terms	1%		
				Accounts receivable from related parties	963,670	Conducted as agreed terms	-		
				Operating revenues	48,121	Conducted as agreed terms	-		
				Payables to related parties	155,741	Conducted as agreed terms	-		
				Accounts receivable from related parties	164,648	Conducted as agreed terms	-		
9	Young-Carrier Company Ltd.	YMTC	2	Operating revenues	559,924	Conducted as agreed terms	-		
				Payables to related parties	1,045,922	Conducted as agreed terms	1%		
				Accounts receivable from related parties	963,670	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenues	48,121	Conducted as agreed terms	-		
				Payables to related parties	155,741	Conducted as agreed terms	-		
				Accounts receivable from related parties	164,648	Conducted as agreed terms	-		
		YMTC	2	Payables to related parties	195,965	Conducted as agreed terms	-		
				Accounts receivable from related parties	931,141	Conducted as agreed terms	-		
				Operating costs	1,927,460	Conducted as agreed terms	1%		
				Operating revenues	5,148,322	Conducted as agreed terms	4%		
				Yang Ming-America	3	Operating costs	67,582	Conducted as agreed terms	-
						Payables to related parties	129,049	Conducted as agreed terms	-
						Accounts receivable from related parties	11,932	Conducted as agreed terms	-
Yangming-Japan	3	Operating costs	7,805	Conducted as agreed terms	-				
		Accounts receivable from related parties	2,109	Conducted as agreed terms	-				
		Payables to related parties	1,265	Conducted as agreed terms	-				
		Operating costs	48,121	Conducted as agreed terms	-				
Young-Carrier Company Ltd.	3	Accounts receivable from related parties	155,741	Conducted as agreed terms	-				
		Payables to related parties	164,648	Conducted as agreed terms	-				

(Continued)



Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		YML-HK	3	Operating costs	\$ 26,925	Conducted as agreed terms	-
				Accounts receivable from related parties	4,070	Conducted as agreed terms	-
				Payables to related parties	16,160	Conducted as agreed terms	-
		YMS-Singapore	3	Operating costs	24,182	Conducted as agreed terms	-
				Accounts receivable from related parties	879	Conducted as agreed terms	-
				Payables to related parties	2,562	Conducted as agreed terms	-
		YML-M	3	Operating costs	9,728	Conducted as agreed terms	-
				Accounts receivable from related parties	5,724	Conducted as agreed terms	-
				Payables to related parties	10,136	Conducted as agreed terms	-
		YML-India	3	Operating costs	61,518	Conducted as agreed terms	-
				Accounts receivable from related parties	43,532	Conducted as agreed terms	-
				Payables to related parties	146,145	Conducted as agreed terms	-
		Yangming-ERO	3	Payables to related parties	8,033	Conducted as agreed terms	-
				Accounts receivable from related parties	649	Conducted as agreed terms	-
				Operating costs	62,066	Conducted as agreed terms	-
		Yang Ming-Korea	3	Operating costs	3,729	Conducted as agreed terms	-
				Accounts receivable from related parties	71	Conducted as agreed terms	-
				Payables to related parties	592	Conducted as agreed terms	-
		Yang Ming-Italy	3	Operating costs	107,610	Conducted as agreed terms	-
				Accounts receivable from related parties	169,703	Conducted as agreed terms	-
				Payables to related parties	47,805	Conducted as agreed terms	-
		Yang Ming Line (Singapore) Pte. Ltd.	3	Other receivable from related parties	2,698	Conducted as agreed terms	-
		Yang Ming-Belgium	3	Operating costs	1,485	Conducted as agreed terms	-
				Accounts receivable from related parties	7,011	Conducted as agreed terms	-
				Payables to related parties	60	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	3	Operating costs	4,173	Conducted as agreed terms	-
				Payables to related parties	9,507	Conducted as agreed terms	-
11	YML-HK	YMTC	2	Operating revenues	115,171	Conducted as agreed terms	-
				Payables to related parties	47,077	Conducted as agreed terms	-
				Accounts receivable from related parties	91,719	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	26,925	Conducted as agreed terms	-
				Payables to related parties	4,070	Conducted as agreed terms	-
				Accounts receivable from related parties	16,160	Conducted as agreed terms	-
		Yes Logistics	3	Operating costs	20,474	Conducted as agreed terms	-
				Payables to related parties	2,736	Conducted as agreed terms	-
12	YMS-Singapore	YMTC	2	Operating revenues	78,759	Conducted as agreed terms	-
				Payables to related parties	3,559	Conducted as agreed terms	-
				Accounts receivable from related parties	19,738	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	24,182	Conducted as agreed terms	-
				Payables to related parties	879	Conducted as agreed terms	-
				Accounts receivable from related parties	2,562	Conducted as agreed terms	-
13	KMS-Panama	YMTC	2	Accounts receivable from related parties	30,401	Conducted as agreed terms	-
		AOT	3	Interest revenues	1,863	Conducted as agreed terms	-
				Accounts receivable from related parties	60,347	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
14	YML-M	YMTC	2	Operating revenues	\$ 36,669	Conducted as agreed terms	-
				Payables to related parties	18,097	Conducted as agreed terms	-
				Accounts receivable from related parties	6,301	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	9,728	Conducted as agreed terms	-
				Payables to related parties	5,724	Conducted as agreed terms	-
				Accounts receivable from related parties	10,136	Conducted as agreed terms	-
15	Yes Logistics	YMTC	2	Operating costs	129,362	Conducted as agreed terms	-
				Administration expenses	4,000	Conducted as agreed terms	-
				Operating revenues	61,839	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	3	Payables to related parties	15,048	Conducted as agreed terms	-
				Accounts receivable from related parties	96	Conducted as agreed terms	-
				Operating revenues	245,896	Conducted as agreed terms	-
		Yangming-Japan	3	Accounts receivable from related parties	32,830	Conducted as agreed terms	-
				Operating revenues	1,815	Conducted as agreed terms	-
		Jing Ming	3	Operating costs	502	Conducted as agreed terms	-
				Payables to related parties	20,474	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	2,736	Conducted as agreed terms	-
				Accounts receivable from related parties	6,637	Conducted as agreed terms	-
		YangMing-America	3	Accounts receivable from related parties	182	Conducted as agreed terms	-
				Payables to related parties	17	Conducted as agreed terms	-
				Operating costs	60,620	Conducted as agreed terms	-
Yangming-ERO	3	Operating revenues	10,089	Conducted as agreed terms	-		
		Payables to related parties	57,344	Conducted as agreed terms	-		
		Operating costs	136	Conducted as agreed terms	-		
16	YML-BVI	YMTC	2	Long-term payables to related parties	1,130,363	Conducted as agreed terms	1%
		Yes Logistics	3	Accounts receivable from related parties	136	Conducted as agreed terms	-
17	Ching Ming	YMTC	2	Administration expenses	91	Conducted as agreed terms	-
18	YML-India	YMTC	2	Operating revenues	5,579	Conducted as agreed terms	-
				Accounts receivable from related parties	19,077	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	61,518	Conducted as agreed terms	-
				Payables to related parties	43,532	Conducted as agreed terms	-
				Accounts receivable from related parties	146,145	Conducted as agreed terms	-
19	Yangming-ERO	YMTC	2	Accounts receivable from related parties	34,378	Conducted as agreed terms	-
				Payables to related parties	82,218	Conducted as agreed terms	-
				Operating revenues	408,399	Conducted as agreed terms	-
		Yangming-UK	3	Accounts receivable from related parties	8,033	Conducted as agreed terms	-
				Payables to related parties	649	Conducted as agreed terms	-
		Yes Logistics	3	Operating revenues	62,066	Conducted as agreed terms	-
				Accounts receivable from related parties	10,089	Conducted as agreed terms	-
Operating revenues	57,344	Conducted as agreed terms	-				

