

**Yang Ming Marine Transport Corporation
and Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2005 and 2004 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Yang Ming Marine Transport Corporation and its subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. However, we did not audit the financial statements as of and for the years ended December 31, 2005 of subsidiaries, Yang Ming Line Holding Co. and Yang Ming Line (Singapore) Pte. Ltd. and 2004 of a subsidiary, Yang Ming Shipping Europe GmbH, included in the accompanying consolidated financial statements. The assets of these subsidiaries were 4.9% (NT\$4,461,927 thousand) and 0.4% (NT\$365,147 thousand) of the total consolidated assets as of December 31, 2005 and 2004, respectively. The operating revenues of these subsidiaries were 0.1% (NT\$85,046 thousand) and 0.0% (NT\$2,416 thousand) of the consolidated revenue in 2005 and 2004, respectively. Also, we did not audit the financial statements of Nexus International Express, Inc., West Basin Container Terminal LLC, United Terminal Leasing LLC, Yang Ming Italy S.p.A., Yang Ming (Netherlands) B.V., Yang Ming (Vietnam) Corp. and Corstor Ltd. as of and for the year ended December 31, 2005, and those of Transyang Shipping Pte. Ltd., Yang Ming Line (Singapore) Pte. Ltd., Corstor Ltd., Yang Ming Italy S.p.A. and Yang Ming (Netherlands) B.V. as of and for the year ended December 31, 2004, 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 0.4% (NT\$403,262 thousand) and 1.3% (NT\$1,210,180 thousand) of the total consolidated assets as of December 31, 2005 and 2004, respectively. The equity in these investees' net income was 1.4% (NT\$138,834 thousand) and 1.3% (NT\$155,969 thousand) of the consolidated income before income tax in 2005 and 2004, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to these investees' amounts included in the accompanying consolidated financial statements, is based solely on the reports of other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yang Ming Marine Transport Corporation and its subsidiaries as of December 31, 2005 and 2004, and the results of their operations and cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

As discussed in Note 2, the entities included in the consolidated financial statements as of and for the year ended December 31, 2005 are those in which the Corporation owns a controlling interest, as required under the revised Statement of Financial Accounting Standards No. 7, "Consolidated Financial Statements." The consolidated financial statements as of and for the year ended December 31, 2004 included the accounts of the Corporation and its direct and indirect subsidiaries with individual total assets or total operating revenue that reached at least 10% of the unconsolidated total assets or operating revenues of the Corporation.

March 1, 2006

Notice to Readers

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

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2005 AND 2004

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

ASSETS	2005		2004	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 3)	\$ 12,600,018	14	\$ 10,806,667	12
Short-term investments, net (Notes 2 and 4)	9,232,030	10	15,625,880	17
Notes receivable, net	33,092	-	-	-
Accounts receivable, net of allowance for doubtful accounts of \$51,141 thousand in 2005 and \$45,203 thousand in 2004 (Note 2)	4,674,253	5	1,268,681	2
Accounts receivables from related parties (Note 18)	359,531	-	1,639,055	2
Other receivables from related parties (Note 18)	3,268	-	365,431	-
Shipping fuel, net (Note 2)	2,200,462	3	1,145,868	1
Prepaid expenses (Note 18)	799,188	1	487,173	1
Advances to shipping agents (Note 18)	182,912	-	226,343	-
Other current assets (Notes 2 and 14)	827,096	1	1,089,860	1
Total current assets	30,911,850	34	32,654,958	36
LONG-TERM INVESTMENTS IN SHARES OF STOCK AND BONDS (Notes 2, 5 and 18)				
Equity method in shares of stock	1,230,328	1	4,169,734	5
Cost method in shares of stock	1,539,979	2	805,510	1
Prepayment for long-term investment in stock	45,990	-	-	-
Corporate bonds	32,850	-	31,920	-
Total investments in shares of stock and bonds	2,849,147	3	5,007,164	6
PROPERTIES (Notes 2, 6, 18, 19 and 20)				
Cost				
Land	135,559	-	133,014	-
Buildings	1,018,487	1	549,723	1
Containers and chassis	18,336,402	20	15,273,092	17
Ships	33,833,374	37	30,906,894	34
Leased containers and chassis	8,031,029	9	7,831,339	9
Leasehold improvements	222,170	-	209,070	-
Miscellaneous equipment	3,102,868	4	1,854,943	2
Total cost	64,679,889	71	56,758,075	63
Accumulated depreciation	24,245,791	27	19,778,847	22
	40,434,098	44	36,979,228	41
Construction in progress	6,258,574	7	3,648,844	4
Net properties	46,692,672	51	40,628,072	45
OTHER ASSETS				
Assets leased to others, net (Notes 2 and 7)	2,898,864	3	2,769,931	3
Nonoperating assets, net (Notes 2, 8 and 19)	307,829	-	360,807	1
Refundable deposits (Notes 6 and 19)	6,968,705	8	7,475,034	8
Deferred charges, net (Note 2)	298,072	-	186,789	-
Advances on long-term lease agreements	309,547	-	321,377	-
Long-term receivables from related parties (Note 18)	-	-	434,650	1
Miscellaneous	332,517	1	207,233	-
Total other assets	11,115,534	12	11,755,821	13
TOTAL	\$ 91,569,203	100	\$ 90,046,015	100

LIABILITIES AND STOCKHOLDERS' EQUITY	2005		2004	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term debts	\$ 3,431	-	\$ -	-
Notes payable	18,078	-	-	-
Payables to related parties (Note 18)	288,896	-	1,291,838	2
Income tax payable (Notes 2 and 14)	88,602	-	1,126,658	1
Accrued expenses	6,870,566	7	3,635,857	4
Dividend payable	17,994	-	-	-
Payables for equipment	678,792	1	623,058	1
Advances from customers	1,525,015	2	1,187,486	1
Current portion of interest-bearing long-term debts (Notes 2, 6, 9 and 19)	1,821,923	2	2,133,340	2
Payables to shipping agents	3,594,961	4	2,999,897	3
Other current liabilities (Note 2)	153,143	-	866,727	1
Total current liabilities	15,061,401	16	13,864,861	15
INTEREST-BEARING LONG-TERM DEBTS, NET OF CURRENT PORTION				
Bonds (Notes 2, 9 and 19)	17,588,000	19	18,925,423	21
Bank loans (Notes 9 and 19)	706,020	1	2,666,606	3
Capital lease obligations (Notes 2, 6, 9 and 19)	6,767,247	7	7,499,778	8
Total interest-bearing long-term debts	25,061,267	27	29,091,807	32
RESERVE FOR LAND VALUE INCREMENT TAX (Note 10)	479,639	1	479,639	1
OTHER LIABILITIES				
Accrued pension liabilities (Notes 2 and 17)	976,779	1	699,415	1
Deferred income tax liabilities - noncurrent (Notes 2 and 14)	2,289,538	3	1,870,386	2
Others (Notes 2 and 11)	176,941	-	202,339	-
Total other liabilities	3,443,258	4	2,772,140	3
Total liabilities	44,045,565	48	46,208,447	51
STOCKHOLDERS' EQUITY				
Capital stock - \$10 par value				
Authorized - 2,400,000 thousand shares				
Issued - 2,289,817 thousand and 2,268,755 thousand shares in 2005 and 2004	22,898,167	25	22,687,545	25
Capital surplus				
Paid-in capital in excess of par value	7,285,865	8	6,986,846	8
Treasury stock transactions	1,199,572	2	915,830	1
Equity on capital surplus reported by equity-accounted investees	11,036	-	5,816	-
Total capital surplus	8,496,473	10	7,908,492	9
Retained earnings				
Legal reserve	2,172,931	2	1,193,205	1
Special reserve	1,149,355	1	1,141,939	1
Unappropriated earnings	12,493,769	14	11,155,161	13
Total retained earnings	15,816,055	17	13,490,305	15
Other items of stockholders' equity				
Unrealized loss on investments in shares of stock	-	-	(1)	-
Cumulative translation adjustments	191,616	-	28,301	-
Net loss not recognized as pension cost	(39,630)	-	(35,717)	-
Total other items of stockholders' equity	151,986	-	(7,417)	-
Treasury stocks - 22,248 and 32,607 thousand shares in 2005 and 2004	(164,701)	-	(241,357)	-
Total controlling interest of Yang Ming	47,197,980	52	43,837,568	49
Minority interest	325,658	-	-	-
Total stockholders' equity	47,523,638	52	43,837,568	49
TOTAL	\$ 91,569,203	100	\$ 90,046,015	100

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

(With Deloitte & Touche audit report dated March 1, 2006)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2005 AND 2004

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

	2005		2004	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 18)	\$ 97,870,451	100	\$ 88,572,301	100
OPERATING COSTS (Notes 2, 15 and 18)	<u>82,024,320</u>	<u>84</u>	<u>74,276,740</u>	<u>84</u>
GROSS INCOME	<u>15,846,131</u>	<u>16</u>	<u>14,295,561</u>	<u>16</u>
OPERATING EXPENSES (Note 15)				
Selling	4,505,149	4	1,677,017	2
General and administrative	<u>766,045</u>	<u>1</u>	<u>364,071</u>	<u>-</u>
Total operating expenses	<u>5,271,194</u>	<u>5</u>	<u>2,041,088</u>	<u>2</u>
OPERATING INCOME	<u>10,574,937</u>	<u>11</u>	<u>12,254,473</u>	<u>14</u>
NONOPERATING INCOME AND GAINS				
Interest (Note 18)	639,336	1	455,722	1
Equity in net income of investees, net (Notes 2 and 5)	167,614	-	144,234	-
Investment gain	95,666	-	-	-
Foreign exchange gain, net	-	-	168,185	-
Others	<u>409,355</u>	<u>-</u>	<u>322,002</u>	<u>-</u>
Total nonoperating income and gains	<u>1,311,971</u>	<u>1</u>	<u>1,090,143</u>	<u>1</u>
NONOPERATING EXPENSES AND LOSSES				
Interest	1,125,067	1	1,002,665	1
Foreign exchange loss, net	416,433	1	-	-
Investment loss (Note 2)	-	-	228,338	1
Others	<u>179,359</u>	<u>-</u>	<u>213,936</u>	<u>-</u>
Total nonoperating expenses and losses	<u>1,720,859</u>	<u>2</u>	<u>1,444,939</u>	<u>2</u>
INCOME BEFORE INCOME TAX	10,166,049	10	11,899,677	13
INCOME TAX EXPENSE (Notes 2 and 14)	<u>889,879</u>	<u>1</u>	<u>2,102,413</u>	<u>2</u>
CONSOLIDATED NET INCOME	<u>\$ 9,276,170</u>	<u>9</u>	<u>\$ 9,797,264</u>	<u>11</u>
ATTRIBUTABLE TO:				
Controlling interest	\$ 9,262,954	9	\$ 9,797,264	11
Minority interest	<u>13,216</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,276,170</u>	<u>9</u>	<u>\$ 9,797,264</u>	<u>11</u>

(Continued)

	2005		2004	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
CONSOLIDATED EARNINGS PER SHARE (Note 16)				
Basic	<u>\$ 4.45</u>	<u>\$ 4.11</u>	<u>\$ 5.55</u>	<u>\$ 4.57</u>
Diluted	<u>\$ 4.39</u>	<u>\$ 4.06</u>	<u>\$ 5.27</u>	<u>\$ 4.34</u>

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

(With Deloitte & Touche audit report dated March 1, 2006)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 YEARS ENDED DECEMBER 31, 2005 AND 2004
 (In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Capital Stock (\$10 Par Value, Notes 2 and 12)		Capital Surplus (Notes 2 and 12)						Retained Earnings (Notes 2 and 12)				Other Items of Stockholders' Equity (Notes 2 and 17)				Treasury Stocks (Notes 2 and 13)	Minority Interest	Total Stockholders' Equity
			Shares (Thousands)	Amount	Certificates of Conversion of Bonds to Stocks	Total	Paid-in Capital in Excess of Par Value	Treasury Stock Transactions	Equity on Capital Surplus Reported by Equity-method Investees	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Unrealized Loss on Investments in Shares of Stock	Cumulative Translation Adjustments			
BALANCE, JANUARY 1, 2004	1,946,707	\$ 19,467,065	\$ 102,234	\$ 19,569,299	\$ 4,075,397	\$ 234,855	\$ 5,816	\$ 4,316,068	\$ 528,295	\$ 1,141,939	\$ 7,836,692	\$ 9,506,926	\$ (1)	\$ 338,729	\$ (18,457)	\$ 320,271	\$ (422,620)	\$ -	\$ 33,289,944
Appropriation of 2003 earnings	-	-	-	-	-	-	-	-	664,910	-	(664,910)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	(71,717)	(71,717)	-	-	-	-	-	-	(71,717)
Bonus to employees	-	-	-	-	-	-	-	-	-	-	(4,716,781)	(4,716,781)	-	-	-	-	-	-	(4,716,781)
Cash dividends - \$2.28697 per share	-	-	-	-	-	-	-	-	-	-	(1,025,387)	(1,025,387)	-	-	-	-	-	-	-
Stock dividends - \$0.49716 per share	102,539	1,025,387	-	1,025,387	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends received by subsidiaries	-	-	-	-	-	124,371	-	124,371	-	-	-	-	-	-	-	-	-	-	124,371
Disposal of the Corporation's stocks held by subsidiaries	-	-	-	-	-	556,604	-	556,604	-	-	-	-	-	-	-	-	181,263	-	737,867
Consolidated net income in 2004	-	-	-	-	-	-	-	-	-	-	9,797,264	9,797,264	-	-	-	-	-	-	9,797,264
Recognition of net loss not recognized as pension cost reported by equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,267)	(5,267)	-	-	(5,267)
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,993)	(11,993)	-	-	(11,993)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-	(310,428)	-	(310,428)	-	-	(310,428)
Certificates of conversion of bonds converted into capital stock	10,223	102,234	(102,234)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Domestic convertible bonds converted into certificates for conversion of bonds to stocks and capital stocks	209,286	2,092,859	-	2,092,859	2,911,449	-	-	2,911,449	-	-	-	-	-	-	-	-	-	-	5,004,308
BALANCE, DECEMBER 31, 2004	2,268,755	22,687,545	-	22,687,545	6,986,846	915,830	5,816	7,908,492	1,193,205	1,141,939	11,155,161	13,490,305	(1)	28,301	(35,717)	(7,417)	(241,357)	-	43,837,568
Effect of changes in consolidated entities since 2005	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	322,733	322,733
Acquisition of capital stock from minority interest in 2005	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,574)	(1,574)
Appropriation of 2004 earnings	-	-	-	-	-	-	-	-	979,726	-	(979,726)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	(7,416)	(7,416)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	7,416	(101,680)	(101,680)	-	-	-	-	-	-	(101,680)
Bonus to employees	-	-	-	-	-	-	-	-	-	-	(6,828,310)	(6,828,310)	-	-	-	-	-	-	(6,828,310)
Cash dividends - \$2.98203 per share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends received by subsidiaries	-	-	-	-	-	139,909	-	139,909	-	-	-	-	-	-	-	-	-	-	139,909
Disposal of the Corporation's stocks held by subsidiaries	-	-	-	-	-	143,833	-	143,833	-	-	-	-	-	-	-	-	76,656	-	220,489
Consolidated net income in 2005	-	-	-	-	-	-	-	-	-	-	9,262,954	9,262,954	-	-	-	-	-	13,216	9,276,170
Reversal of unrealized loss on long-term investments in shares of stock	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	-	1
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-	163,315	-	163,315	-	-	163,315
Increase in the equity in the net assets of equity-method investees resulting from not subscribing proportionally to the additional shares issued by the investees	-	-	-	-	-	-	5,220	5,220	-	-	(7,214)	(7,214)	-	-	-	-	-	-	(1,994)
Recognition of net loss not recognized as pension cost reported by equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,551	4,551	-	-	4,551
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,464)	(8,464)	-	-	(8,464)
Domestic convertible bonds converted into capital stock and capital surplus	21,062	210,622	-	210,622	299,019	-	-	299,019	-	-	-	-	-	-	-	-	-	-	509,641
Cash dividends received by minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,717)	(8,717)
BALANCE, DECEMBER 31, 2005	2,289,817	\$ 22,898,167	\$ -	\$ 22,898,167	\$ 7,285,865	\$ 1,199,572	\$ 11,036	\$ 8,496,473	\$ 2,172,931	\$ 1,149,355	\$ 12,493,769	\$ 15,816,055	\$ -	\$ 191,616	\$ (39,630)	\$ 151,986	\$ (164,701)	\$ 325,658	\$ 47,523,638

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

(With Deloitte & Touche audit report dated March 1, 2006)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2005 AND 2004 (In Thousands of New Taiwan Dollars)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 9,276,170	\$ 9,797,264
Adjustments to reconcile net income with net cash provided by operating activities:		
Depreciation	4,204,026	3,527,501
Amortization	168,246	117,747
Provision for pension cost	137,468	82,973
Investment loss (gain)	(61,027)	228,338
Equity in net income of investees, net	(167,614)	(144,234)
Cash dividends received on equity-method investments	52,070	643,294
Deferred income taxes	428,149	608,430
Others	(33,831)	92,121
Net changes in operating assets and liabilities		
Notes receivable	(33,092)	-
Accounts receivable	(3,411,509)	66,318
Accounts receivables from related parties	1,279,524	(920,217)
Other receivables from related parties	362,163	(24,244)
Shipping fuel	(1,021,141)	(292,142)
Prepaid expenses	(312,015)	(232,036)
Advances to shipping agents	43,431	332,402
Other current assets	112,846	(249,645)
Notes payable	18,078	-
Payables to related parties	(1,002,942)	550,655
Income tax payable	(1,038,056)	396,648
Accrued expenses	3,236,389	753,055
Advances from customers	337,529	(96,372)
Payables to shipping agents	595,064	798,186
Other current liabilities	(694,602)	644,480
Advances on long-term lease agreements	<u>11,829</u>	<u>10,532</u>
Net cash provided by operating activities	<u>12,487,153</u>	<u>16,691,054</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (Increase) in short-term investments	8,211,338	(2,345,079)
Increase in other financial instruments	(208,709)	(262,070)
Acquisition of investments in shares of stock and bonds	(602,641)	(35,298)
Proceeds from disposal of investments in shares of stock	67,661	347,075
Acquisition of properties and asset leased to others	(8,491,282)	(12,855,830)
Proceeds from sale of properties and nonoperating assets	74,359	111,580
Increase in deferred charges	(260,668)	(199,215)
Decrease in other assets	<u>237,016</u>	<u>46,774</u>
Net cash used in investing activities	<u>(972,926)</u>	<u>(15,192,063)</u>

(Continued)

	2005	2004
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments) proceeds of principal on short-term debts	\$ 3,431	\$ (16,514)
Proceeds from issuance of bonds	-	9,100,000
Repayment of principal of bonds	(396,000)	(700,000)
Repayment of principal of interest-bearing long-term debts	(2,731,587)	(1,200,524)
Payment of capital lease obligations	(940,340)	(304,195)
Increase (decrease) in other liabilities	(109,064)	31,747
Decrease in minority interest	(1,574)	-
Cash dividend and employees' bonus paid by YMTC	(6,930,978)	(4,786,749)
Cash dividend paid to minority interest	<u>(8,717)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(11,114,829)</u>	<u>2,123,765</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>178,784</u>	<u>(155,294)</u>
CASH AND CASH EQUIVALENTS DUE TO CHANGE IN CONSOLIDATED ENTITIES	<u>1,215,169</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,793,351	3,467,462
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,806,667</u>	<u>7,339,205</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 12,600,018</u>	<u>\$ 10,806,667</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid (excluding capitalized interest)	<u>\$ 940,685</u>	<u>\$ 940,467</u>
Income tax paid	<u>\$ 1,604,096</u>	<u>\$ 1,350,804</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Reclassification of nonoperating assets as properties	<u>\$ -</u>	<u>\$ 84,626</u>
Reclassification of properties as assets leased to others	<u>\$ 89,123</u>	<u>\$ -</u>
Current portion of interest-bearing long-term debts	<u>\$ 1,821,923</u>	<u>\$ 2,133,340</u>
Domestic unsecured convertible bonds converted into capital stock and capital surplus	<u>\$ 509,641</u>	<u>\$ 5,004,308</u>
CASH PAID FOR ACQUISITION OF PROPERTIES		
Increase in properties and asset leased to others	\$ 8,547,016	\$ 13,453,344
Increase in payables for equipment	(55,734)	(623,058)
Decrease in payables to related parties	<u>-</u>	<u>25,544</u>
	<u>\$ 8,491,282</u>	<u>\$ 12,855,830</u>
PROCEEDS FROM DISPOSAL OF PROPERTIES AND NONOPERATING ASSETS		
Total contracted selling prices	\$ 79,262	\$ 4,353
(Increase) decrease in other receivables	27,531	(16,643)
Decrease in refundable deposit	(32,434)	-
Decrease in other receivables from related parties	-	3,720
Decrease in long-term receivables from related parties	<u>-</u>	<u>120,150</u>
	<u>\$ 74,359</u>	<u>\$ 111,580</u>

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

(With Deloitte & Touche audit report dated March 1, 2006)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005 AND 2004

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

1. ORGANIZATION AND OPERATIONS

Yang Ming Marine Transport Corporation (the “Corporation” or YMTC) was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Corporation simultaneous to the Corporation’s listing of its shares of stock on the ROC Taiwan Stock Exchange. To comply with the administration rule of the central government, MOTC transferred its holdings in the Corporation to the Ministry of Finance (MOF) of the Republic of China on March 8, 2005. The MOF and MOTC owned 35.84% and 36.17% of the Corporation’s outstanding capital stock as of December 31, 2005 and 2004, respectively.

