

# **Yang Ming Marine Transport Corporation**

**Financial Statements for the  
Six Months Ended June 30, 2008 and 2007 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Yang Ming Marine Transport Corporation

We have audited the accompanying balance sheets of Yang Ming Marine Transport Corporation as of June 30, 2008 and 2007 and the related statements of income, changes in stockholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

We were unable to obtain audited financial statements supporting the Corporation's investments in some equity-method investees with carrying value of NT\$7,918,921 thousand and NT\$7,025,887 thousand as of June 30, 2008 and 2007, respectively, and credit balance of equity-method investees with carrying value of NT\$223,299 thousand and NT\$355,029 thousand as of June 30, 2008 and 2007. We were unable to satisfy ourselves on the carrying value of the investments in the investees or the equity in their net income by other auditing procedures. The Corporation's equity of NT\$188,066 thousand and NT\$938,265 thousand in the net income of these investees was included in the net income for the six months ended June 30, 2008 and 2007, respectively, as stated in Note 8. Related other information on the Corporation's investments shown in Note 28 to the financial statements was not audited either.

In our opinion, except for the effects of such adjustment, if any, as might have been made had we applied audit procedures on the financial statements of investees referred to in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Yang Ming Marine Transport Corporation as of June 30, 2008 and 2007, and the results of its operations and its cash flows for the six months then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also reviewed the consolidated financial statements of Yang Ming Marine Transport Corporation and subsidiaries as of and for the six months ended June 30, 2008 and 2007 and have issued a qualified review report dated August 6, 2008.

August 6, 2008

Notice to Readers

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

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

# YANG MING MARINE TRANSPORT CORPORATION

## BALANCE SHEETS

JUNE 30, 2008 AND 2007

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

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash (Note 4)	\$ 3,680,210	4	\$ 3,320,259	4	Short-term loans (Note 13)	\$ 800,000	1	\$ 2,100,000	3
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	1,098,188	1	1,262,185	2	Financial liabilities at fair value through profit or loss - current (Notes 2 and 5)	16,636	-	-	-
Available-for-sale financial assets - current (Notes 2 and 6)	313,882	-	2,672,375	3	Payable to related parties (Note 24)	3,617,234	4	1,236,573	1
Accounts receivable, net of allowance for doubtful accounts of \$40,663 thousand and \$35,391 thousand at June 30, 2008 and 2007 (Note 2)	776,198	1	762,867	1	Income tax payable (Notes 2 and 24)	320,436	-	42,399	-
Accounts receivable - related parties (Notes 2 and 24)	3,397,407	4	2,975,617	4	Accrued expenses (Notes 15 and 24)	6,695,992	7	5,288,231	6
Other receivables - related parties (Note 24)	2,934,029	3	4,724,903	6	Dividends and bonus to employees payable (Note 19)	2,450,032	3	812,144	1
Shipping fuel, net (Note 2)	4,606,619	5	2,671,965	3	Payable for equipment	327,100	-	1,023,689	1
Prepaid expenses (Note 24)	199,576	-	214,086	-	Advances from customers	1,577,513	2	1,778,957	2
Advances to shipping agents (Note 24)	467,076	1	300,184	-	Current portion of long-term interest-bearing debts (Notes 2, 9, 14 and 25)	1,369,937	1	3,425,977	4
Other current assets (Notes 2 and 20)	157,939	-	224,803	-	Payable to shipping agents (Note 24)	1,437,777	2	1,340,100	2
					Other current liabilities (Notes 2 and 20)	63,640	-	168,254	-
Total current assets	17,631,124	19	19,129,244	23	Total current liabilities	18,676,297	20	17,216,324	20
<b>LONG-TERM INVESTMENTS (Notes 2, 6, 7 and 8)</b>					<b>LONG-TERM DEBTS, NET OF CURRENT PORTION</b>				
Hedging derivative financial assets - noncurrent	20,657	-	-	-	Hedging derivative financial liability - noncurrent (Note 2)	-	-	51,084	-
Available-for-sale financial assets - noncurrent	3,820,945	4	2,427,144	3	Long-term bank loans (Notes 14 and 25)	3,950,000	4	-	-
Financial assets carried at cost - noncurrent	857,262	1	833,578	1	Bonds (Notes 2, 14 and 25)	18,112,000	20	19,146,000	23
Investments accounted for by the equity method	18,149,427	19	19,883,362	23	Obligations under capital leases - long-term portion (Notes 2, 9, 14 and 26)	91,324	-	256,913	-
Total long-term investments	22,848,291	24	23,144,084	27	Total long-term debts	22,153,324	24	19,453,997	23
<b>PROPERTIES (Notes 2, 9, 24 and 25)</b>					<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 16)</b>	479,639	1	479,639	1
Cost					<b>OTHER LIABILITIES</b>				
Land	330,069	-	330,069	-	Accrued pension cost (Notes 2 and 18)	935,237	1	957,510	1
Buildings	728,683	1	719,561	1	Deferred income tax liabilities - noncurrent (Notes 2 and 20)	2,034,930	2	2,535,936	3
Containers and chassis	23,334,536	25	23,781,102	28	Others (Notes 2, 17 and 25)	148,952	-	149,476	-
Ships	6,949,081	8	5,131,276	6	Total other liabilities	3,119,119	3	3,642,922	4
Leased containers and chassis	2,114,678	2	2,041,688	3	Total liabilities	44,428,379	48	40,792,882	48
Leasehold improvements	146,272	-	209,070	-	<b>STOCKHOLDERS' EQUITY</b>				
Miscellaneous equipment	2,510,077	3	2,366,336	3	Capital stock - \$10 par value				
Total cost	36,113,396	39	34,579,102	41	Authorized - 3,000,000 thousand shares				
Less: Accumulated depreciation	19,615,345	21	19,756,837	24	Issued - 2,329,561 thousand shares and 2,299,005 thousand shares at June 30, 2008 and 2007	23,295,611	25	22,990,052	27
Construction in progress	16,498,051	18	14,822,265	17	Stock dividend for distribution - 232,905 thousand shares and 18,392 thousand shares at June 30, 2008 and 2007	2,329,054	2	183,920	1
Net properties	16,520,496	18	15,490,058	18	Total capital stock	25,624,665	27	23,173,972	28
<b>OTHER ASSETS</b>					Capital surplus				
Assets leased to others, net (Notes 2, 10 and 25)	4,054,806	5	2,570,124	3	Additional paid-in capital in excess of par value	7,499,701	8	7,378,541	9
Nonoperating assets, net (Notes 2, 11 and 25)	218,058	-	260,386	-	Treasury stock transactions	1,480,009	2	1,480,009	2
Advances on long-term rent agreements (Note 12)	963,181	1	291,803	1	From long-term equity-method investment	8,872	-	8,872	-
Deferred charges, net (Note 2)	146,679	-	102,561	-	Total capital surplus	8,988,582	10	8,867,422	11
Long-term other receivables - related parties (Notes 8 and 24)	30,704,723	33	23,280,607	28	Retained earnings				
Miscellaneous	154,835	-	228,496	-	Legal reserve	3,814,813	4	3,212,821	4
Total other assets	36,242,282	39	26,733,977	32	Special reserve	2,067,513	2	2,067,513	2
					Unappropriated earnings	6,819,940	8	6,046,372	7
					Total retained earnings	12,702,266	14	11,326,706	13
					Other items of stockholders' equity				
					Cumulative translation adjustments	(200,694)	(1)	202,925	-
					Net loss not recognized as pension cost	(38,967)	-	(96,743)	-
					Unrealized loss on financial instruments	1,737,962	2	230,199	-
					Total other items of stockholders' equity	1,498,301	1	336,381	-
					Total stockholders' equity	48,813,814	52	43,704,481	52
<b>TOTAL</b>	<b>\$93,242,193</b>	<b>100</b>	<b>\$84,497,363</b>	<b>100</b>	<b>TOTAL</b>	<b>\$93,242,193</b>	<b>100</b>	<b>\$84,497,363</b>	<b>100</b>