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
20	Yang Ming-Liberia	YMTC	2	Operating revenues	\$ 1,949,090	Conducted as agreed terms	1%
				Interest expenses	60,684	Conducted as agreed terms	-
		AOT	3	Long-term payables to related parties	1,639,208	Conducted as agreed terms	1%
				Interest expenses	30,223	Conducted as agreed terms	-
		Kuang Ming Shipping Corp. Yang Ming Line (Singapore) Pte. Ltd.	3	Payables to related parties	130,637	Conducted as agreed terms	-
				Long-term payables to related parties	883,729	Conducted as agreed terms	1%
				Long-term payables to related parties	525,760	Conducted as agreed terms	-
				Payables to related parties	8,012	Conducted as agreed terms	-
		Other receivable from related parties	10,634	Conducted as agreed terms	-		
21	Yang Ming-Korea	YMTC	2	Operating revenues	154,698	Conducted as agreed terms	-
				Payables to related parties	150,184	Conducted as agreed terms	-
				Accounts receivable from related parties	77,904	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	3,729	Conducted as agreed terms	-
				Payables to related parties	71	Conducted as agreed terms	-
				Accounts receivable from related parties	592	Conducted as agreed terms	-
22	YMS-BVI	YMTC	2	Operating revenues	182,415	Conducted as agreed terms	-
23	Yang Ming-Italy	YMTC	2	Operating revenues	89,511	Conducted as agreed terms	-
				Payables to related parties	98,029	Conducted as agreed terms	-
				Accounts receivable from related parties	45,250	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	107,610	Conducted as agreed terms	-
				Payables to related parties	169,703	Conducted as agreed terms	-
				Accounts receivable from related parties	47,805	Conducted as agreed terms	-
24	Yang Ming-Belgium	YMTC	2	Operating revenues	94,306	Conducted as agreed terms	-
				Payables to related parties	70,360	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	1,485	Conducted as agreed terms	-
				Payables to related parties	7,011	Conducted as agreed terms	-
				Accounts receivable from related parties	60	Conducted as agreed terms	-
25	Yang Ming (Netherlands) B.V	YMTC	2	Operating revenues	149,932	Conducted as agreed terms	-
				Payables to related parties	112,138	Conducted as agreed terms	-
				Accounts receivable from related parties	100,868	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	4,173	Conducted as agreed terms	-
				Accounts receivable from related parties	9,507	Conducted as agreed terms	-
				Yes Logistics	3	Payables to related parties	96
26	Yang Ming Anatolia Shipping Agency S.A.	YMTC	2	Payables to related parties	1,947	Conducted as agreed terms	-
27	Kuang Ming (Liberia) Corp.	YMTC	2	Other receivable from related parties	21,436	Conducted as agreed terms	-
				Accounts receivable from related parties	30,108	Conducted as agreed terms	-
				Operating revenues	40,485	Conducted as agreed terms	-
		AOL	3	Long-term payables to related parties	21,385	Conducted as agreed terms	-
				Operating costs	41,492	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
28	Kao Ming Container Terminal Corp.	Yang Ming Line (Singapore) Pte. Ltd.	3	Payables to related parties	\$ 26,625	Conducted as agreed terms	-
				Other receivable from related parties	29,255	Conducted as agreed terms	-
29	Yang Ming Line (Singapore) Pte. Ltd.	AOL	3	Accounts receivable from related parties	15,198	Conducted as agreed terms	-
				Other payables to related parties	20,172	Conducted as agreed terms	-
		Yang Ming (Liberia) Corp.	3	Accounts receivable from related parties	8,012	Conducted as agreed terms	-
				Other payables to related parties	10,634	Conducted as agreed terms	-
		Kao Ming Container Terminal Corp.	3	Accounts receivable from related parties	26,625	Conducted as agreed terms	-
		Other payables to related parties	29,255	Conducted as agreed terms	-		
		Yang Ming (UK) Ltd.	3	Other payables to related parties	2,698	Conducted as agreed terms	-