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

YMTC and All Oceans Transportation Inc. (AOT), Yangming (UK) Ltd. (Yangming-UK), Yang Ming Shipping Europe GmbH (Yangming-ERO), Kuang Ming Shipping Corp. (Kuang Ming), Kuang Ming Shipping Corp. (Panama) (KMS-Panama), Young-Carrier Company Limited (Young-Carrier), Yang Ming Shipping (BVI) Inc. (YMS-BVI), Yangming (Japan) Co., Ltd. (Yangming-Japan), Yang Ming Line (Hong Kong) Ltd. (YML-HK), Yangming Shipping (Singapore) Pte. Ltd. (YMS-Singapore), Yang Ming Line (M) Sdn. Bhd. (YML-M), Yangming (Cayman) Ltd. (Yangming-Cayman), Yang Ming Line (India) Pvt. Ltd. (YML-India), Manwa & Co., Ltd. (Japan) (Manwa), Yang Ming (America) Co. (Yang Ming-America), Yes Logistics Corp. (Yes Logistics), Yes Logistics Corp., USA (Yes-USA), Golden Logistics Corporation (Golden), Yes Logistic UK Limited (Yes-UK), Yes Logistics (Netherlands) B.V. (Yes-Netherlands B.V.), Yes Logistics Europe GmbH (Yes-ERO), Yes Logistics Company Ltd. (Yes-HK), and Yang Ming (Liberia) Corp. (Yang Ming-Liberia) 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.

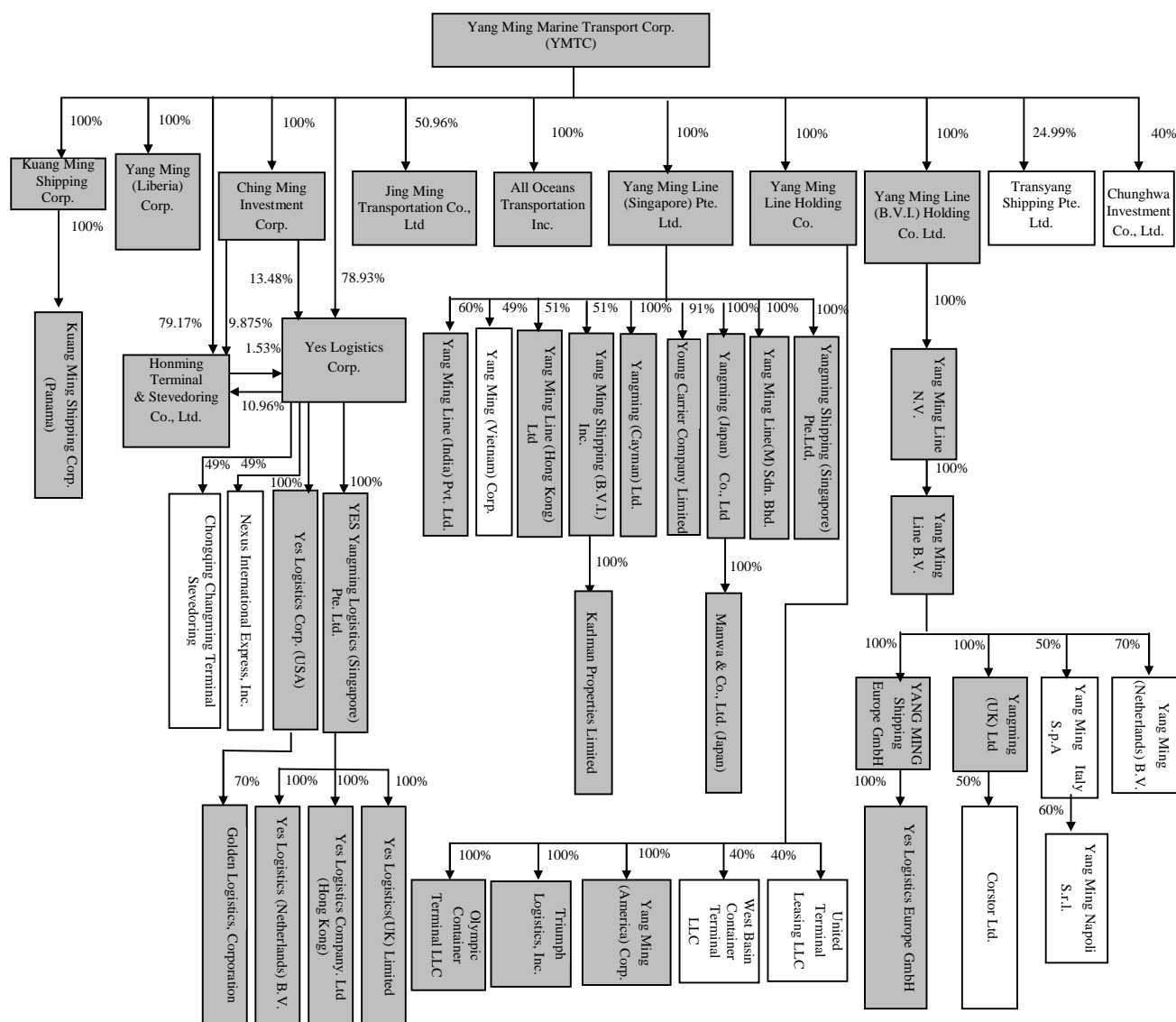
Yang Ming Line (B.V.I.) Holding Co., Ltd. (YML-BVI), Yang Ming Line N.V. (YML-NV) and Yang Ming Line B.V. (YML-BV), Ching Ming Investment Corp. (Ching Ming), Yang Ming Line (Singapore) Pte. Ltd. (YML-Singapore), Yang Ming Line Holding Co. (YML Holding), and Yes Yangming Logistics (Singapore) Pte. Ltd.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

Honming Terminal & Stevedoring Co., Ltd. (Honming), Jing Ming Transportation Co., Ltd. (Jing Ming), Triumph Logistics, INC. and Olympic Container Terminal LLC provide stevedoring service.

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

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

The intercompany relationships and percentages of ownership as of December 31, 2005 are shown below:



Note 1: Consolidated entities for 2005 are highlighted in above diagram.

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

As of December 31, 2005 and 2004, the Group had 3,111 and 1,683 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the ROC. In preparing financial statements in conformity with these guidelines and principles, the Group is required to make certain estimates and assumptions that could affect the amounts of the allowance for doubtful accounts, provision for losses on shipping fuel, provision for losses on investments in shares of stock, depreciation of properties, income tax, pension cost, unsettled litigation cost, and payables to shipping agents. Actual results could differ from these estimates.

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

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

Consolidation

The 2004 consolidated financial statements included the accounts of YMTC, and YML-BVI and AOT, Inc. because their individual total assets or total operating revenues were at least 10% of the total assets or revenues of the Corporation ("10% rule"). For other subsidiaries not covered by the 10% rule, their total assets and their total revenues were added up. The sum of the total assets or of total revenues of all these subsidiaries did not reach 30% of the total assets or total operating revenues of the Corporation; hence, the subsidiaries were not consolidated.

As required by the revised ROC Statement of Financial Accounting Standards No. 7 "Consolidated Financial Statements," starting from January 2005, consolidated financial statements should include the accounts of YMTC and its direct and indirect subsidiaries or other investees in which YMTC has controlling interests.

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

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

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

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

The 2005 consolidated financial statements included the accounts of YMTC, AOT, YML-BVI, YML-NV, YML-BV, Yangming-UK and Yangming-ERO, Ching Ming, Yang Ming-Liberia, Kuang Ming, KMS-Panama, Yes Logistics, Yes-USA, Yes-Singapore, Yes-HK, Yes-Netherlands B.V., Yes-UK, Golden, Honming, Jing Ming, YML-Singapore, YML-India, YML-HK, YMS-BVI, Yangming-Cayman, Young-Carrier, YML-M, Yangming-Japan, Manwa, YMS-Singapore, Karlman Properties, YML Holding, Yang Ming-America, Triumph Logistics, INC., Olympic Container Terminal LLC, Yes Logistics (ERO).

The following subsidiaries' accounts were not consolidated because YMTC does not have controlling interest on them: Yang Ming Italy S.p.A., Corstor Ltd., Yang Ming (Naples) S.r.l.

The contract of YMTC and Yang Ming (Netherlands) B.V. stipulates that YMTC does not have controlling interest on the operation and personnel matters of the latter.

Current/Noncurrent Assets and Liabilities

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

Cash Equivalents

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

Short-term Investments

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

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

Allowance for Doubtful Accounts

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

Shipping Fuel

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

Investments in Shares of Stock and Deferred Income

Investments in shares of stock of companies in which the Group owns at least 20% of their outstanding common stock or exercises significant influence over their operating and financial policy decisions are accounted for by the equity method. Under this method, the investment is carried at cost on the acquisition date and then adjusted proportionately for the Group's equity in net income or net loss. The difference between the cost of the investment and the Group's equity in the investee's net assets on the acquisition date is amortized over five years. If an investee issues additional shares and the Group subscribes for these shares at a percentage different from its current equity in the investee, the resulting increase in the Group's equity in its investee's net assets is debited to capital surplus. Any decrease in the Group's equity in the investee's net assets is credited to capital surplus. If capital surplus is not enough for debiting purposes, the difference is debited to unappropriated earnings. Any cash dividends received are recognized as a reduction of the carrying value of the investments.

Under the revised ROC Statement of Financial Accounting Standards No. 5, "Long-term Investments in Equity Securities," the Group started to recognize its equity in the net income or net loss of Transyang Shipping Pte. Ltd. in the current year. The equity in the net income or net loss of investees that also have investments in the Group (reciprocal holdings) is computed using the treasury stock method. An impairment loss should be recognized whenever the carrying amount of investments in shares of stock exceeds their recoverable amount, and this impairment loss should be charged to current income.

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

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

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

Investment in Corporate Bonds

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

Properties and Assets Leased to Others

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

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

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

Depreciation is computed using the straight-line method over the service lives of properties initially estimated as follows (plus one year to represent the estimated salvage value): buildings, 40 to 55 years; containers and chassis, 6 to 8 years; ships, 2.5 to 20 years; leased containers and chassis, 4 to 25 years; leasehold improvements, 2 to 10 years; and miscellaneous equipment, 3 to 18 years. Properties being used by the Group beyond their initially estimated service lives are depreciated over their newly estimated remaining service lives.

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

Nonoperating Assets

Nonoperating assets are stated at the carrying value.

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

Deferred Charges

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

Convertible Bonds

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

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

Pension

YMTC, Ching Ming, Kuang Ming and Yes Logistics have a pension plan for all regular employees. Pension plan under the Labor Standards Law is defined benefit pension plan. The pension costs are recognized on the basis of actuarial calculations. Unrecognized net transition obligations, prior service cost and unrecognized pension gains or losses are amortized using the straight-line method over the average remaining service years of employees.

The pension plan under the Labor Standards Law of Honming and Jing Ming is defined benefit pension plan. Effective December 31, 2005, Honming and Jing Ming adopted Statement of Financial Accounting Standards No. 18, "Accounting for Pensions," which requires (a) the actuarial determination of assets and obligation as of December 31, 2005; (b) disclosure of certain pension information; and (c) recognition of pension cost as actuarially determined starting 2006.

The pension plan under the Labor Pension Act (the "Act") of the above companies is the defined contribution pension plan. Under the defined contribution pension plan, the Companies' monthly contribution to employees' individual pension account should be made at a fixed percentage of employees' salaries, which are recognized as pension cost.

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

Unrealized Gain (Loss) on Sale and Leaseback

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

Treasury Stocks

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

Revenue Recognition

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

Cargo revenues are recognized using the completion of voyage method. Monthly rental revenues on ships leased to others and ship management revenue are recognized in the month when services are rendered. Forward revenues are recognized at the completion of the loading and shipment of goods. Tally revenues are the income from processing at the logistics center and from warehouse operation services, which are recognized upon completion of the services. Rental revenues are recognized during the service period.

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

Capital Expenditures and Other Expenditures

Expenditure is capitalized whenever it increases the future service potential of a fixed asset and the amount is material. Other expenditures are expensed as incurred.

Income Tax

Deferred income taxes are recognized for the tax effects of temporary differences, unused tax credits, and operating loss carryforwards. Valuation allowance is recognized on deferred income tax assets that are not expected to be realized. Deferred tax liabilities and assets are classified as current or noncurrent on the basis of the classification of the related assets or liabilities for financial reporting. A deferred tax liability or asset that cannot be related to an asset or liability for financial reporting is classified as current or noncurrent according to the expected realization date of the temporary difference.

Income tax credits for certain purchases of eligible equipment, research and development expenses, personnel training expenditures and stock investments are recognized in the current year.

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

Income tax (10%) on undistributed earnings is recorded as expense in the year when the stockholders resolve to retain the earnings.

Foreign-currency Transactions

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

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

Financial Derivatives

The Group accounts for derivative transactions as follows:

- a. Currency options

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

- b. Currency swaps

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

- c. Interest rate swaps

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

d. Forward contract transactions

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

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

Forward contract for trading purpose should be recorded at the forward rate as of the contract date. On the balance sheet dates or settlement dates, adjusted by the forward rate available for the remaining of the contract, are recognized as current income.

For contracts open as of the balance sheet date, the balances of the receivables and payables are netted out, and the resulting net amount is classified as either an asset or a liability.

e. Equity-linked notes

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

f. Interest-linked notes

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

g. Credit-linked notes and structured time deposits

The notional amounts paid on credit-linked notes and structured time deposits, which have redemption amounts tied to the credit of the issuer of the underlying bonds, are recorded as assets. Interest revenue is recognized over the term of these contracts. The credit-linked notes and time deposit have interest rates higher than those for general time deposits. The difference between the carrying value and the redemption amount of these contracts is charged to income.

Reclassifications

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2004 have been reclassified to be consistent with the presentation of consolidated financial statements as of and for the year ended December 31, 2005.

3. CASH AND CASH EQUIVALENTS

	December 31	
	2005	2004
Cash		
Petty cash and cash on hand	\$ 7,563	\$ 2,210
Checking deposits	880,115	287,017
Demand deposits	3,569,520	2,605,774
Time deposits: Interest - 0.85%-4.38% in 2005 and 1.98% to 4.66% in 2004	<u>7,288,720</u>	<u>5,932,626</u>
	11,745,918	8,827,627
Cash equivalents		
Commercial paper purchased under resell agreements - interest of 4.62% in 2005 and 2.50%-2.60% in 2004	<u>854,100</u>	<u>1,979,040</u>
	<u>\$ 12,600,018</u>	<u>\$ 10,806,667</u>

There were no deposits due over one year as of December 31, 2005 and 2004.

The overseas deposits as of December 31, 2005 and 2004 are summarized in the accompanying Schedule A and B.

4. SHORT-TERM INVESTMENTS

	December 31	
	2005	2004
Mutual funds	\$ 8,429,826	\$ 15,381,667
Marketable equity securities	906,151	920,274
Convertible bonds	<u>20,000</u>	<u>-</u>
	9,355,977	16,301,941
Less: Allowance for decline in value	<u>123,947</u>	<u>676,061</u>
	<u>\$ 9,232,030</u>	<u>\$ 15,625,880</u>

5. INVESTMENTS IN SHARES OF STOCK AND BONDS

	December 31			
	2005		2004	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
<u>Investment in shares of stock</u>				
Equity method (stocks with no quoted market prices)				
Chunghwa Investment Co., Ltd.	\$ 775,554	40.00	\$ 759,267	40.00
West Basin Container Terminal LLC	334,962	40.00	-	-
Transyang Shipping Pte. Ltd.	51,512	24.99	90,163	24.99
United Terminal Leasing LLC	37,551	40.00	-	-
Yang Ming Italy S.p.A.	14,679	50.00	23,436	50.00
Nexus International Express, Inc.	9,760	49.00	-	-
Yang Ming (Netherlands) B.V.	3,207	70.00	1,153	70.00

(Continued)

	December 31			
	2005		2004	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Yang Ming (Vietnam) Corp.	\$ 3,075	49.00	\$ -	-
Corstor Ltd.	28	50.00	1,122	50.00
Yang Ming Line (Singapore) Pte. Ltd.	-	-	1,094,306	100.00
Ching Ming Investment Co., Ltd.	-	-	908,442	99.96
Yes Logistics Corp.	-	-	429,012	90.50
Honming Terminal & Stevedoring Co., Ltd.	-	-	364,302	79.00
Kuang Ming Shipping Corp.	-	-	221,576	100.00
Yang Ming Line Holding Co.	-	-	193,578	100.00
Jing Ming Transportation Co., Ltd.	-	-	79,134	50.80
Yang Ming (Liberia) Corp.	-	-	3,169	100.00
Yes Logistics Europe GmbH	-	-	1,074	100.00
	<u>1,230,328</u>		<u>4,169,734</u>	
Cost method				
Listed common stock				
Hotung Investment Holdings Ltd.	-	-	22,331	0.70
Emerging common stock				
Taiwan Nano Electro-optical Technology Co., Ltd.	-	-	5,579	0.70
Common stock with no quoted market prices				
Yangtze River Express Airlines Company Limited	560,369	12.00	-	-
Taipei Port Container Terminal Co., Ltd.	76,640	10.00	80,000	10.00
United Venture Capital Corp.	65,440	9.04	-	-
Antwerp International Terminal	57,906	16.33	-	-
China Technology Venture Capital Corp.	30,000	8.96	-	-
SF Technology Venture Capital Corp.	25,668	7.24	-	-
Kingmax Technology Corp.	21,835	1.38	-	-
Ascentek Venture Capital Corp.	20,080	2.14	-	-
United Raw Material Solutions Inc.	5,898	2.76	-	-
B2B.Com Holdings Ltd.	5,043	8.00	-	-
Tytech Co., Ltd.	1,500	1.11	-	-
	<u>870,379</u>		<u>80,000</u>	
Preferred stock with no quoted market prices				
New Century Infocomm Co., Ltd.	669,600	1.68	697,600	1.68
	<u>1,539,979</u>		<u>805,510</u>	
<u>Prepayments for long-term investment in stocks</u>				
Chongqing Changming Terminal Stevedoring Co., Ltd.	45,990	-	-	
<u>Investment in corporate bond</u>				
General Motors Acceptance Corp Note	32,850	-	31,920	-
	<u>\$ 2,849,147</u>		<u>\$ 5,007,164</u>	

In 2005 and 2004, equity in the investees' net income (loss) was as follows:

Investee	2005	2004
West Basin Container Terminal LLC	\$ 135,708	\$ -
Chunghwa Investment Co., Ltd.	14,800	(42,982)
Transyang Shipping Pte. Ltd.	13,980	7,806
United Terminal Leasing LLC	3,555	-
Yang Ming Italy S.p.A.	(2,352)	3,920
Yang Ming Line (Singapore) Pte. Ltd.	-	143,010
Honming Terminal & Stevedoring Co., Ltd.	-	30,570
Kuang Ming Shipping Corp.	-	27,602
Jing Ming Transportation Co., Ltd.	-	13,730
Yang Ming Line Holding Co.	-	22,889
Ching Ming Investment Co., Ltd.	-	(67,101)
Others	<u>1,923</u>	<u>4,790</u>
	<u>\$ 167,614</u>	<u>\$ 144,234</u>

YMTC's equity in the net income of Transyang Shipping Pte. Ltd. was recognized using the financial statements of the immediately preceding year. However, under the revised ROC Statement of Financial Accounting Standards (SFAS) No. 5, "Long-term Investment in Equity Securities," YMTC started to recognize its equity in the net income of Transyang Shipping Pte. Ltd. in the current year. As a result, YMTC's investment income from Transyang Shipping Pte. Ltd. in 2005 was based on Transyang audited financial statements as of and for the years ended December 31, 2005 and 2004.

The 2004 carrying values of the equity-method investments were based on audited financial statements, except Yang Ming (Liberia) Corp. and Yes Logistics Europe GmbH. The Group believes that there would be no material adjustments if these investees' financial statements were audited.

Cost-method investments were as follows:

	<u>December 31</u>	
	2005	2004
Listed stocks (based on market value)	\$ -	\$ 22,331
Equity in net assets pertaining to emerging stock and stocks with no quoted market prices (mainly based on unaudited financial statements)	<u>1,546,226</u>	<u>780,325</u>
	<u>\$ 1,546,226</u>	<u>\$ 802,656</u>

6. PROPERTIES

	<u>December 31</u>	
	2005	2004
Accumulated depreciation		
Buildings	\$ 127,873	\$ 63,203
Containers and chassis	9,422,989	7,898,588
Ships	10,299,448	8,584,806
Leased containers and chassis	2,694,379	2,186,453
Leasehold improvements	150,092	118,112
Miscellaneous equipment	<u>1,551,010</u>	<u>927,685</u>
	<u>\$ 24,245,791</u>	<u>\$ 19,778,847</u>

YMTC leases containers and chassis under capital lease agreements. The related information for future rentals is shown in Note 20. The terms of the leases were from five years to nine years (from March 1998 to April 2011) for containers and from five years to eight years (from January 2001 to January 2009) for chassis. The annual rent payable on leased containers under the agreements is US\$5,471,000. 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 (from March 2001 to March 2026) capital lease agreements starting in March 2001. The lease contracts were secured by standby letters of 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, 2005 and 2004 were as follows:

	December 31			
	2005		2004	
	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)
Total capital lease obligations (undiscounted)	\$ 400,889	\$ 13,169,182	\$ 467,392	\$ 14,919,154
Less: Unamortized interest expense	<u>(185,374)</u>	<u>(6,089,526)</u>	<u>(222,049)</u>	<u>(7,087,800)</u>
	<u>\$ 215,515</u>	<u>\$ 7,079,656</u>	<u>\$ 245,343</u>	<u>\$ 7,831,354</u>

Depreciation expenses were \$4,185,174 thousand in 2005 and \$3,514,746 thousand in 2004.

Insurance for properties, assets leased to others and nonoperating assets as of December 31, 2005 amounted to \$56,528,780 thousand.

7. ASSETS LEASED TO OTHERS, NET

	December 31	
	2005	2004
Cost		
Land	\$ 2,055,583	\$ 1,987,031
Buildings	<u>941,299</u>	<u>838,944</u>
	2,996,882	2,825,975
Accumulated impairment - land	10,507	-
Accumulated impairment - buildings	2,832	-
Accumulated depreciation - buildings	<u>84,679</u>	<u>56,044</u>
	<u>\$ 2,898,864</u>	<u>\$ 2,769,931</u>

Depreciation expenses were \$18,852 thousand in 2005 and \$12,398 thousand in 2004.

8. NONOPERATING ASSETS, NET

	<u>December 31</u>	
	<u>2005</u>	<u>2004</u>
Cost		
Land	\$ 307,487	\$ 360,261
Buildings	<u>5,154</u>	<u>12,383</u>
	312,641	372,644
Accumulated depreciation	<u>4,812</u>	<u>11,837</u>
	<u>\$ 307,829</u>	<u>\$ 360,807</u>

9. INTEREST-BEARING LONG-TERM DEBTS

	Current	Long-term	Total
<u>December 31, 2005</u>			
Secured bank loans	\$ 362,336	\$ 706,020	\$ 1,068,356
Domestic unsecured bonds	616,000	14,588,000	15,204,000
Domestic secured bonds	-	3,000,000	3,000,000
Domestic unsecured convertible bonds	528,000	-	528,000
Interest premium - domestic unsecured convertible bonds	3,178	-	3,178
Capital leases (Note 6)	<u>312,409</u>	<u>6,767,247</u>	<u>7,079,656</u>
	<u>\$ 1,821,923</u>	<u>\$ 25,061,267</u>	<u>\$ 26,883,190</u>
<u>December 31, 2004</u>			
Secured bank loans	\$ 854,482	\$ 2,666,606	\$ 3,521,088
Unsecured bank loans	233,470	-	233,470
Domestic unsecured bonds	396,000	15,204,000	15,600,000
Domestic secured bonds	-	3,000,000	3,000,000
Domestic unsecured convertible bonds	316,700	718,900	1,035,600
Interest premium - domestic unsecured convertible bonds	1,112	2,523	3,635
Capital leases (Note 6)	<u>331,576</u>	<u>7,499,778</u>	<u>7,831,354</u>
	<u>\$ 2,133,340</u>	<u>\$ 29,091,807</u>	<u>\$ 31,225,147</u>

Secured Bank Loans

Secured bank loans in U.S. dollar are payable at varying amounts until 2008, and bear interest at an annual rate ranging from 4.2875% to 4.6712% in 2005 and 2.2875% to 3.1525% in 2004.

Unsecured Bank Loans

Unsecured bank loans in Japanese yen are repayable quarterly. Annual interest rate on the yen loans was 0.4123%. The Corporation had repaid the total outstanding balance as of July 31, 2005.

Domestic Unsecured Bonds

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

Other bond features and terms are as follows:

June 2000 Bonds	Type A - Aggregate face value: \$1,200,000 thousand; repayments: 33% - June 1, 2005, 33% - June 1, 2006, and 34% - June 1, 2007; 5.7% annual interest. YMTC had repaid \$396,000 thousand as of December 31, 2005. Type B - Aggregate face value: \$1,800,000 thousand; repayments: 33% - June 1, 2008, 33% - June 1, 2009, and 34%, and June 1, 2010; 6.09% annual interest.
November 2000 Bonds	Repayments: 20% - November 20, 2010, 40% - November 20, 2011, and 40% - November 20, 2012; 6.02% annual interest.
July 2001 Bonds	Repayments: 20% - July 2006, 40% - July 2007, and 40% - July 2008; 4.49% annual interest.
June 2004 Bonds	Type A - Aggregate face value of \$600,000 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 reseted 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.

Domestic Secured Bonds

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

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

Domestic Unsecured Convertible Bonds

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

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

The 1997 convertible bonds with an aggregate face value of \$2,500,000 thousand had been all converted into 131,846 thousand common shares of YMTC by July 22, 2004. YMTC had registered the change in its issued stock with the Ministry of Economic Affairs, ROC.

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

- a. Lump-sum payment to the holders upon maturity (in 2008) at 101.256% of the face value;
- b. Conversion by the holders, from November 2003 to 10 days before the due date, into YMTC’s common shares at the prevailing conversion price (NT\$22.60 per share as of December 31, 2005);
- c. Reselling to YMTC by the holders before maturity. The reselling of Type A bonds starts from August 7, 2005 at face value while that of Type B bonds starts from August 7, 2006 at 100.451% of the face value; or
- d. Redemption by YMTC, under certain conditions, at face value before bond maturity.

As of December 31, 2005, the 2003 Convertible Bonds with aggregate face value of \$4,472,000 thousand had been converted into 292,428 thousand common shares of YMTC. The revision of registration of the issued stock was approved by Ministry of Economic Affairs, ROC.

10. RESERVE FOR LAND VALUE INCREMENT TAX

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

11. UNREALIZED GAIN ON SALE AND LEASEBACK

	<u>December 31</u>	
	<u>2005</u>	<u>2004</u>
Chassis	\$ 23,435	\$ 31,215
Vessel Ming North	<u>7,471</u>	<u>8,620</u>
	<u>\$ 30,906</u>	<u>\$ 39,835</u>

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

12. STOCKHOLDERS' EQUITY

On November 14, 1996, YMTC issued 10 million units of global depository receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 per unit. The holders of the GDRs may not exchange them for YMTC's stocks. However, starting February 14, 1997, the holders of the GDR may request the depository bank to sell the shares represented by the GDRs. As of December 31 2005, there were 4,762,602 units outstanding, representing 47,626,077 shares.

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

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

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

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

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

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

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

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

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

The stockholders resolved to appropriate the 2004 and 2003 earnings on June 23, 2005 and June 24, 2004, respectively, as follows:

	Appropriation of Earnings		Dividends Per	
	(Thousands)		Share (Dollars)	
	2004	2003	2004	2003
Legal reserve	\$ 979,726	\$ 664,910		
Special reserve	7,416	-		
Bonus to employees	101,680	71,717		
Cash dividends	6,828,310	4,716,781	\$ 3.00	\$ 2.30
Stock dividends	-	1,025,387	-	0.50

Because of the conversion of the 2004 and 2003 Convertible Bonds, the actual cash dividend of 2004 was NT\$2.98203 per share and the actual cash dividends and stock dividends per share of 2003 were NT\$2.28697 and NT\$0.49716, respectively.

The above appropriation of the earnings resolved by stockholders did not differ from the appropriation of the earnings resolved by board of directors on April 22, 2005 and April 6, 2004. Had YMTC recognized bonus to employees as expense in 2004 and 2003, the primary and diluted earnings per share in 2004, would have declined from NT\$4.57 to NT\$4.52 and from NT\$4.34 to NT\$4.29, respectively, and in 2003 would have declined from NT\$3.52 to NT\$3.49 and from NT\$3.09 to NT\$3.05, respectively.

As of March 1, 2006, YMTC's board of directors had not decided the appropriation of the 2005 earnings. Information on the appropriation of YMTC's earnings can be accessed through the Market Observation Post System on the Web site of the Taiwan Stock Exchange.

13. TREASURY STOCKS

Reason for Repurchase	Outstanding Shares (Thousands)			End of the Year
	Beginning of the Year	Increase	Decrease	
<u>2005</u>				
Stocks of the Corporation held by subsidiaries	<u>32,607</u>	<u>12</u>	<u>10,371</u>	<u>22,248</u>
<u>2004</u>				
Stocks of the Corporation held by subsidiaries	<u>54,384</u>	<u>2,704</u>	<u>24,481</u>	<u>32,607</u>

YMTC's shares held by subsidiaries in 2005 and 2004 were as follows:

Subsidiaries	Shares (Thousands)	Carrying Values (Thousands)	Market Values (Thousands)
<u>2005</u>			
Ching Ming Investment Co., Ltd.	21,778	\$ 400,748	\$ 454,950
Kuang Ming Shipping Corp.	470	<u>9,030</u>	<u>9,813</u>
		<u>\$ 409,778</u>	<u>\$ 464,763</u>
<u>2004</u>			
Ching Ming Investment Co., Ltd.	31,309	\$ 576,131	\$ 937,981
Kuang Ming Shipping Corp.	1,310	<u>25,150</u>	<u>39,239</u>
		<u>\$ 601,281</u>	<u>\$ 977,220</u>

On January 1, 2002, YMTC reclassified the shares of YMTC held by subsidiaries from investments into treasury stocks. The proceeds from the subsidiaries' disposal of these shares were \$220,489 thousand in 2005 and \$737,867 thousand in 2004. As of December 31, 2005 and 2004, the carrying values of YMTC's shares held by subsidiaries were \$164,701 thousand and \$241,357 thousand, respectively.

The increase in the stocks of YMTC held by subsidiaries in 2005 and 2004 were due to YMTC increased the subsidiaries' holding of its shares and YMTC's appropriation of 2003 earnings as stock dividends, respectively.

Although YMTC's shares held by subsidiaries are treated as treasury stocks instead of investments, the subsidiaries retain stockholders' rights on those shares, except the right of voting under the revised Company Law, effective on June 22, 2005 and the right to subscribe for new shares issued by YMTC.

14. INCOME TAX

a. Computation of current income tax:

	2005	2004
Tax on pretax income at 25% statutory rate	\$ 2,593,339	\$ 2,974,919
Add (deduct) tax effects of:		
Permanent differences	(1,595,868)	(768,211)
Deferred income tax	(244,716)	(612,105)
Loss carryforward	759	-
Investment tax credit	(760)	(1,963)
Unappropriated earnings tax (10%)	<u>3,165</u>	<u>-</u>
Current tax payable	<u>\$ 755,919</u>	<u>\$ 1,592,640</u>

The balance of income tax payable as of December 31, 2005 included income tax payable of \$5,470 thousand for the year examined and cleared by authorities and was net of the creditable income tax of \$672,787 thousand. The balance of income tax payable as of December 31, 2004 was net of creditable income tax of \$467,261 thousand and accrual income tax payable of \$1,279 thousand for the year not yet examined and cleared by authorities.

b. Income tax expense consisted of:

	2005	2004
Income tax expense - current	\$ 755,919	\$ 1,592,640
Income tax expense - deferred	159,002	608,430
Overseas tax credit exceeded	30,273	-
Income tax expense on income subjected to a separate rate of 20%	15	-
Adjustments of prior years' taxes	<u>(55,330)</u>	<u>(98,657)</u>
	<u>\$ 889,879</u>	<u>\$ 2,102,413</u>

c. Deferred income tax assets (liabilities) as of December 31, 2005 and 2004 consisted of the following

	December 31	
	2005	2004
Current (included in other current assets or liabilities)		
Unrealized foreign exchange loss	\$ 37,512	\$ 35,994
Unrealized loss on allowance for shipping fuel valuation losses	16,575	24,938
Others	<u>4,943</u>	<u>7,095</u>
	<u>\$ 59,030</u>	<u>\$ 68,027</u>
Noncurrent		
Cumulative equity in net income of investee companies	\$ (1,992,208)	\$ (1,758,409)
Differences in estimated service lives of containers	(400,298)	(213,271)
Deferred pension cost	115,488	101,294
Loss carryforwards	33,442	-
Others	755	-
Less - valuation allowance	<u>(46,717)</u>	<u>-</u>
	<u>\$ (2,289,538)</u>	<u>\$ (1,870,386)</u>

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

d. Integrated income tax system information:

	December 31, 2005	Estimated Ratio of 2005	Actual Ratio of 2004
Balance of the imputation credit account (ICA)			
YMTC	\$ <u>709,062</u>	6.13%	13.55%
Kuang Ming	\$ <u>37,067</u>	33.33%	-
Ching Ming	\$ <u>28,506</u>	23.48%	33.33%
Honming	\$ <u>7,723</u>	34.21%	4.66%
Jing Ming	\$ <u>9,148</u>	33.97%	33.35%
Yes Logistics	\$ <u>2,009</u>	-	-

Yes Logistics had no appropriated earnings of December 31, 2005. Thus, the ICA balance will be accumulated until dividend distribution in the future.

The tax credits will be accumulated until the date of dividend distribution. Upon dividend distribution, the ratio of the imputed tax credits to unappropriated earnings will be used for allocating tax credits to each stockholder. The estimated creditable tax ratio for 2005, for which income tax payable had been taken into account, might differ from the actual ratio on the dividend distribution date.

e. As of December 31, 2005 and 2004, the balances of the special reserve and unappropriated retained earnings generated before January 1, 1998 aggregated \$2,064,438 thousand.

f. Loss carryforwards as December 31, 2005 were as follows:

Expiry Year	Kuang Ming	Yes Logistics
2006	\$ -	\$ 2,079
2007	22,765	4,106
2008	-	3,904
2009	332	256

g. Status of income tax returns:

Income tax returns of YMTC, Honming, Ching Ming, Jing Ming, Kuang Ming, Yes Logistics and YMS-Singapore through 2003 had been examined and cleared by tax authorities. Income tax returns of Yes-Singapore, Yangming-UK, Yangming-ERO, Yes-UK, YML-Singapore, Manwa, Yangming-Japan, Young-Carrier, YML-HK, Karman Properties, YML Holding, Yang Ming-America, Yes-ERO, Triumph Logistics, INC. and Olympic Container Terminal LLC through 2004 had been examined and cleared by authorities.