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

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

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

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

GEOGRAPHIC AREA INFORMATION  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(In Thousands of New Taiwan Dollars)

	2009						2008							
	Domestic Area	Asia	Africa	Europe	America	Adjustment and Eliminations	Combined (Note A)	Domestic Area	Asia	Africa	Europe	America	Adjustment and Eliminations	Combined (Note A)
Sales to customers	\$ 76,614,983	\$ 311,122	\$ 2,131,147	\$ 9,533,092	\$ 302,437	\$ -	\$ 88,892,781	\$ 117,614,314	\$ 329,821	\$ 642,494	\$ 18,877,475	\$ 353,198	\$ -	\$ 137,817,302
Intercompany sales (Note B)	<u>2,363,751</u>	<u>1,837,126</u>	<u>5,554,616</u>	<u>7,026,421</u>	<u>2,228,696</u>	<u>(19,010,610)</u>	<u>-</u>	<u>4,060,488</u>	<u>1,429,329</u>	<u>7,392,770</u>	<u>7,613,554</u>	<u>2,043,173</u>	<u>(22,539,314)</u>	<u>-</u>
Total revenues	<u>\$ 78,978,734</u>	<u>\$ 2,148,248</u>	<u>\$ 7,685,763</u>	<u>\$ 16,559,513</u>	<u>\$ 2,531,133</u>	<u>\$ (19,010,610)</u>	<u>\$ 88,892,781</u>	<u>\$ 121,674,802</u>	<u>\$ 1,759,150</u>	<u>\$ 8,035,264</u>	<u>\$ 26,491,029</u>	<u>\$ 2,396,371</u>	<u>\$ (22,539,314)</u>	<u>\$ 137,817,302</u>
Segment operating income (Note C)	<u>\$ (16,074,052)</u>	<u>\$ (164,852)</u>	<u>\$ 864,739</u>	<u>\$ (915,810)</u>	<u>\$ 21,501</u>	<u>\$ (42,909)</u>	<u>\$ (16,311,383)</u>	<u>\$ (861,215)</u>	<u>\$ (47,377)</u>	<u>\$ 2,460,322</u>	<u>\$ (293,617)</u>	<u>\$ 299,787</u>	<u>\$ (1,143)</u>	<u>\$ 1,556,757</u>
Investment income recognized under equity method							331,015							716,195
General income, net							1,366,915							982,326
General expenses							(1,019,628)							(824,635)
Interest expense							<u>(1,139,624)</u>							<u>(1,431,263)</u>
Income before income tax							<u>\$ (16,772,705)</u>							<u>\$ 999,380</u>
Identifiable assets (Note D)	<u>\$ 69,230,592</u>	<u>\$ 3,582,140</u>	<u>\$ 56,384,957</u>	<u>\$ 14,336,790</u>	<u>\$ 832,711</u>	<u>\$ (32,948,263)</u>	<u>\$ 111,418,927</u>	<u>\$ 68,819,863</u>	<u>\$ 2,112,940</u>	<u>\$ 56,958,763</u>	<u>\$ 14,497,305</u>	<u>\$ 837,798</u>	<u>\$ (33,982,694)</u>	<u>\$ 109,243,975</u>
Investments in shares of stock							1,724,755							2,850,704
General assets							<u>673,744</u>							<u>604,289</u>
Total assets							<u>\$ 113,817,426</u>							<u>\$ 112,698,968</u>

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