YML-BVI, YML-NV, YML-BV, AOT, Yang Ming-Liberia, Yangming-Cayman, YMS-BVI and KMS-Panama are exempt from taxes. Yes-HK is still in the deficit situation so there was no tax. Yes-USA is registered but has not operated. Yes-Netherlands B.V. and Golden have not filed their income tax returns since both were incorporated in 2005.

YML-India was incorporated in 2004 and its income tax returns have not been examined and cleared by the local tax authorities.

Income tax returns of YML (M) had not been examined and cleared by the local tax authorities.

15. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	2005		
	Operating Costs	Operating Expenses	Total
Personnel expenses			
Salary	\$ 1,130,422	\$ 2,964,972	\$ 4,095,394
Insurance	26,085	169,805	195,890
Pension	57,526	199,250	256,776
Others	58,716	340,575	399,291
Depreciation	4,005,367	178,851	4,184,218
Amortization	<u>135,468</u>	<u>27,696</u>	<u>163,164</u>
	<u>\$ 5,413,584</u>	<u>\$ 3,881,149</u>	<u>\$ 9,294,733</u>
	2004		
	Operating Costs	Operating Expenses	Total
Personnel expenses			
Salary	\$ 1,470,648	\$ 1,348,166	\$ 2,818,814
Insurance	24,036	45,257	69,293
Pension	106,850	56,464	163,314
Others	96,988	79,001	175,989
Depreciation	3,456,181	57,072	3,513,253
Amortization	<u>88,123</u>	<u>24,660</u>	<u>112,783</u>
	<u>\$ 5,242,826</u>	<u>\$ 1,610,620</u>	<u>\$ 6,853,446</u>

16. CONSOLIDATED 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)	Earnings Per Share (Dollars)	
	Income Before Income Tax	Net Income		Income Before Income Tax	Net Income
<u>2005</u>					
Consolidated basic EPS	\$ 10,025,059	\$ 9,262,954	2,252,812	<u>\$ 4.45</u>	<u>\$ 4.11</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>1,680</u>	<u>1,260</u>	<u>29,385</u>		
Consolidated diluted EPS	<u>\$ 10,026,739</u>	<u>\$ 9,264,214</u>	<u>2,282,197</u>	<u>\$ 4.39</u>	<u>\$ 4.06</u>

(Continued)

	<u>Amount (Numerator)</u>		<u>Capital Stock (Denominator) (in Thousand Shares)</u>	<u>Earnings Per Share (Dollars)</u>	
	<u>Income Before Income Tax</u>	<u>Net Income</u>		<u>Income Before Income Tax</u>	<u>Net Income</u>
<u>2004</u>					
Consolidated basic EPS	\$ 11,899,677	\$ 9,797,264	2,143,187	\$ 5.55	\$ 4.57
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>9,750</u>	<u>7,313</u>	<u>116,318</u>		
Consolidated diluted EPS	<u>\$ 11,909,427</u>	<u>\$ 9,804,577</u>	<u>2,259,505</u>	<u>\$ 5.27</u>	<u>\$ 4.34</u>

17. PENSION PLAN

a. Pension plan of YMTC

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

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

Pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Benefits are based on service years and average basic salary of the six months before retirement. The pension fund, to which YMTC contributes amounts equal to 13% and 9% of salaries every month in 2005 and 2004, respectively, is administered by each company's pension reserve fund supervisory committee and deposited in the name of each company's committee in the Central Trust of China Co., Ltd.

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

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

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

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

b. Pension plan of subsidiaries

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

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

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

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

Under the Act, the employer’s monthly rate of contribution to the pension fund from July 1, 2005, should be at least 6% of the employees’ monthly wages. The pension costs under the defined contribution plan amounted to \$10,209 thousand from July 2005 to December 2005.

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:

	2005	2004
1) Components of net pension costs:		
Service cost	\$ 146,473	\$ 134,703
Interest cost	37,819	29,645
Expected return on plan assets	(7,444)	(5,979)
Amortization of net transition assets	(328)	(7,249)
Amortization of prior service cost	436	436
Amortization of net loss	<u>11,235</u>	<u>4,259</u>
Net pension cost	<u>\$ 188,191</u>	<u>\$ 155,815</u>

	December 31	
	2005	2004
2) Reconciliation of funded status of the pension plan to accrued pension cost at end of year		
Benefit obligation:		
Vested benefit obligation	\$ 362,443	\$ 251,324
Non-vested benefit obligation	<u>656,737</u>	<u>513,220</u>
Accumulated benefit obligation	1,019,180	764,544
Additional benefits based on future salaries	<u>356,030</u>	<u>292,802</u>
Projected benefit obligation	1,375,210	1,057,346
Fair value of plan assets	<u>(307,515)</u>	<u>(198,291)</u>
Funded status	1,067,695	859,055
Unrecognized net transition assets (liabilities)	(36,649)	2,658
Unrecognized prior service cost	(4,363)	(4,799)
Unrecognized net loss	(249,579)	(187,949)
Additional liability	<u>63,817</u>	<u>30,450</u>
Accrued pension cost	<u>\$ 840,921</u>	<u>\$ 699,415</u>
3) Vested benefits	<u>\$ 463,672</u>	<u>\$ 339,322</u>
	2005	2004
4) Assumptions used		
Discount rate	2.50-3.00%	3.50%
Rate of increase in compensation	2.00-2.75%	2.75%
Expected rate of return on plan assets	3.00%	3.25%
5) Changes in pension fund		
Contributions	<u>\$ 92,938</u>	<u>\$ 50,209</u>
Payment of benefits	<u>\$ 35,316</u>	<u>\$ 22,633</u>

18. RELATED-PARTY TRANSACTIONS

The significant transactions with related parties for the years ended December 31, 2005 and 2004 and the related balances, in addition to those mentioned in Note 20 and Schedules E and F, are summarized in the accompanying schedules C and D.

The transactions with related parties were conducted under contract terms.

19. ASSETS PLEDGED OR MORTGAGED

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

	<u>December 31</u>	
	<u>2005</u>	<u>2004</u>
Refundable deposits	\$ 6,889,732	\$ 7,475,034
Properties, net	3,888,746	3,994,671
Nonoperating assets, net	89,230	89,230
Pledged certificate of deposit (included in other asset - miscellaneous)	<u>13,469</u>	<u>-</u>
	<u>\$ 10,881,177</u>	<u>\$ 11,558,935</u>

20. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Note 21 and Schedule F, commitments and contingent liability as of December 31, 2005 were as follows:

- a. Obligations of YMTC to provide crews to two ships of Chinese Petroleum Corporation under contracts expiring on various dates by October 2006. The daily compensation under the contracts is \$273 thousand for all the crews.
- b. Leases of office premises, ships and container yard of the Group under operating lease agreements that will expire on various dates until April 2014. The total rents in 2005 were \$7,512,608 thousand, and future minimum rentals are as follows:

Fiscal Year	Amount
2006	\$ 4,031,248
2007	2,907,937
2008	2,336,618
2009	1,613,619
2010	1,225,748

Rentals after 2011 amount to \$2,213,375 thousand. The present value of those rentals, computed at an annual interest rate of 1.99%, is \$2,118,412 thousand.

- c. Leases of containers, chassis and vessels of the Group under capital lease agreements expiring on various dates until March 2022. Rentals in 2005 were about \$427,588 thousand (deducted from leases payable). Future minimum rentals are as follows:

Fiscal Year	Amount
2006	\$ 473,935
2007	364,662
2008	317,537
2009	236,605
2010	232,808

Rentals after 2011 amount to \$8,768,676 thousand. The present value of those rentals, computed at an annual interest rate of 1.99%, is \$7,790,915 thousand.

- d. Yangming-Cayman leased one ship from Wilmington Trust Co. under operating lease agreement, which will expire on June 30, 2012. In March 30, 2007 to December 15, 2007, Yangming-Cayman may exercise the Early Buy-Out Option at US\$39,369,000 to buy the leased ship, or continue the lease agreement until it expired.
- e. YMTC guarantee of loans obtained by three subsidiaries, Yang Ming Line (B.V.I.) Holding Co., Ltd. (US\$5,000,000), All Ocean Transportation Inc. (US\$61,100,000) and Yang Ming (Liberia) Corp. (US\$245,520,000); Yang Ming (America) Co., an indirect subsidiary (US\$1,500,000); three investees of a subsidiary, United Terminal Leasing LLC (US\$5,577,000), West Basin Container Terminal LLC (US\$12,180,000) and Olympic Container Terminal LLC (US\$4,700,000).
- f. Yang Ming Line Holding Co. guarantees of loan obtained by 40% investee owned, West Basin Container Terminal LLC (US\$304,000). Yes Logistics Corp. guarantees of loan obtained by Yes Logistics Europe GmbH (GBP150,000). Yang Ming Line (Hong Kong) guarantees of loan obtained by Karlman Properties Limited (HK\$11,200,000).
- g. Agreement between YMTC and China Shipbuilding Corp. (CSBC) for CSBC to construct 8 vessels for US\$179,120,000 for delivery by 2007. As of December 31, 2005, the Corporation had paid US\$26,868,000 to CSBC.
- h. Claim against YMTC. The buyer of one vessel sold in June 2003 alleged that YMTC knowingly did not comply with vessel specifications and demanded that YMTC pay damages of US\$2,800,000. The certificate of deposit of US\$310,000 was pledged as arbitration guarantee. No liability was accrued since management and appointed lawyers believed YMTC's work was in line with buyer's specifications.
- i. One vessel leased by YMTC to a third party was alleged to have fuel oil leaks, which caused water pollution. As of December 31, 2005, YMTC had paid US\$1,000,000 as refundable deposits in line with the ongoing legal proceedings on this case. On the basis of the conservatism principle, YMTC had accrued a loss of US\$1,000,000.
- j. Agreement to acquire containers. As of December 31, 2005, YMTC had not yet received the containers and thus had not paid made the related payment of US\$42,420,000. YMTC was granted an option to buy 7,400 units of containers for US\$22,134,000.
- k. An agreement entered into on October 8, 2004 for YMTC to build the second logistics center in Kaohsiung jointly with the MOTC Harbor Bureau. The center, to be used to package, store, process, transfer and distribute goods, will be built by April 2006. The estimated investment for the logistics center is around \$200,000 thousand. As of December 31, 2005, YMTC had paid \$9,568 thousand for this center.
- l. Agreement between AOT and CSBC to construct 10 vessels for US\$785,000,000. As of December 31, 2005, AOT has paid US\$78,500,000.
- m. Agreement between AOT and Clio Marine Inc., Liberia to construct 1 vessels for JPY3,870,000,000. As of December 31, 2005, AOT had paid JPY387,000,000.

21. FINANCIAL INSTRUMENTS

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

- a. YMTC and two subsidiaries (Yang Ming Line (B.V.I.) Holding Co., Ltd., Yes Logistics Corp.) used derivative instruments for trading and nontrading purposes for the years ended December 31, 2005 and 2004. Nontrading purposes refer to YMTC's and subsidiaries' hedging of interest rate fluctuations on liabilities and exchange rate fluctuations on net assets or liabilities denominated in foreign currencies. Trading purposes refer to YMTC's and subsidiaries intent to earn profit from derivative transactions.

1) Open contracts and credit risk

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

a) Nontrading purposes

Type of Transaction	December 31, 2005						
	Notional Amount	Fixed Rate	Market Rate	Settlement Date	Maturity Date	Credit Risk	Place of Transaction
Yang Ming Marine Transport Corporation Interest rate swap	\$1,000,000	2.46%-2.47%	0%-4.5%	Annually	June 18, 2004- June 18, 2011	\$ -	Overseas

Type of Transaction	December 31, 2004						
	Notional Amount	Fixed Rate	Market Rate	Settlement Date	Maturity Date	Credit Risk	Place of Transaction
Yang Ming Marine Transport Corporation Interest rate swap	\$1,000,000	2.46%-2.47%	4.40%-4.50%	Annually	June 18, 2004- June 18, 2011	\$13,381	Overseas

b) Trading purposes

i. Type of transaction

Type of Transaction	December 31, 2005		
	Carrying Value	Notional Amount	Credit Risk
Yang Ming Marine Transport Corporation Credit-linked notes	\$ 99,263	US\$ 3,000,000	\$ 99,230
Credit-linked structured time deposit	232,429	US\$ 7,000,000	230,241
	50,129	\$ 50,000	50,032
Yang Ming Line (B.V.I.) Holding Co., Ltd. Credit-linked notes	98,664	US\$ 3,000,000	97,436

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

ii. Place of transaction

Place of Transaction	December 31, 2005		
	Carrying Value	Notional Amount	Credit Risk
Taiwan	\$ 50,129	\$ 50,000	\$ 50,032
Overseas (including foreign institutions in Taiwan)	430,356	US\$ 13,000,000	426,907

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

YMTC is exposed to credit risks from counter-parties' default on contracts or from underlying securities' credit events. The credit risk on the above contracts is the positive net fair value of open contracts as of balance sheet date, which represents YMTC's possible losses from defaults or credit events. To manage credit risks, YMTC transacts only with selected financial institutions, securities firms and underlying securities with good credit ratings. Thus, management does not anticipate any significant losses resulting from defaults or credit events. The underlying securities were summarized in Schedule G.

2) Market risk

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

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

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

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

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

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

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

As of December 31, 2005, the interest rate swap contracts held by YMTC were for nontrading purposes, i.e., to hedge overall fluctuations on interest rates. YMTC and subsidiaries use interest rate swap contracts with gains or losses that offset the gains or losses on floating interest-bearing liabilities. Through these contracts, YMTC and subsidiaries hedges most of the risks in the market. The interest rates on the contracts are fixed. In addition, YMTC and subsidiaries evaluate the hedging effectiveness of the contracts periodically.

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

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

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

5) Presentation method of derivative instruments in the financial statements

On the interest rate swap, related payables (included in accrued expenses) were \$7,592 thousand in 2005 and related receivables (included in other current assets) was \$10,699 thousand in 2004. Losses and gains were \$5,853 thousand and \$10,699 thousand in 2005 and 2004, respectively.

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

	<u>December 31</u>	
	<u>2005</u>	<u>2004</u>
Yang Ming Marine Transport Corporation		
Other financial instruments - current (included in other current assets)	\$ 259,950	\$ 38,630
Other financial instruments - noncurrent (included in other assets - miscellaneous)	118,550	-
Interest receivables (included in other current assets)	3,321	-
Yang Ming Line (B.V.I.) Holding Co., Ltd.		
Other financial instruments - current	98,550	31,920
Other financial instruments - noncurrent	-	159,600
Interest receivables	114	-
Yes Logistics Corp.		
Other financial instruments - current	-	17,441
Yang Ming Marine Transport Corporation		
Investment income (loss), net - equity linked notes	18,361	(3,102)
Interest income - credit linked notes	14,509	-
Interest income - credit linked structured time deposit	1,314	12,878
Foreign exchange income (loss), net - credit linked structured time deposit	6,733	(4,707)

(Continued)

	December 31	
	2005	2004
Yes Logistics Corp.		
Investment gain, net	\$ -	\$ 84
Interest income	377	973

The above investment loss - net of YMTC included settlement gains of \$23,171 thousand; loss of \$18,505 thousand on the conversion to beneficiary certificates; and disposal gains of \$13,695 thousand on beneficiary certificates.

Net gains of YMTC and two subsidiaries (included in foreign exchange gain) on various derivative instruments in 2005 and 2004 are summarized as follows:

	2005	2004
a) Trading purposes		
Yang Ming Marine Transport Corporation		
Currency options	\$ 3,614	\$ 4,278
Forward exchange contracts	<u>(263)</u>	<u>-</u>
	<u>\$ 3,351</u>	<u>\$ 4,278</u>
Yang Ming Line (B.V.I.) Holding Co., Ltd.		
Forward exchange contracts	<u>\$ -</u>	<u>\$ 326</u>
b) Nontrading purposes		
Yang Ming Line (B.V.I.) Holding Co., Ltd.		
Cross-currency swaps	<u>\$ -</u>	<u>\$ 264</u>

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

	December 31			
	2005		2004	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative instruments</u>				
Assets				
Financial assets				
Short-term financial instruments				
Cash and cash equivalents	\$ 12,600,018	\$ 12,600,018	\$ 10,806,667	\$ 10,806,667
Short-term investments	9,232,030	9,232,030	15,625,880	15,625,880
Accounts receivable	4,674,253	4,674,253	1,268,681	1,268,681
Accounts receivables from related parties	359,531	359,531	1,639,055	1,639,055
Other receivables from related parties	3,268	3,268	365,431	365,431
Advances to shipping agents	182,912	182,912	226,343	226,343
Investments in shares of stock	2,816,297	2,816,297	4,975,244	4,975,244
Investments in corporate bonds	32,850	32,850	31,920	31,392

(Continued)

	December 31			
	2005		2004	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Refundable deposit	\$ 6,968,705	\$ 6,968,705	\$ 7,475,034	\$ 7,475,034
Long-term receivables from related parties	-	-	434,650	434,650
Liabilities				
Financial liabilities				
Short-term debts	3,431	3,431	-	-
Notes payable	18,078	18,078	-	-
Payables to related parties	288,896	288,896	1,291,838	1,291,838
Accrued expenses	6,870,566	6,870,566	3,635,857	3,635,857
Payables for equipment	678,792	678,792	623,058	623,058
Payables to shipping agents	3,594,961	3,594,961	2,999,897	2,999,897
Bank loans	1,068,356	1,068,356	3,754,558	3,754,558
Bonds	18,735,178	19,273,522	19,639,235	20,477,994

Derivative instruments

Yang Ming Marine Transport Corporation				
Interest rate swap	(7,592)	(43,412)	10,699	13,381
Credit-linked notes	99,263	99,230	-	-
Credit-linked structured time deposit	282,558	280,273	-	-
Equity-linked notes	-	-	38,630	39,876
Yang Ming Line (B.V.I.) Holding Co., Ltd.				
Credit-linked notes	98,644	97,436	95,760	95,760
Interest-linked notes	-	-	31,920	32,006
Credit-linked structured time deposit	-	-	63,840	64,002
Yes Logistics Corp.				
Credit-linked notes	-	-	17,441	17,462

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

- 1) The carrying values of short-term financial instruments, except for short-term investments, approximate fair values because of the short maturities of these instruments.
- 2) Fair values of short-term investments, investments in shares of stock and investments in corporate bonds are based on market prices or, if market prices are unavailable, on YMTC's equity in the equity-method investee's net assets or on investment costs of stocks with no quoted market prices.
- 3) Fair values of long-term receivable from related parties, bank loans and bonds are based on market prices or, if market prices are unavailable, on the present values of the expected cash inflows or outflows. Discount rate used in determining the present values is based on the interest rate for bank loans that YMTC can obtain under similar conditions.
- 4) Fair values of derivatives are calculated at exchange rates quoted from the Reuter's News Agency and market value quoted by banks. YMTC entered into the interest rate swap contracts with foreign institutions in order to hedge future cashflow risk, and the fair value fluctuation arising from exchange rate fluctuations would not cause additional risk to YMTC.

22. ADDITIONAL DISCLOSURES

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

23. SEGMENT INFORMATION

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

Line Service	2005		2004	
	Amount	%	Amount	%
U.S. Western coast line	\$ 28,278,352	29	\$ 26,905,522	30
Northwest European line	17,627,359	18	17,525,905	20
Asia line	15,533,135	16	14,225,294	16
U.S. Eastern coast line	12,680,091	13	10,297,828	12

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

SCHEDULE A**YANG MING MARINE TRANSPORT CORPORATION AND
SUBSIDIARIES****OVERSEAS DEPOSITS
DECEMBER 31, 2005**

Country	Currency	Foreign Currency Amount (Thousands)	New Taiwan Dollar Exchange Rate	New Taiwan Dollar Amount (Thousands)
Japan	USD	\$ 526	32.8500	\$ 17,318
	JPY	6,164,393	0.2797	1,723,493
Hong Kong	USD	1,271	32.8500	41,737
	HKD	46,416	4.2369	196,664
United States	USD	21,087	32.8500	692,707
Belgium	EUR	243	38.9680	9,487
Netherlands	EUR	23	38.9680	901
Indonesia	USD	650	32.8500	21,350
	IDR	5,227	0.0033	17
Malaysia	USD	Note	32.8500	12
	MYR	1,828	8.6928	15,875
Britain	USD	5	32.8500	177
	GBP	5,690	56.7064	322,652
Germany	USD	4,788	32.8500	157,279
	EUR	1,989	38.9680	77,492
Italy	USD	78	32.8500	2,577
	EUR	164	38.9680	6,403
Philippines	USD	Note	32.8500	11
	PHP	23,775	0.6205	14,753
Singapore	USD	152	32.8500	5,006
	SGD	1,960	19.7594	38,671
India	INR	38,753	0.7290	28,254
Thailand	THB	138,837	0.7991	110,941
Korea	USD	Note	32.8500	Note
	KRW	281,435	0.0327	9,208
Mainland China	USD	6,974	32.8500	229,080
	RMB	8,767	4.0680	35,664
	HKD	17,618	4.2335	74,583

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

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

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

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (See Notes Below)	Operating Revenues				Operating Costs				Interest Income	Acquisition of Properties		Sale of Investments in Shares of Stock				
		Cargo Transport		Rent Revenue	Haulage		Tally	Commission (Note I)	Amount		%	Amount	%	Amount	%		
		Amount	%		Amount	%										Amount	%
<u>2005</u>																	
Yang Ming Italy S.p.A	B	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 135,502	-	\$ -	-	\$ -	-		
Yang Ming (Vietnam) Corp.	B	-	-	-	-	-	-	-	-	19,879	-	-	-	-	-		
West Basin Container Terminal LLC	B	-	-	-	-	-	-	2,259,278	3	-	-	-	-	-	-		
Leader Container Transportation Co., Ltd.	C	8,019	-	-	-	388,082	-	-	-	-	-	-	-	-	-		
Nexus International Express, Inc.	B	3,314	-	-	-	18,864	-	-	-	-	-	-	-	-	-		
		<u>\$ 11,333</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 406,946</u>	<u>-</u>	<u>\$ 2,259,278</u>	<u>3</u>	<u>\$ 155,381</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>		
<u>2004</u>																	
Kuang Ming Shipping Corp.	A	\$ -	-	\$ -	-	\$ 36,498	-	\$ -	-	\$ 2,596	1	\$ -	-	\$ -	-		
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	640,095	3	-	-	-	-	-	-	-	-		
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	418,146	2	-	-	-	-	-	-	-	-		
Ching Ming Investment Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	194,080	G 56		
Yangming (Japan) Co., Ltd.	A	-	-	-	-	-	-	-	-	200,624	5	-	-	-	-		
Young-Carrier Company Limited	A	-	-	-	-	-	-	19,604	1	426,515	10	-	-	-	-		
Yangming (Cayman) Ltd.	A	-	-	-	-	144,733	D 1	-	-	-	-	-	-	-	-		
Yang Ming Line (Hong Kong) Limited.	A	-	-	-	-	-	-	-	-	341,257	8	-	-	-	-		
Yangming Shipping (Singapore) Pte. Ltd.	A	-	-	-	-	-	-	-	-	73,196	2	-	-	-	-		
Kuang Ming Shipping Corp. (Panama)	A	-	-	-	-	127,320	E 1	-	-	-	-	742,751	H 6	-	-		
Yang Ming (M) Sdn. Bhd.	A	-	-	-	-	-	-	-	-	22,661	-	-	-	-	-		
Yang Ming (America) Co.	A	-	-	-	-	-	-	-	-	898,323	20	-	-	-	-		
Yang Ming (Netherlands) B.V.	B	-	-	-	-	-	-	9,842	-	47,807	1	-	-	-	-		
Yang Ming (Vietnam) Corp.	B	-	-	-	-	-	-	-	-	3,207	-	-	-	-	-		
Yes Logistics Corp.	A	110,407	-	18,794	93	-	-	-	-	-	-	-	-	344	F -		
Yang Ming Italy S.p.A	B	-	-	-	-	-	-	28,241	1	117,027	3	-	-	-	-		
Yang Ming Line (India) Pvt. Ltd.	A	-	-	-	-	-	-	2,008	-	29,579	1	-	-	-	-		
Corstor Ltd.	B	-	-	-	-	-	-	-	-	559	-	-	-	-	-		
		<u>\$ 110,407</u>	<u>-</u>	<u>\$ 18,794</u>	<u>93</u>	<u>\$ 1,366,792</u>	<u>7</u>	<u>\$ 59,695</u>	<u>2</u>	<u>\$ 2,160,196</u>	<u>50</u>	<u>\$ 3,155</u>	<u>1</u>	<u>\$ 742,751</u>	<u>6</u>	<u>\$ 194,424</u>	<u>56</u>

Notes:

- An equity-method investee of the Corporation.
- An equity-method investee of a wholly-owned subsidiary of the Corporation.
- The company's chairman is Jing Ming's supervisor.
- Lease of one ship from Yang Ming (Cayman) Ltd. under an agreement expiring on June 30, 2012; rent is payable quarterly.
- Lease of one ship from Kuang Ming Shipping (Panama) under an agreement expiring on December 31, 2005, with rent payable monthly.
- Sale at book value of investment in share of stock from Yangming (UK) Ltd. in October 2004.
- Sale at book value of investment in share of stock from YMTC in December 2004.
- Acquisition of one ship from Kuang Ming Corp. (Panama) Transportation Inc. in October 2004 at book value.
- Container control fee included.
- Other related parties with which the Corporation had no transactions in 2005 and 2004 are shown in Schedule J.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

RELATED-PARTY ACCOUNT BALANCES
DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (See Notes Below)	Receivables from Related Parties						Advances to Shipping Agents				Long-term Receivables from Related Parties		Payables to Related Parties									
		Accounts Receivable		Other Receivables		Total		Shipping Agents		Prepaid Expense		Related Parties		Account Payable		Accrued Expense		Payables to Shipping Agents		Receipts under Custody		Total	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
2005																							
Yang Ming Italy S.p.A	B	\$ 226,943	63	\$ -	-	\$ 226,943	63	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 72,597	25	\$ -	-	\$ 72,597	25
Yang Ming Cultural Foundation	C	-	-	3,215	1	3,215	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Netherlands) B.V.	B	82,101	23	53	-	82,154	23	-	-	-	-	-	-	-	-	-	-	40,119	14	-	-	40,119	14
Yang Ming (Vietnam) Corp.	B	49,684	13	-	-	49,684	13	3,245	2	-	-	-	-	-	-	-	-	120,538	42	-	-	120,538	42
Leader Container Transportation Co., Ltd.	D	803	-	-	-	803	-	-	-	-	-	-	-	40,269	14	-	-	-	-	-	-	40,269	14
Nexus International Express, Inc.	B	-	-	-	-	-	-	-	-	-	-	-	-	15,373	5	-	-	-	-	-	-	15,373	5
		<u>\$ 359,531</u>	<u>99</u>	<u>\$ 3,268</u>	<u>1</u>	<u>\$ 362,799</u>	<u>100</u>	<u>\$ 3,245</u>	<u>2</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 55,642</u>	<u>19</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 233,254</u>	<u>81</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 288,896</u>	<u>100</u>
2004																							
Jing Ming Transportation Co., Ltd.	A	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 16,901	1	\$ -	-	\$ -	-	\$ 16,901	1
Yangming (Japan) Co., Ltd.	A	52,324	3	-	-	52,324	3	-	-	-	-	-	-	-	-	-	-	184,811	14	-	-	184,811	14
Yang Ming Line Holding Co.	A	-	-	71,290	4	71,290	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Young-Carrier Company Limited	A	961,966	48	-	-	961,966	48	-	-	-	-	-	-	-	-	-	-	331,928	26	-	-	331,928	26
Yangming (Cayman) Ltd.	A	-	-	-	-	-	-	-	-	2,893	1	-	-	-	-	-	-	-	-	-	-	-	
Corstor Ltd.	B	-	-	7,517	-	7,517	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Line (Hong Kong) Limited.	A	41,224	2	-	-	41,224	2	-	-	-	-	-	-	-	-	-	-	298,488	23	-	-	298,488	23
Yangming Shipping (Singapore) Pte. Ltd.	A	6,569	-	-	-	6,569	-	-	-	-	-	-	-	-	-	-	-	41,170	3	-	-	41,170	3
Yang Ming (M) Sdn. Bhd.	A	40,050	2	-	-	40,050	2	-	-	-	-	-	-	-	-	-	-	23,179	2	-	-	23,179	2
Yang Ming (Vietnam) Corp.	B	8,356	-	-	-	8,356	-	-	-	-	-	-	-	-	-	-	-	629	-	-	-	629	
Yang Ming Line (Singapore) Pte. Ltd.	A	-	-	236,208	E 12	236,208	12	-	-	-	-	-	-	-	-	146,832	11	-	-	-	-	146,832	11
Yes Logistics Corp.	A	10,091	1	-	-	10,091	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ching Ming Investment Co., Ltd.	A	-	-	2,337	-	2,337	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Kuang Ming Shipping Corp.	A	29,690	1	38,698	2	68,388	3	-	-	-	-	247,025	F 57	-	-	-	-	-	-	-	-	-	
Yang Ming (America) Co.	A	85,759	4	5,193	1	90,952	5	166,946	74	-	-	-	-	-	-	-	-	-	-	-	-	-	
Kuang Ming Shipping Corp. (Panama)	A	-	-	-	-	-	-	-	-	531	-	187,625	F 43	-	-	-	-	-	-	22,827	2	22,827	
Yang Ming Italy S.p.A	B	221,641	11	-	-	221,641	11	-	-	-	-	-	-	-	-	-	-	123,402	10	-	-	123,402	10
Yang Ming (Netherlands) B.V.	B	85,045	4	-	-	85,045	4	213	-	-	-	-	-	-	-	-	-	75,747	6	-	-	75,747	6
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	4,188	-	4,188	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Line (India) Pvt. Ltd.	A	96,340	5	-	-	96,340	5	-	-	-	-	-	-	-	-	-	-	25,924	2	-	-	25,924	2
		<u>\$ 1,639,055</u>	<u>81</u>	<u>\$ 365,431</u>	<u>19</u>	<u>\$ 2,004,486</u>	<u>100</u>	<u>\$ 167,159</u>	<u>74</u>	<u>\$ 3,424</u>	<u>1</u>	<u>\$ 434,650</u>	<u>100</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 163,733</u>	<u>12</u>	<u>\$ 1,105,278</u>	<u>86</u>	<u>\$ 22,827</u>	<u>2</u>	<u>\$ 1,291,838</u>	<u>100</u>

Notes:

- An equity-method investee of Yang Ming Marine Transport Corporation (the "Corporation").
- An equity-method investee of a wholly owned subsidiary of the Corporation.
- YMTC's donation is equal to the foundation's capital.
- The company's chairman is Jing Ming's supervisor.
- Dividends receivable.
- Receivable on sales of ships.
- Other related parties with which the Corporation had no transactions in 2005 and 2004 are shown in Schedule J.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED
DECEMBER 31, 2005**

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

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Year (Note H)	Ending Balance (Note H)	Interest Rate	Nature of Financing (Note A)	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can Be Provided by the Financier
											Item	Value		
1	Yang Ming Marine Transport Corporation	Yang Ming (Liberia) Corp.	Long-term receivables	\$ 260,172 (US\$ 7,920,000)	\$ 260,172 (US\$ 7,920,000)	4.27%	2	\$ -	Acquisition of ships	\$ -	-	\$ -	\$ 9,439,596 (Note C)	\$ 18,879,192 (Note B)
2	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	197,100 (US\$ 6,000,000)	197,100 (US\$ 6,000,000)	4.00%	2	-	Obtain working capital	-	-	-	335,070 (Note G)	394,200
3	Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Other receivables	103,046 (HK\$ 24,321,000)	102,893 (HK\$ 24,285,000)	-	2	-	Acquisition of office building	-	-	-	398,038 (Note E)	497,548 (Note D)
4	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Line (India) Pvt. Ltd.	Other receivables	7,884 (US\$ 240,000)	7,884 (US\$ 240,000)	2.80%	2	-	Obtain working capital	-	-	-	939,692 (Note F)	1,879,384 (Note D)
5	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line B.V.	Other receivables	37,312 (Note H)	\$ 33,922 (Note H)	1.50%	2	-	Investment in Yang Ming Italy S.p.A., Yangming (UK) Ltd. and Yang Ming Shipping Europe GmbH	-	-	-	3,146,986 (Note E)	3,933,733 (Note D)

Notes:

A. Nature of financing:

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

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

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

D. Represents the lender's net asset value.

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

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

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

H. Equivalent to GBP300,000 and EUR547,000 translated into New Taiwan dollars at the exchange rate of GBP1=NT\$56.7064 and EUR1=NT\$38.9680 on December 31, 2005.

I. United States dollars and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.85 and HK\$1=NT\$4.2369 on December 31, 2005.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

DECEMBER 31, 2005

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

No.	Guarantor	Counter-party		Maximum Amount of Guarantee to Individual Counter-parties	Maximum Balance for the Year (Note G)	Ending Balance (Note G)	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Amount of Guarantee that Can Be Provided by the Guarantor
		Name	Nature of Relationship						
0	Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	\$ 18,318,534 (Note B)	\$ 2,420,454 (US\$ 73,682,000)	\$ 164,250 (US\$ 5,000,000)	\$ -	0.35%	\$ 22,898,167 (Note A)
		All Oceans Transportation, Inc.	Subsidiary	18,318,534 (Note B)	2,481,284 (US\$ 75,534,000)	2,007,139 (US\$ 61,100,000)	-	4.25%	22,898,167 (Note A)
		Yang Ming (America) Corp.	Subsidiary	18,318,534 (Note B)	49,275 (US\$ 1,500,000)	49,275 (US\$ 1,500,000)	-	0.10%	22,898,167 (Note A)
		Yang Ming (Liberia) Corp.	Subsidiary	18,318,534 (Note B)	8,325,504 (US\$253,440,000)	8,065,232 (US\$245,520,000)	-	17.09%	22,898,167 (Note A)
		United Terminal Leasing LLC	Equity-method investee of subsidiary	18,318,534 (Note B)	210,501 (US\$ 6,408,000)	183,190 (US\$ 5,577,000)	-	0.39%	22,898,167 (Note A)
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	18,318,534 (Note B)	438,249 (US\$ 13,341,000)	400,099 (US\$ 12,180,000)	-	0.85%	22,898,167 (Note A)
		Olympic Container Terminal LLC	Subsidiary	18,318,534 (Note B)	154,395 (US\$ 4,700,000)	154,395 (US\$ 4,700,000)	-	0.33%	22,898,167 (Note A)
1	Yang Mine Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	473,040 (Note D)	12,866 (US\$ 392,000)	9,990 (US\$ 304,000)	-	0.02%	591,300 (Note C)
2	Yes Logistics Corp.	Yes Logistic (UK) Ltd.	Subsidiary	350,000 (Note F)	8,505 (GBP 150,000)	8,505 (GBP 150,000)	-	0.02%	700,000 (Note E)
3	Yang Ming Line (Hong Kong) Ltd.	Karman Properties Limited	Subsidiary	67,790 (Note H)	48,343 (HK\$11,410,000)	47,455 (HK\$11,200,000)	-	0.10%	84,738 (Note G)

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. United States dollars, Great Britain's currency and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.85, GBP1=56.7064 and HK1=4.2369 on December 31, 2005.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2005

(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, 2005			Market Value or Net Asset Value (Note A)	Highest Shares/Units Held in 2005	Note
				Shares/Units	Carrying Value	% of Ownership			
Yang Ming Marine Transport Corporation	<u>Common stock</u>								
	Evergreen Marine Corp. (Taiwan) Ltd.	-	Short-term investments	5,500,641	\$ 132,869	0.20	\$ 124,094	5,500,641	
	Taishin Financial Holding Co., Ltd.	-	Short-term investments	5,216,640	129,894	0.10	93,065	5,216,640	
	Gemtek Technology Co., Ltd	-	Short-term investments	2,078,605	125,351	1.13	99,149	2,078,605	
	China Steel Corporation	-	Short-term investments	2,902,800	82,130	0.03	70,741	2,902,800	
	Oriental Union Chemical Corp.,	-	Short-term investments	2,354,000	69,047	0.32	51,082	2,640,000	
	Nanya Technology Corporation	-	Short-term investments	2,480,000	59,175	0.06	45,657	2,480,000	
	First Financial Holding Co. Ltd.	-	Short-term investments	1,491,000	35,385	0.03	35,366	1,491,000	
	China Airlines Ltd.	-	Short-term investments	2,062,000	31,887	0.06	32,043	2,062,000	
	Cathay Financial Holding Co., Ltd.	-	Short-term investments	485,000	29,005	0.01	29,216	540,000	
	Ta Chong Bank Ltd.	-	Short-term investments	2,207,538	23,839	0.12	20,199	2,207,538	
	Simplo Technology Co., Ltd.	-	Short-term investments	104,000	7,634	0.09	8,102	104,000	
	Taiwan Green Point Enterprises Co., Ltd.	-	Short-term investments	100,999	6,413	0.04	8,090	242,999	
	All Ocean Transportation, Inc.	Subsidiary	Investments in shares of stock	1,000	6,668,028	100.00	6,668,028	1,000	
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	Investments in shares of stock	103,505,031	3,933,733	100.00	3,933,733	103,505,031	
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	Investments in shares of stock	60,130,000	1,879,384	100.00	1,879,384	60,130,000	
	Ching Ming Investment Corp.	Subsidiary	Investments in shares of stock	150,000,000	1,217,936	100.00	1,618,685	150,000,000	(Note G)
	Yes Logistics Corp.	Subsidiary	Investments in shares of stock	55,251,100	484,153	78.93	484,153	55,251,100	
	Hongming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments in shares of stock	31,667,630	357,371	79.17	357,371	31,667,630	
	Kuang Ming Shipping Corp.	Subsidiary	Investments in shares of stock	24,000,000	269,281	100.00	279,646	31,500,000	(Note G)
	Yang Ming Line Holding Co.	Subsidiary	Investments in shares of stock	10,500	259,178	100.00	259,178	10,500	
	Jing Ming Transportation Co., Ltd.	Subsidiary	Investments in shares of stock	6,248,903	84,522	50.96	84,522	6,248,903	
	Yang Ming (Liberia) Corp.	Subsidiary	Investments in shares of stock	500	(18,620)	100.00	(18,620)	500	(Note V)
	Chunghwa Investment Co., Ltd.	Equity-method investee	Investments in shares of stock	80,000,000	775,554	40.00	775,554	80,000,000	
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments in shares of stock	686	51,511	24.99	51,511	686	(Note H)
	Taipei Port Container Terminal Co., Ltd.	-	Investments in shares of stock	8,000,000	76,640	10.00	76,640	8,000,000	
	Antwerp International Terminal	-	Investments in shares of stock	1,486,030	57,906	16.33	58,978	1,486,030	
	<u>Preferred stock</u>								
	New Century Infocomm Co., Ltd.	-	Investments in shares of stock	80,000,000	669,600	1.68	669,600	80,000,000	
	<u>Mutual fund</u>								
	AIG Taiwan Bond Fund	-	Short-term investments	121,147,437	1,523,696	-	1,523,756	121,147,437	
	Fubon Ju-I II Fund	-	Short-term investments	92,892,887	1,335,112	-	1,335,159	92,892,887	
	NITC Taiwan Bond Fund	-	Short-term investments	80,921,766	1,124,772	-	1,124,813	97,542,933	
	ABN AMRO Bond Fund	-	Short-term investments	61,751,030	917,626	-	917,694	104,789,611	
	Mega Diamond Bond Fund	-	Short-term investments	62,646,490	711,088	-	711,144	111,603,874	
	NITC Bond Fund	-	Short-term investments	3,705,443	601,304	-	601,327	5,869,025	
	Fuhwa Bond Fund	-	Short-term investments	38,969,860	491,765	-	491,804	77,545,229	
	Shinkong NT High Yield Fund	-	Short-term investments	28,980,738	475,417	-	475,452	57,248,702	
	Fubon Ju-I Iii Fund	-	Short-term investments	24,086,379	290,829	-	290,848	24,086,379	
	Yuanta Asset Management Ltd. - Certificate Tcbank	-	Short-term investments	2,853,720	30,820	-	26,112	2,853,720	
	Yuanta Asset Management Ltd. - Certificate Wintek	-	Short-term investments	150,000	6,698	-	7,688	674,210	
	<u>Convertible bonds</u>								
	Jihsun FHC domestic first unsecured convertible bond	-	Short-term investments	200,000	20,000	-	19,494	200,000	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2005				Highest Shares/Units Held in 2005	Note	
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)			
Ching Ming Investment Co., Ltd.	<u>Credit-linked notes</u>									
	Jin Sun Holding, Quanta Display, Formosa Plastics First-to-Default Credit-Linked Deposit	-	Other financial assets - current	(Note T)	\$ 30,078	-	\$ 29,985			
	TECO Credit-Linked Deposit	-	Other financial assets - current	(Note Q)	66,451	-	65,991			
	Nanya Tech. Corp. Credit-Linked Note	-	Other financial assets - current	(Note R)	99,263	-	99,230			
	China Trust Credit-Linked Note	-	Other financial assets - current	(Note Q)	66,216	-	65,700			
	Quanta Display Inc. Credit-Linked Deposit	-	Other financial assets - noncurrent	(Note R)	99,762	-	98,550			
	China Airlines Credit-Linked Deposit	-	Other financial assets - noncurrent	(Note S)	20,051	-	20,047			
	<u>Common stock</u>									
	Yang Ming Marine Transport Corporation	Parent company	Short-term investments		21,778,356	400,748	0.95	454,950	31,309,356	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Short-term investments		100,000	5,472	-	6,215	750,000	
	Gemtek Technology Co., Ltd.	-	Short-term investments		109,953	6,676	0.06	5,245	109,953	
	U-Ming Marine Transport Corp.	-	Short-term investments		532,000	23,092	0.06	18,301	532,000	
	Delta Electronics, Inc.	-	Short-term investments		25,000	1,412	-	1,680	220,000	
	Powertech Technology Inc.	-	Short-term investments		611,000	56,338	0.15	63,605	611,000	
	Radiant Opto-Electronics Corp.	-	Short-term investments		644,382	55,446	0.20	51,898	644,382	
	Kinsus Interconnect Technology Corp.	-	Short-term investments		25,000	1,930	0.01	2,433	50,000	
	Yes Logistics Corp.	Subsidiary	Investments in shares of stock		9,437,090	82,695	13.48	82,686	9,437,090	
Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments in shares of stock		3,950,000	44,576	9.88	44,576	3,950,000		
Tytech Co., Ltd.	-	Investments in shares of stock		150,000	1,500	1.11	1,787	150,000		
SF Technology Venture Capital Investment Corp.	-	Investments in shares of stock		4,000,000	25,668	7.24	25,668	4,000,000		
United Venture Capital Corp.	-	Investments in shares of stock		8,000,000	65,440	9.04	67,040	8,000,000		
Ascentek Venture Capital Corp.	-	Investments in shares of stock		2,000,000	20,080	2.14	20,940	2,000,000		
China Technology Venture Capital Corporation	-	Investments in shares of stock		3,000,000	30,000	8.96	32,400	3,000,000		
Kingmax Technology Corp.	-	Investments in shares of stock		1,644,231	21,835	1.38	21,835	1,644,231		
<u>Mutual fund</u>										
Fuh-Hwa Bond Fund	-	Short-term investments		5,165,635	67,939	-	67,939	5,165,635		
Truwell Yi Li Shi	-	Short-term investments		12,104,156	152,569	-	152,569	12,104,156		
Cathay Bond Fund	-	Short-term investments		6,588,106	74,989	-	74,989	6,588,106		
The First Global Investment Trust Duo Li Bond Fund	-	Short-term investments		3,046,830	50,000	-	50,007	3,046,830		
The First Global Investment Trust Duo Li-2 Bond Fund	-	Short-term investments		6,950,671	100,275	-	100,275	6,950,671		
CITC Cash Reserves	-	Short-term investments		12,985,365	150,184	-	150,184	12,985,365		
Capital Income Fund	-	Short-term investments		2,730,692	40,035	-	40,035	2,730,692		
Yes Logistics Corp.	<u>Common stock</u>									
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments in shares of stock		4,382,370	48,993	10.96	48,993	4,382,370	
	Yes Logistics Corp. (USA)	Subsidiary	Investments in shares of stock		800,000	15,189	100.00	15,189	800,000	
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Subsidiary	Investments in shares of stock		340,000	(6,026)	100.00	(6,026)	340,000	(Note D)
	Nexus International Express Inc.	Equity-method investee	Investments in shares of stock		328,000	9,760	49.00	9,760	328,000	
	B2B. Com Holdings Ltd.	-	Investments in shares of stock		800,000	5,043	8.00	5,043	800,000	
	United Raw Material Solutions Inc.	-	Investments in shares of stock		800,000	5,898	2.76	5,898	800,000	
	Chongqing Changming Terminal Stevedoring Co., Ltd	-	Deposit on subscription		(Note U)	45,990	49.00	45,990		
	<u>Mutual fund</u>									
	Tiim High Yield Fund	-	Short-term investments		621,758	7,600	-	7,600	670,469	
	Fuh-Hwa Bond Fund	-	Short-term investments		539,098	7,090	-	7,090	616,966	
	Fuh-Hwa Global Bond Fund	-	Short-term investments		1,437,572	15,345	-	15,339	1,487,976	
	CITC High Yield	-	Short-term investments		1,297,026	17,425	-	17,432	1,297,051	
	CITC Cash Reserves	-	Short-term investments		174,330	2,016	-	2,016	175,193	
	Capital Income Fund	-	Short-term investments		1,910,157	28,002	-	28,005	175,193	
	Mega Diamond Bond Fund	-	Short-term investments		1,762,115	20,000	-	20,005	1,910,157	
	Fubon Chi-Hsiang I Fund	-	Short-term investments		1,548,515	20,000	-	20,001	1,762,115	
Fuhwa Apex Bond Fund	-	Short-term investments		858,811	10,000	-	10,006	1,558,932		
The Rsit Enhanced Bond Fund	-	Short-term investments		2,757,353	30,000	-	30,009	4,319,169		
Fuh Hwa Total Return Fund 3	-	Short-term investments		2,000,000	20,000	-	20,120	8,230,076		
Nam Short Term Fixed Income Fund	-	Short-term investments		16,120	7,231	-	7,227	2,000,000		

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2005				Highest Shares/Units Held in 2005	Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)		
Yes Yangming Logistics (Singapore) (Note L)	<u>Common stock</u> Yes Logistics U.K. Ltd. Yes Logistics Company Ltd. Yes Logistics (Netherlands) B.V.	Subsidiary	Investments in shares of stock	200	\$ (2,106)	100.00	\$ (2,106)	16,191	(Note D)
		Subsidiary	Investments in shares of stock	1,000,000	(4,963)	100.00	(4,963)	200	(Note D)
		Subsidiary	Investments in shares of stock	(Note X)	782	100.00	782	1,000,000	
Yes Logistics Corp. (USA)	<u>Common stock</u> Golden Logistics Corporation	Equity-method investee	Investments in shares of stock	(Note O)	13,205	70.00	13,205		
Yang Ming Line (Singapore) Pte. Ltd.	<u>Common stock</u> Young-Carrier Company Limited Yang Ming Shipping (B.V.I.) Inc. Yangming Shipping (Singapore) Pte. Ltd. Yangming (Japan) Co., Ltd. Yang Ming Line (M) Sdn. Bhd. Yangming (Cayman) Ltd. Yang Ming Line (Hong Kong) Ltd. Yang Ming Line (India) Pvt. Ltd. Yang Ming (Vietnam) Corp. Yangtze River Express Airlines Company Limited	Subsidiary	Investments in shares of stock	910,000	396,069	91.00	396,069	910,000	
		Subsidiary	Investments in shares of stock	510	253,415	51.00	253,415	510	
		Subsidiary	Investments in shares of stock	1,000,000	33,234	100.00	33,234	1,000,000	
		Subsidiary	Investments in shares of stock	3,000	31,799	100.00	31,799	3,000	
		Subsidiary	Investments in shares of stock	1,000,000	18,560	100.00	18,560	1,000,000	
		Subsidiary	Investments in shares of stock	20,000	(423)	100.00	(423)	20,000	(Note D)
		Subsidiary	Investments in shares of stock	510,000	(75,103)	51.00	(75,103)	510,000	(Note M)
		Subsidiary	Investments in shares of stock	300,000	2,888	60.00	2,888	300,000	
		Equity-method investee	Investments in shares of stock	(Note J)	3,055	49.00	3,055	(Note J)	
		-	Investments in shares of stock	(Note W)	560,369	12.00	560,369	(Note X)	
Yangming (Japan) Co., Ltd.	<u>Global depositary receipt</u> Via Source Policy Fund	-	Short-term investments	5	11,169	-	11,169	5	
		Subsidiary	Investments in shares of stock	200	2,540	100.00	2,540	200	
Yang Ming Shipping (B.V.I.) Inc.	<u>Common stock</u> Karman Properties Limited	Subsidiary	Investments in shares of stock	1,000	(4,954)	100.00	(4,954)	1,000	(Note D)
Yang Ming Line (B.V.I.) Holding Co., Ltd.	<u>Common stock</u> Yang Ming Line N.V.	Subsidiary	Investments in shares of stock	1,500,000	74,079	100.00	74,079	1,500,000	
		-	Long-term investments in bonds	(Note I)	32,850	-	30,393	(Note I)	
		-	Other financial assets - current	(Note S)	98,664	-	97,436	(Note R)	
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Subsidiary	Investments in shares of stock	2,500	71,027	100.00	71,027	2,500	
Yang Ming Line B.V.	<u>Common stock</u> Yangming (UK) Ltd. Yang Ming Shipping Europe GmbH Yang Ming Italy S. p. A. Yang Ming (Netherlands) B.V.	Subsidiary	Investments in shares of stock	900,000	32,972	100.00	32,972	900,000	
		Subsidiary	Investments in shares of stock	(Note B)	58,925	100.00	58,925	(Note B)	
		Equity-method investee	Investments in shares of stock	125,000	14,679	50.00	14,679	125,000	
		Equity-method investee	Investments in shares of stock	(Note K)	3,207	70.00	3,207	(Note K)	
Yangming (UK) Ltd.	<u>Common stock</u> Corstor Ltd.	Subsidiary	Investments in shares of stock	(Note C)	1,676	50.00	1,676	(Note C)	
Yang Ming Shipping Europe GmbH	<u>Common stock</u> Yes Logistics Europe GmbH	Subsidiary	Investments in shares of stock	(Note L)	932	100.00	932	(Note L)	
Yang Ming Italy S.p.A.	<u>Common stock</u> Yang Ming (Naples) S.r.l.	Equity-method investee	Investments in shares of stock	(Note N)	1,128	60.00	1,128	(Note N)	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2005				Highest Shares/Units Held in 2005	Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)		
Yang Ming Line Holding Co.	<u>Common stock</u>								
	Yang Ming (America) Co.	Subsidiary	Investments in shares of stock	5,000	\$ 79,314	100.00	\$ 79,314	5,000	(Note D)
	Triumph Logistics Inc.	Subsidiary	Investments in shares of stock	50	(5,272)	100.00	(5,272)	50	(Note D)
	Olympic Container Terminal LLC	Subsidiary	Investments in shares of stock	(Note P)	(44,143)	100.00	(44,143)	(Note P)	(Note D)
	West Basin Container Terminal LLC	Equity-method investee	Investments in shares of stock	(Note E)	334,962	40.00	334,962	(Note E)	(Note D)
	United Terminal Leasing LLC	Equity-method investee	Investments in shares of stock	(Note F)	37,551	40.00	37,551	(Note F)	(Note D)
Kuang Ming Shipping Corp.	<u>Common stock</u>								
	Yang Ming Marine Transport Corporation	Parent company	Short-term investments	469,760	9,030	-	9,813	1,309,760	
	Kuang Ming Shipping Corp. (Panama)	Subsidiary	Investments in shares of stock	49,500	(1,955)	100.00	(1,955)	49,500	(Note D)
	China Steel Corporation	-	Short-term investments	782,500	23,166	-	19,070	782,500	
Honming Terminal & Stevedoring Co., Ltd.	<u>Common stock</u>								
	Yes Logistics Corp.	Subsidiary	Investments in shares of stock	1,068,800	9,347	1.53	9,385	1,068,800	
	<u>Mutual fund</u>								
	Mega Diamond Bond Fund	-	Short-term investments	4,405,752	50,000	-	50,000	4,405,752	
	The Wan Pao Fund	-	Short-term investments	3,337,939	50,001	-	50,001	3,337,939	

Notes:

- A. Market values were based on average closing prices in December 2005 or the net asset value of the fund on December 31, 2005, or, if market prices were unavailable, on the investees' net assets.
- B. The issued capital stock amounted to EUR818,000.
- C. This is equivalent to GBP500, and no shares were issued.
- D. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- E. This is equivalent to US\$1,520,000, and no shares were issued.
- F. This is equivalent to US\$400,000, and no shares were issued.
- G. Reclassified from investment in shares of stock to treasury stock in proportion to subsidiaries' stockholdings.
- H. The Corporation's equity in the net income or net loss of Transyang Shipping Pte Ltd. was recognized using the financial statements of the immediately preceding year. However, under the revised ROC Statement of Financial Accounting Standards (SFAS) No. 5, "Long-term Investments in Equity Securities," the Corporation started to recognize its equity in the net income or net loss of Transyang Shipping Pte. Ltd. in the current year. As a result, the equity in the Corporation for the year ended December 31, 2005 included the accounts of audited financial statement as of and for the years ended December 31, 2005 and 2004.
- I. There were 1,000 units, and each unit represented one thousand U.S. dollar.
- J. This is equivalent to US\$94,000, and no shares were issued.
- K. This is equivalent to EUR13,000, and no shares were issued.
- L. This is equivalent to EUR25,000, and no shares were issued.
- M. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss excess of the related investments is not charged against the Corporation.
- N. This is equivalent to EUR6,000, and no shares were issued.
- O. This is equivalent to US\$700,000, and no shares were issued.
- P. This is equivalent to US\$1,000,000, and no shares were issued.
- Q. The principal amount was US\$2,000,000.
- R. The principal amount was US\$3,000,000.
- S. The principal amount was NT\$20,000,000.
- T. The principal amount was NT\$30,000,000.
- U. This is equivalent to US\$1,400,000, and no shares were issued.
- V. Reclassified from investment in shares of stock to long-term receivables from related parties.
- W. This is equivalent to US\$17,058,000, and no shares were issued.
- X. This is equivalent to EUR30,000, and no shares were issued.

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, 2005
(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>													
	Ritek Corporation	Short-term investments	-	-	9,700,000	\$ 714,326	-	\$ -	9,700,000	\$ 109,877	\$ 714,326	\$ (604,449)	-	\$ -
	China Steel Corporation	Short-term investments	-	-	-	-	7,952,800	244,701	5,050,000	165,673	162,571	3,102	2,902,800	82,130
	Formosa Chemicals & Fibre Corporation	Short-term investments	-	-	-	-	2,536,000	138,822	2,536,000	143,519	138,822	4,697	-	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	Short-term investments	-	-	-	-	2,243,000	118,648	2,243,000	120,520	118,648	1,872	-	-
	Formosa Plastics Corporation	Short-term investments	-	-	-	-	2,059,000	102,789	2,059,000	104,944	102,789	2,155	-	-
	Evergreen Marine Corp. (Taiwan) Ltd.	Short-term investments	-	-	-	-	6,400,641	158,519	900,000	25,803	25,650	153	5,500,641	132,869
	Taishin Financial Holding Co., Ltd.	Short-term investments	-	-	-	-	6,016,640	153,075	800,000	23,603	23,181	422	5,216,640	129,894
	Gemtek Technology Co., Ltd.	Short-term investments	-	-	-	-	2,201,605	135,187	123,000	10,108	9,836	272	2,078,605	125,351
	Yang Ming Line (Singapore) Pte. Ltd.	Investments in shares of stock	-	-	28,400,000	1,094,306	31,730,000	785,078	-	-	-	-	60,130,000	1,879,384
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Investments in shares of stock	-	-	67,505,031	2,857,464	36,000,000	1,076,269	-	-	-	-	103,505,031	3,933,733
	Yes Logistics Corp.	Investments in shares of stock	-	-	45,251,100	429,012	10,000,000	55,141	-	-	-	-	55,251,100	484,153
	<u>Mutual fund</u>													
	Mega Diamond Bond Fund	Short-term investments	-	-	116,508,621	1,302,625	269,251,222	3,042,908	323,113,353	3,650,967	3,634,445	16,522	62,646,490	711,088
	ABN AMRO Bond Fund	Short-term investments	-	-	101,399,370	1,486,829	197,960,021	2,928,386	237,608,361	3,513,386	3,497,589	15,797	61,751,030	917,626
	AIG Taiwan Bond Fund	Short-term investments	-	-	121,147,437	1,501,841	242,294,875	3,036,233	242,294,875	3,036,233	3,014,378	21,855	121,147,437	1,523,696
	NITC Taiwan Bond Fund	Short-term investments	-	-	71,398,879	978,871	216,115,879	2,991,481	206,592,992	2,861,465	2,845,580	15,885	80,921,766	1,124,772
	Hua Nan Phoenix Bond Fund	Short-term investments	-	-	75,067,221	1,102,084	102,208,130	1,510,508	177,275,351	2,625,163	2,612,592	12,571	-	-
	NITC Bond Fund	Short-term investments	-	-	-	-	19,457,067	3,136,613	15,751,624	2,545,493	2,535,309	10,184	3,705,443	601,304
Fubon Ju-I II Fund	Short-term investments	-	-	71,311,822	1,011,309	192,796,921	2,762,515	171,215,856	2,452,526	2,438,712	13,814	92,892,887	1,335,112	
Fuhwa Bond Fund	Short-term investments	-	-	77,545,229	965,218	139,929,923	1,758,647	178,505,292	2,242,647	2,232,100	10,547	38,969,860	491,765	
Fu-Hwa Bond Fund	Short-term investments	-	-	46,777,151	606,325	108,467,646	1,417,200	155,244,797	2,031,119	2,023,525	7,594	-	-	
Sheng Hua 1699 Bond Fund	Short-term investments	-	-	75,941,227	917,780	89,195,377	1,084,913	165,136,604	2,012,586	2,002,693	9,893	-	-	
Shinkong NT High Yield Fund	Short-term investments	-	-	57,248,702	926,519	61,023,888	997,627	89,291,852	1,457,628	1,448,729	8,899	28,980,738	475,417	
Capital Income Fund	Short-term investments	-	-	30,605,999	441,372	61,211,998	890,708	91,817,997	1,337,650	1,332,080	5,570	-	-	
Upamc Home Run Bond Fund	Short-term investments	-	-	42,910,669	586,459	52,463,813	720,000	95,374,482	1,310,002	1,306,459	3,543	-	-	
Ta Chong Bond Fund	Short-term investments	-	-	7,913,771	100,258	91,393,539	1,162,808	99,307,310	1,267,125	1,263,066	4,059	-	-	
Jih Sun Bond Fund	Short-term investments	-	-	59,849,797	795,314	22,540,119	300,000	82,389,916	1,101,191	1,095,314	5,877	-	-	
PCA Bond Fund	Short-term investments	-	-	69,477,733	1,052,817	-	-	69,477,733	1,055,313	1,052,817	2,496	-	-	
CITC Cash Reserves	Short-term investments	-	-	25,689,146	292,823	51,378,291	590,419	77,067,437	886,525	883,242	3,283	-	-	
PCA Well Pool Fund	Short-term investments	-	-	67,392,564	823,153	-	-	67,392,564	825,083	823,153	1,930	-	-	
The First Global Investment Trust Duo Li-2 Bond Fund	Short-term investments	-	-	21,002,000	299,157	28,756,018	410,000	49,758,018	711,386	709,157	2,229	-	-	
Shinkong Chi-Shun Fund	Short-term investments	-	-	12,654,888	181,319	13,876,218	200,000	26,531,106	382,597	381,319	1,278	-	-	
Fubon Ju-I Iii Fund	Short-term investments	-	-	-	-	48,172,757	580,829	24,086,378	290,829	290,000	829	24,086,379	290,829	
Polaris Taiwan Stock Exchange Capitalization Weighted Stock Index Fund	Short-term investments	-	-	-	-	15,211,173	160,000	15,211,173	165,104	160,000	5,104	-	-	
Cathay Bond Fund	Short-term investments	-	-	-	-	13,260,841	150,000	13,260,841	150,151	150,000	151	-	-	
Polaris Taiwan Top 50 Tracker Fund	Short-term investments	-	-	-	-	3,802,000	179,236	3,802,000	178,666	179,236	(570)	-	-	

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Ching Ming Investment Co., Ltd.	<u>Common stock</u>													
	Yang Ming Marine Transport Corporation	Short-term investments	-	Parent company	31,309,356	\$ 576,131	-	\$ -	9,531,000	\$ 198,764	\$ 175,382	\$ 23,382	21,778,356	\$ 400,749
	Ritek Corporation	Short-term investments	-	-	5,600,000	358,522	-	-	5,600,000	61,980	358,522	(296,543)	-	-
	Cathay Financial Holding Co., Ltd.	Short-term investments	-	-	-	-	2,883,000	171,820	2,883,000	172,043	171,820	223	-	-
	<u>Mutual fund</u>													
	Shinkong NT High Yield Fund	Short-term investments	-	-	11,904,485	100,000	6,161,429	100,000	18,065,915	293,883	292,014	1,869	-	-
	Truwell Yi Li Shi	Short-term investments	-	-	16,080,014	232,569	18,518,319	232,569	22,494,177	282,569	280,000	2,569	12,104,156	152,569
	CITC Cash Reserves	Short-term investments	-	-	25,970,730	300,184	25,970,730	300,184	12,985,365	150,184	150,000	184	12,985,365	150,184
	Cathay Bond Fund	Short-term investments	-	-	18,477,830	209,699	18,477,830	209,699	11,889,724	134,989	134,710	279	6,588,106	74,989
	The First Global Investment Trust Duo Li-2 Bond Fund	Short-term investments	-	-	13,901,342	200,275	13,901,342	200,275	6,950,671	100,275	100,000	275	6,950,671	100,275
	Polaris Taiwan Top 50 Tracker Fund	Short-term investments	-	-	-	-	2,607,000	121,475	2,607,000	123,819	121,475	2,344	-	-
Yang Ming Line (Singapore) Pte. Ltd.	Yangtze River Express Airlines Company Limited	Investments in shares of stock	-	-	-	-	-	560,369	-	-	-	-	-	560,369

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, 2005

(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	\$ 18,043,079 (Note E)	-	\$ -	-	\$ 1,297,351	\$ -
	Yang Ming (Liberia) Corp.	A	2,370,078 (Note F)	-	-	-	-	-
	Yangming (U.K.) Ltd.	A	1,873,132 (Note G)	-	-	-	48,821	-
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	1,479,635 (Note H)	-	-	-	-	-
	Young-Carrier Company Ltd.	A	688,351	-	-	-	553,672	-
	Yang Ming Italy S.p.A.	B	224,302	-	-	-	224,302	-
	Yang Ming Shipping Europe GmbH	A	127,148	-	-	-	112,501	-
All Oceans Transportation, Inc.	Kuang Ming Shipping Corp.	C	249,714	-	-	-	5,758	-
Young-Carrier Company Ltd.	Yang Ming Marine Transport Corporation	D	427,277	-	-	-	427,277	-
Yang Ming Line (Hong Kong) Ltd.	Yang Ming Marine Transport Corporation	D	307,174	-	-	-	307,174	-
Yangming (Japan) Co., Ltd.	Yang Ming Marine Transport Corporation	D	121,726	-	-	-	121,726	-
Yangming (Vietnam) Corp.	Yang Ming Marine Transport Corporation	D	114,080	-	-	-	51,410	-

Notes:

- A. Subsidiary.
- B. Investee of subsidiary.
- C. The same parent company.
- D. Parent company.
- E. Dividend receivables and proceeds from sale of ships.
- F. Proceeds from sale of ships and financing provided.
- G. Receivables, net of agency collections and payments.
- H. Dividends receivable.
- I. Collections between related parties have been made according to "Agency Accounting Procedure" by the Corporation and local business conventions.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 YEAR ENDED DECEMBER 31, 2005
 (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, 2005			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2005	December 31, 2004	Shares	Percentage of Ownership	Carrying Value			
Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	\$ 3,235	\$ 3,235	1,000	100.00	\$ 6,668,028	\$ 6,589,468	\$ 6,589,468	Subsidiary
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	3,272,005	2,136,925	103,505,031	100.00	3,933,733	561,996	561,996	Subsidiary
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	1,113,356	482,746	60,130,000	100.00	1,879,384	126,439	126,439	Subsidiary
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,499,468	150,000,000	100.00	1,217,936	121,073	15,168	Subsidiary
	Chunghwa Investment Co., Ltd	Taipei, Taiwan	Investment	800,000	800,000	80,000,000	40.00	775,554	37,613	14,800	Equity-method investee
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	551,944	451,944	55,251,100	78.93	484,153	(68,578)	(56,932)	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	316,780	316,000	31,667,630	79.17	357,371	24,892	19,764	Subsidiary
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	143,168	145,085	24,000,000	100.00	269,281	34,023	24,752	Subsidiary
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	111,400	79,870	10,500	100.00	259,178	25,539	25,539	Subsidiary
Transyang Shipping Pte. Ltd.	Singapore	Shipping services; chartering, sale and purchase of ships; forwarding agency and shipping agency	24,842	24,842	686	24.99	51,511	19,198	13,980	Equity-method investee	
Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,809	35,560	6,248,903	50.96	84,522	21,084	10,299	Subsidiary	
Yang Ming (Liberia) Corp.	Liberia	Investment	3,378	3,378	500	100.00	(18,620) (Note P)	(21,442)	(21,442)	Subsidiary	
Ching Ming Investment Corp.	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	94,371	-	9,437,090	13.48	82,695	(68,578)	-	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	39,500	39,500	3,950,000	9.88	44,576	24,892	-	Subsidiary
Yang Ming Line Holding Co.	Yang Ming (America) Corp.	New Jersey, U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	79,314	19,833	-	Subsidiary
	West Basin Container Terminal LLC	Los Angeles, USA	Terminal operation and stevedoring	132,050	132,050	(Note F)	40.00	334,962	339,271	-	Equity-method investee
	United Terminal Leasing LLC	Los Angeles, USA	Terminal operation machine lease	34,750	34,750	(Note G)	40.00	37,551	8,888	-	Equity-method investee
	Triumph Logistics INC.	U.S.A.	Container transportation	1,699	1,699	50	100.00	(5,272) (Note E)	(6,280)	-	Subsidiary
Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	31,530	-	(Note M)	100.00	(44,143) (Note E)	(75,446)	-	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	74,079	63,960	-	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	71,027	28,420	-	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	32,972	10,901	-	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Investment, shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100.00	58,925	5,800	-	Subsidiary
	Yang Ming Italy S.p.A.	Genova, Italy	Shipping agency	4,319	4,319	125,000	50.00	14,679	5,617	-	Equity-method investee
Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	540	540	(Note I)	70.00	3,207	2,576	-	Equity-method investee	
Yangming (UK) Ltd.	Corstor Ltd.	U.K.	Forwarding agency and shipping management	25	25	(Note C)	50.00	1,676	401	-	Equity-method investee

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2005			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note	
				December 31, 2005	December 31, 2004	Shares	Percentage of Ownership	Carrying Value				
Yang Ming Shipping Europe GmbH	Yes Logistics Europe GmbH	Hamburg, Germany	Shipping agency	\$ 945	\$ 945	(Note H)	100.00	\$ 932	\$ (19)	\$ -	Subsidiary	
Yang Ming Italy S.p.A.	Yang Ming Naples S.r.l.	Naples, Italy	Shipping agency	238	238	(Note K)	60.00	1,128	50	-	Equity-method investee	
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	396,069	98,556	-	Subsidiary	
	Yang Ming Shipping (B.V.I) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51.00	253,415	23,870	-	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	31,799	(2,410)	-	Subsidiary	
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(75,103)	(18,882)	-	Subsidiary	
	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	33,234	1,930	-	Subsidiary	
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	5,784	1,000,000	100.00	18,560	619	-	Subsidiary	
	Yangming (Cayman) Ltd.	Cayman Island	Shipping lease	629	629	20,000	100.00	(423)	(140)	-	Subsidiary	
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	2,888	1,172	-	Subsidiary	
	Yang Ming (Vietnam) Corp.	Vietnam	Shipping agency, forwarding agency and shipping managers	3,197	3,197	(Note J)	49.00	3,055	(33)	-	Equity-method investee	
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	2,540	(45)	-	Subsidiary	
Yang Ming Shipping (B.V.I) Inc.	Karman Properties Limited	Hong Kong	Property agency	4	4	1,000	51.00	(4,954)	(116)	-	Subsidiary	
Kuang Ming Shipping Corp.	Kuang Ming Shipping Corp. (Panama)	Panama	Forwarding agency	30,887	30,887	49,500	100.00	(1,955)	26,669	-	Subsidiary	
Honming Terminal & Stevedoring Co., Ltd.	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	10,610	10,610	1,068,800	1.53	9,347	(68,578)	-	Subsidiary	
	Yes Logistics Corp.	Yes Logistics Corp. (USA)	Auckland, USA	Shipping agency, forwarding agency and shipping managers	26,035	26,035	800,000	100.00	15,189	(10,114)	-	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	6,608	6,608	340,000	100.00	(6,026)	(10,775)	-	Subsidiary	
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	43,824	43,824	4,382,370	10.96	48,993	24,892	-	Subsidiary	
Yes Logistics Corp. (U.S.A.)	Nexus International Express Inc.	California, USA	Terminal operation and stevedoring	10,283	-	328,000	49.00	9,760	(1,571)	-	Equity-method investee	
	Chongqing Changming Terminal Stevedoring Co., Ltd.	Chongqing, China	Terminal operation and stevedoring	46,466	-	(Note D)	49.00	45,990	(Note D)	-	Equity-method investee	
Yes Logistics Corp. (U.S.A.)	Golden Logistics Corporation	Shanghai, China	Forwarding agency	22,722	-	(Note L)	70.00	13,205	(13,985)	-	Subsidiary	
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistic UK Ltd.	U.K.	Shipping agency	344	344	200	100.00	(2,106)	(2,478)	-	Subsidiary	
	Yes Logistics Company Ltd.	Hong Kong	Shipping agency	4,304	4,304	1,000,000	100.00	(4,963)	(6,186)	-	Subsidiary	
	Yes Logistics (Netherlands) B.V.	The Netherlands	Shipping agency	1,216	-	(Note O)	100.00	782	(398)	-	Subsidiary	

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is equivalent to EUR818,000, and no shares were issued.
- C. This is equivalent to GBP500 and no shares were issued.
- D. This is equivalent to US\$1,400,000, 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\$1,520,000, and no shares were issued since the company was not established.

- G. This is equivalent to US\$400,000, and no shares were issued.
- H. Paid-in capital was equivalent to EUR25,000, and no shares were issued.
- I. Paid-in capital was equivalent to EUR13,000, and no shares were issued.
- J. This is equivalent to US\$94,000, and no shares were issued.
- K. This is equivalent to EUR6,000, and no shares were issued.
- L. This is equivalent to US\$700,000, and no shares were issued.
- M. This is equivalent to US\$1,000,000, and no shares were issued.
- N. This equivalent to US\$17,058,000, and no shares were issued.
- O. This is equivalent to EUR30,000, and no shares were issued.
- P. Reclassified from investment in shares of stock to long-term receivables from related parties.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2005

(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, 2005	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2005	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of December 31, 2005	Accumulated Inward Remittance of Earnings as of December 31, 2005	Accumulated Investment in Mainland China as of December 31, 2005	Investment Amounts Authorized by Investment Commission, MOEA	Net Asset Value x 40%
						Outflow	Inflow								
Yang Ming Marine Transport Corporation	Yangtze River Express Airlines Company Limited (Note A)	Aviation shipping in China	RMB500,000,000	Indirect investment through Singapore - based subsidiary's direct investment in Mainland China.	-	\$ 560,369 (US\$ 17,058,000)	-	\$ 560,369 (US\$ 17,058,000)	12%	\$ -	\$ 560,369 (US\$ 17,058,000)	-	\$ 560,355 (US\$ 17,058,000)	\$ 630,720 (US\$ 19,200,000)	\$ 10,939,596
Yes Logistics Corp.	Golden Logistics Corporation (Note B)	Shipping agency	US\$1,000,000	Indirect investment through U.S.- based subsidiary's direct investment in Mainland China.	-	22,995 (US\$ 700,000)	-	22,995 (US\$ 700,000)	70%	(9,790)	13,205 (US\$ 402,000)	-	68,985 (US\$ 2,100,000)	68,985 (US\$ 2,100,000)	245,358 (Note F)
	Chongqing Changming Terminal Stevedoring Co., Ltd. (Note C)	Shipping agency	Note D	Investee's direct investment in Mainland China.	-	45,990 (US\$ 1,400,000)	-	45,990 (US\$ 1,400,000)	49% (Note E)	-	45,990 (US\$ 1,400,000)	-			

Notes:

- A. The Corporation was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on November 23, 2005.
- B. Yes Logistics Corp. (a subsidiary) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on June 3, 2004.
- C. Yes Logistics Corp. (a subsidiary) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on April 11, 2005.
- D. Investee was not established.
- E. The investment amount, not up to the joint operation percentage (49%), achieved the limit of authorized amount, and have been applied to Investment Commission, MOEA.
- F. It represents 40% (\$613,395 thousand) of the net assets of Yes Logistics Corp. as of December 31, 2005.
- G. U.S. dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.85.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

GEOGRAPHIC AREA INFORMATION
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	2005						2004						
	Domestic Area	Asia	Africa	Europe	America	Adjustment and Eliminations	Combined (Note A)	Domestic Area	Africa	Europe	Oceania	Adjustment and Eliminations	Combined (Note A)
Sales to customers	\$ 83,729,912	\$ 31,459	\$ -	\$ 14,021,512	\$ 87,568	\$ -	\$ 97,870,451	\$ 76,551,096	\$ -	\$ 12,021,205	\$ -	\$ -	\$ 88,572,301
Intracompany sales (Note B)	<u>2,954,754</u>	<u>1,132,239</u>	<u>10,325,605</u>	<u>3,105,239</u>	<u>1,750,269</u>	<u>(19,268,106)</u>	-	<u>1,878,179</u>	<u>8,441,095</u>	<u>2,588,318</u>	<u>889,707</u>	<u>(13,797,299)</u>	-
Total revenues	<u>\$ 86,684,666</u>	<u>\$ 1,163,698</u>	<u>\$ 10,325,605</u>	<u>\$ 17,126,751</u>	<u>\$ 1,837,837</u>	<u>\$ (19,268,106)</u>	<u>\$ 97,870,451</u>	<u>\$ 78,429,275</u>	<u>\$ 8,441,095</u>	<u>\$ 14,609,523</u>	<u>\$ 889,707</u>	<u>\$ (13,797,299)</u>	<u>\$ 88,572,301</u>
Segment operating income (Note C)	<u>\$ 3,544,915</u>	<u>\$ 113,824</u>	<u>\$ 6,883,207</u>	<u>\$ 529,677</u>	<u>\$ 269,359</u>	<u>\$ -</u>	\$ 11,340,982	<u>\$ 6,398,070</u>	<u>\$ 5,542,739</u>	<u>\$ 21,170</u>	<u>\$ 656,565</u>	<u>\$ -</u>	\$ 12,618,544
Equity in investees' net income							167,614						144,234
General income, net							548,565						503,635
General expenses							(766,045)						(364,071)
Interest expense							<u>(1,125,067)</u>						<u>(1,002,665)</u>
Income before income tax							<u>\$ 10,166,049</u>						<u>\$ 11,899,677</u>
Identifiable assets (Note D)	<u>\$ 67,192,314</u>	<u>\$ 2,931,758</u>	<u>\$ 28,250,138</u>	<u>\$ 16,536,172</u>	<u>\$ 1,112,838</u>	<u>\$ (26,332,599)</u>	\$ 89,690,621	<u>\$ 64,764,624</u>	<u>\$ 19,319,984</u>	<u>\$ 2,543,894</u>	<u>\$ 12,917,223</u>	<u>\$ (14,164,084)</u>	\$ 85,381,641
Investments in shares of stock							1,230,328						4,169,734
General assets							<u>648,254</u>						<u>494,640</u>
Total assets							<u>\$ 91,569,203</u>						<u>\$ 90,046,015</u>

Notes:

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS BETWEEN YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars)**

2005

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% to Consolidated Asset/Revenue
0	YMTC	Yangming-UK	1	Operating revenue	\$ 1,425,854	Conducted as agreed terms	1%
				Operating cost	2,410,247	Conducted as agreed terms	2%
				Accounts receivable from related parties	158,647	Conducted as agreed terms	-
				Other receivable from related parties	1,714,485	Conducted as agreed terms	2%
		Yes Logistics	1	Advances to shipping agents	24,770	Conducted as agreed terms	-
				Operating revenue	398,704	Conducted as agreed terms	-
				Operating cost	58,458	Conducted as agreed terms	-
				Rent income	4,000	Conducted as agreed terms	-
				Accounts receivable from related parties	32,197	Conducted as agreed terms	-
				Other receivable from related parties	5,780	Conducted as agreed terms	-
				Accrued expense	1,100	Conducted as agreed terms	-
		Kuang Ming	1	Operating cost	36,499	Conducted as agreed terms	-
				Other receivable from related parties	595	Conducted as agreed terms	-
		AOT	1	Operating cost	8,948,469	Conducted as agreed terms	9%
				Interest revenue	235,259	Conducted as agreed terms	-
				Other receivable from related parties	6,511,749	Conducted as agreed terms	7%
				Long-term receivables from related parties	11,531,330	Conducted as agreed terms	13%
		Honming	1	Properties	5,683,784	Conducted as agreed terms	6%
				Operating cost	180,300	Conducted as agreed terms	-
		Jing Ming	1	Operating cost	844,804	Conducted as agreed terms	1%
				Payables to related parties	84,296	Conducted as agreed terms	-
		Yang Ming-America	1	Operating cost	1,562,741	Conducted as agreed terms	2%
				Accounts receivable from related parties	33,920	Conducted as agreed terms	-
				Advances to shipping agents	166,093	Conducted as agreed terms	-
		Yangming-Japan	1	Operating cost	207,827	Conducted as agreed terms	-
				Accounts receivable from related parties	663	Conducted as agreed terms	-
				Payables to related parties	121,726	Conducted as agreed terms	-
		Young-Carrier	1	Operating cost	557,425	Conducted as agreed terms	1%
				Accounts receivable from related parties	688,351	Conducted as agreed terms	1%
				Payables to related parties	427,277	Conducted as agreed terms	-
Yangming-Cayman	1	Operating cost	190,093	Conducted as agreed terms	-		
		Prepaid expense	2,312	Conducted as agreed terms	-		
Yangming-ERO	1	Operating cost	271,408	Conducted as agreed terms	-		
		Accounts receivable from related parties	127,148	Conducted as agreed terms	-		
		Payables to related parties	42,476	Conducted as agreed terms	-		
YML-HK	1	Operating cost	154,843	Conducted as agreed terms	-		
		Accounts receivable from related parties	64,071	Conducted as agreed terms	-		
		Payables to related parties	307,174	Conducted as agreed terms	-		

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% to Consolidated Asset/Revenue
		YMS-Singapore	1	Operating cost	\$ 64,971	Conducted as agreed terms	-
				Accounts receivable from related parties	11,551	Conducted as agreed terms	-
				Prepaid expense	36,658	Conducted as agreed terms	-
		KMS-Panama	1	Operating cost	38,425	Conducted as agreed terms	-
				Other receivable from related parties	297	Conducted as agreed terms	-
				Prepaid expense	1,825	Conducted as agreed terms	-
		YML-M	1	Operating cost	43,065	Conducted as agreed terms	-
				Accounts receivable from related parties	52,117	Conducted as agreed terms	-
				Payables to related parties	47,275	Conducted as agreed terms	-
		YML-India	1	Operating cost	3,016	Conducted as agreed terms	-
				Accounts receivable from related parties	25,305	Conducted as agreed terms	-
				Payables to related parties	24,584	Conducted as agreed terms	-
		YML Holding	1	Other receivable from related parties	20,370	Conducted as agreed terms	-
		YML-BVI	1	Long-term receivables from related parties	1,479,635	Conducted as agreed terms	2%
		Ching Ming	1	Other receivable from related parties	2,645	Conducted as agreed terms	-
		YMS-BVI	1	Operating cost	159,354	Conducted as agreed terms	-
		Yang Ming-Liberia	1	Interest revenue	12,302	Conducted as agreed terms	-
				Properties	2,116,224	Conducted as agreed terms	2%
				Other receivable from related parties	12,302	Conducted as agreed terms	-
				Long-term receivables from related parties	2,357,776	Conducted as agreed terms	3%
		Olympic Container Terminal LLC	1	Operating cost	65,434	Conducted as agreed terms	-
		YML-BV	1	Other receivable from related parties	442	Conducted as agreed terms	-
1	Kuang Ming	YMTC	2	Operating revenue	36,499	Conducted as agreed terms	-
				Other payables to related parties	595	Conducted as agreed terms	-
		AOT	3	Interest expense	2,690	Conducted as agreed terms	-
				Payables to related parties	214,098	Conducted as agreed terms	-
				Long-term payables to related parties	35,616	Conducted as agreed terms	-
2	AOT	YMTC	2	Operating revenue	8,948,469	Conducted as agreed terms	9%
				Interest expense	235,259	Conducted as agreed terms	-
				Properties	5,683,784	Conducted as agreed terms	6%
				Other payables to related parties	6,511,749	Conducted as agreed terms	7%
				Long-term payables to related parties	11,531,330	Conducted as agreed terms	13%
		Yangming-UK	3	Operating revenue	1,377,136	Conducted as agreed terms	1%
		Kuang Ming	3	Interest revenue	2,690	Conducted as agreed terms	-
				Receivables from related parties	214,098	Conducted as agreed terms	-
				Long-term receivables from related parties	35,616	Conducted as agreed terms	-
		KMS-Panama	3	Long-term receivables from related parties	84,090	Conducted as agreed terms	-
3	Honming	YMTC	2	Operating revenue	180,300	Conducted as agreed terms	-
4	Jing Ming	YMTC	2	Operating revenue	844,804	Conducted as agreed terms	1%
				Receivables from related parties	84,296	Conducted as agreed terms	-
5	Yang Ming-America	YMTC	2	Operating revenue	1,562,741	Conducted as agreed terms	2%
				Accounts payables to related parties	33,920	Conducted as agreed terms	-
				Advances from related parties	166,093	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details				
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% to Consolidated Asset/Revenue	
6	Yangming-Japan	YMTC	2	Operating revenue	\$ 207,827	Conducted as agreed terms	-	
				Other payables to related parties	663	Conducted as agreed terms	-	
		Yangming-UK	3	Accounts receivable from related parties	121,726	Conducted as agreed terms	-	
				Operating revenue	32,866	Conducted as agreed terms	-	
				Accounts payable to related parties	2,987	Conducted as agreed terms	-	
7	YML Holding	YMTC	2	Other payables to related parties	20,370	Conducted as agreed terms	-	
8	Young-Carrier	YMTC	2	Operating revenue	557,425	Conducted as agreed terms	1%	
				Accounts payable to related parties	688,351	Conducted as agreed terms	-	
		Yangming-UK	3	Receivables from related parties	427,277	Conducted as agreed terms	-	
				Operating revenue	22,501	Conducted as agreed terms	-	
				Accounts payable to related parties	137,498	Conducted as agreed terms	-	
9	Yangming-Cayman	YMTC	2	Operating revenue	190,093	Conducted as agreed terms	-	
				Advances from customers	2,312	Conducted as agreed terms	-	
10	Yangming-UK	YMTC	2	Operating cost	1,425,854	Conducted as agreed terms	1%	
				Operating revenue	2,410,247	Conducted as agreed terms	2%	
				Accounts payable to related parties	158,647	Conducted as agreed terms	-	
				Other payables to related parties	1,714,485	Conducted as agreed terms	2%	
		AOT YML-BVI Yangming-Japan Young-Carrier YML-HK YMS-Singapore YML-M Yangming-ERO YML-India	3	3	Advances from related parties	24,770	Conducted as agreed terms	-
					Operating cost	1,377,136	Conducted as agreed terms	1%
			3	3	Operating cost	714,554	Conducted as agreed terms	1%
					Prepaid expense	200,382	Conducted as agreed terms	-
			3	3	Operating cost	32,866	Conducted as agreed terms	-
					Accounts receivable from related parties	2,987	Conducted as agreed terms	-
			3	3	Operating cost	22,501	Conducted as agreed terms	-
					Accounts receivable from related parties	137,498	Conducted as agreed terms	-
			3	3	Operating cost	13,842	Conducted as agreed terms	-
					Accounts receivable from related parties	9,966	Conducted as agreed terms	-
			3	3	Payables to related parties	2,168	Conducted as agreed terms	-
					Operating cost	12,812	Conducted as agreed terms	-
			3	3	Accounts receivable from related parties	2,060	Conducted as agreed terms	-
					Payables to related parties	1,784	Conducted as agreed terms	-
			3	3	Operating cost	4,039	Conducted as agreed terms	-
					Accounts receivable from related parties	322	Conducted as agreed terms	-
3	3	Payables to related parties	23	Conducted as agreed terms	-			
		Operating cost	74,134	Conducted as agreed terms	-			
3	3	Operating cost	18,477	Conducted as agreed terms	-			
		Accounts receivable from related parties	107,006	Conducted as agreed terms	-			
3	3	Payables to related parties	42,983	Conducted as agreed terms	-			
11	Yangming-ERO	YMTC	2	Operating revenue	271,408	Conducted as agreed terms	-	
				Accounts payable to related parties	127,148	Conducted as agreed terms	-	
				Receivables from related parties	42,476	Conducted as agreed terms	-	
		Yangming-UK	3	Operating revenue	74,134	Conducted as agreed terms	-	

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details					
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% to Consolidated Asset/Revenue		
12	YML-HK	YMTC	2	Operating revenue	\$ 154,843	Conducted as agreed terms	-		
				Accounts payable to related parties	64,071	Conducted as agreed terms	-		
				Receivables from related parties	307,174	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenue	13,842	Conducted as agreed terms	-		
				Accounts payable to related parties	9,966	Conducted as agreed terms	-		
				Receivables from related parties	2,168	Conducted as agreed terms	-		
13	YMS-Singapore	YMTC	2	Operating revenue	64,971	Conducted as agreed terms	-		
				Accounts payable to related parties	11,551	Conducted as agreed terms	-		
				Advances from related parties	36,658	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenue	12,812	Conducted as agreed terms	-		
				Accounts payable to related parties	2,060	Conducted as agreed terms	-		
				Accounts receivable from related parties	1,784	Conducted as agreed terms	-		
14	KMS-Panama	YMTC	2	Operating revenue	38,425	Conducted as agreed terms	-		
				Other payables to related parties	297	Conducted as agreed terms	-		
				Advances from related parties	1,825	Conducted as agreed terms	-		
		AOT	3	Long-term payables to related parties	84,090	Conducted as agreed terms	-		
15	YML-M	YMTC	2	Operating revenue	43,065	Conducted as agreed terms	-		
				Accounts payable to related parties	52,117	Conducted as agreed terms	-		
				Receivables from related parties	47,275	Conducted as agreed terms	-		
		Yangming-UK	3	Operating revenue	4,039	Conducted as agreed terms	-		
				Accounts payable to related parties	322	Conducted as agreed terms	-		
				Accounts receivable from related parties	23	Conducted as agreed terms	-		
16	Yes Logistics	YMTC	2	Operating cost	398,407	Conducted as agreed terms	-		
				Operating revenue	58,458	Conducted as agreed terms	-		
				Rental expense	4,000	Conducted as agreed terms	-		
				Accounts payable to related parties	32,197	Conducted as agreed terms	-		
				Other payables to related parties	5,780	Conducted as agreed terms	-		
				Receivables from related parties	1,100	Conducted as agreed terms	-		
				17	YML-BVI	YMTC	2	Other payables to related parties	1,479,635
Yangming-UK	3	Operating revenue	714,554			Conducted as agreed terms	1%		
YML-NV	3	Advances from customers	200,382			Conducted as agreed terms	-		
		Receivables from related parties	16,622			Conducted as agreed terms	-		
		Long-term receivables from related parties	19,414			Conducted as agreed terms	-		
		YML-BV	3			Long-term receivables from related parties	36,036	Conducted as agreed terms	-
18	Ching Ming	YMTC	2	Other payables to related parties	2,645	Conducted as agreed terms	-		
19	YML-India	YMTC	2	Operating revenue	3,016	Conducted as agreed terms	-		
				Accounts payable to related parties	25,305	Conducted as agreed terms	-		
				Receivables from related parties	24,584	Conducted as agreed terms	-		
				Yangming-UK	3	Operating revenue	18,477	Conducted as agreed terms	-
						Accounts payable to related parties	107,066	Conducted as agreed terms	-
						Receivables from related parties	42,983	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% to Consolidated Asset/Revenue
20	YML-NV	YML-BVI	3	Payables to related parties	\$ 16,622	Conducted as agreed terms	-
				Long-term payables to related parties	19,414	Conducted as agreed terms	-
21	YML-BV	YMTC YML-BVI	2 3	Payables to related parties	442	Conducted as agreed terms	-
				Long-term payables to related parties	36,036	Conducted as agreed terms	-
22	YMS-BVI	YMTC	2	Operating revenue	159,354	Conducted as agreed terms	-
23	Yang Ming-Liberia	YMTC	2	Interest expense	12,302	Conducted as agreed terms	-
				Properties	2,116,224	Conducted as agreed terms	2%
				Payables to related parties	12,302	Conducted as agreed terms	-
				Long-term payables to related parties	2,357,776	Conducted as agreed terms	3%
24	Olympic Container Terminal LLC	YMTC	2	Operating revenue	65,434	Conducted as agreed terms	-

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Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% to Consolidated Asset/Revenue
0	YMTC	AOT	1	Long-term receivables from related parties	\$ 3,946,328	Conducted as agreed terms	4%
				Operating cost	6,732,178	Conducted as agreed terms	8%
				Other receivable from related parties	8,091,072	Conducted as agreed terms	9%
				Interest revenue	143,541	Conducted as agreed terms	-
				Other receivable from related parties	866,947	Conducted as agreed terms	1%
				Other receivable from related parties	494	Conducted as agreed terms	-
				Operating revenue	1,878,179	Conducted as agreed terms	2%
				Operating cost	2,269,104	Conducted as agreed terms	3%
				Accounts receivable from related parties	180,768	Conducted as agreed terms	-
				Payables to related parties	658,570	Conducted as agreed terms	1%
				Operating cost	211,055	Conducted as agreed terms	-
				Other receivable from related parties	4,155	Conducted as agreed terms	-
				Accounts receivable from related parties	95,312	Conducted as agreed terms	-
				Payables to related parties	67,254	Conducted as agreed terms	-
1	AOT	YMTC	2	Long-term payables to related parties	3,946,328	Conducted as agreed terms	4%
				Operating revenue	6,732,295	Conducted as agreed terms	8%
				Payables to related parties	8,091,072	Conducted as agreed terms	9%
				Interest expense	143,541	Conducted as agreed terms	-
				Properties	2,269	Conducted as agreed terms	-
				Operating cost	117	Conducted as agreed terms	-
				Accumulated depreciation	2,269	Conducted as agreed terms	-
Yangming-UK	3	Operating revenue	1,708,800	Conducted as agreed terms	2%		

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% to Consolidated Asset/Revenue
2	YML-BVI	YMTC	2	Dividend payable	\$ 866,947	Conducted as agreed terms	1%
		YML-NV	3	Receivables from related parties	1,280	Conducted as agreed terms	-
		YML-BV	3	Long-term receivables from related parties	42,243	Conducted as agreed terms	-
				Payables to related parties	20,903	Conducted as agreed terms	-
				Interest revenue	689	Conducted as agreed terms	-
		Yangming-UK	3	Receivables from related parties	109,626	Conducted as agreed terms	-
				Operating revenue	889,707	Conducted as agreed terms	1%
3	YML-NV	YML-BVI	3	Payables to related parties	1,280	Conducted as agreed terms	-
		YML-BV	3	Receivables from related parties	5,127	Conducted as agreed terms	-
4	YML-BV	YMTC	2	Payables to related parties	494	Conducted as agreed terms	-
		YML-BVI	3	Long-term payables to related parties	42,243	Conducted as agreed terms	-
				Receivables from related parties	20,903	Conducted as agreed terms	-
				Interest expense	689	Conducted as agreed terms	-
		YML-NV	3	Payables to related parties	5,127	Conducted as agreed terms	-
5	Yangming-UK	YMTC	2	Operating cost	1,878,179	Conducted as agreed terms	2%
				Operating revenue	2,269,104	Conducted as agreed terms	3%
				Receivables from related parties	658,570	Conducted as agreed terms	1%
				Payables to related parties	180,768	Conducted as agreed terms	-
		AOT	3	Operating cost	1,708,800	Conducted as agreed terms	2%
		YML-BVI	3	Operating cost	889,707	Conducted as agreed terms	1%
				Payables to related parties	109,626	Conducted as agreed terms	-
		Yangming-ERO	3	Operating cost	108,159	Conducted as agreed terms	-
				Receivables from related parties	45,316	Conducted as agreed terms	-
				Payables to related parties	28,689	Conducted as agreed terms	-
6	Yangming-ERO	YMTC	2	Operating revenue	211,055	Conducted as agreed terms	-
				Receivables from related parties	67,254	Conducted as agreed terms	-
				Payables to related parties	99,467	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenue	108,159	Conducted as agreed terms	-
				Payables to related parties	45,316	Conducted as agreed terms	-
		Accounts payables to related parties	28,689	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 equal to the eliminated material intercompany transactions.