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

(With Deloitte & Touche audit report dated August 6, 2008)

# YANG MING MARINE TRANSPORT CORPORATION

## STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 24)	\$58,075,566	100	\$51,644,288	100
OPERATING COSTS (Notes 2, 21 and 24)	<u>57,085,597</u>	<u>98</u>	<u>52,377,673</u>	<u>101</u>
GROSS INCOME (LOSS)	<u>989,969</u>	<u>2</u>	<u>(733,385)</u>	<u>(1)</u>
OPERATING EXPENSES (Note 21)				
Selling	809,927	2	656,726	1
General and administrative	<u>171,021</u>	<u>-</u>	<u>149,538</u>	<u>1</u>
Total operating expenses	<u>980,948</u>	<u>2</u>	<u>806,264</u>	<u>2</u>
OPERATING INCOME (LOSS)	<u>9,021</u>	<u>-</u>	<u>(1,539,649)</u>	<u>(3)</u>
NONOPERATING INCOME AND GAINS				
Investment income recognized under equity method (Notes 2 and 8)	1,002,152	2	1,593,768	3
Gain on disposal of properties (Note 2)	500,434	1	1,331,601	3
Interest income (Note 24)	409,339	1	450,547	1
Foreign exchange gain, net	165,962	-	20,436	-
Valuation gain on financial liabilities, net (Notes 2 and 5)	95,084	-	-	-
Rent income (Note 24)	79,010	-	54,184	-
Gain on disposal of financial instruments, net (Notes 2 and 5)	233	-	118,019	-
Valuation gain on financial assets, net (Notes 2 and 5)	-	-	79,196	-
Reversal of loss on shipping fuel (Note 2)	-	-	56,776	-
Others	<u>58,493</u>	<u>-</u>	<u>19,662</u>	<u>-</u>
Total nonoperating income and gains	<u>2,310,707</u>	<u>4</u>	<u>3,724,189</u>	<u>7</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense (Notes 2 and 9)	369,972	1	442,110	1
Valuation loss on financial assets, net (Notes 2 and 5)	190,351	-	-	-
Impairment loss on financial assets carried at cost (Note 2)	-	-	51,240	-
Others	<u>55,001</u>	<u>-</u>	<u>64,671</u>	<u>-</u>
Total nonoperating expenses and losses	<u>615,324</u>	<u>1</u>	<u>558,021</u>	<u>1</u>

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# YANG MING MARINE TRANSPORT CORPORATION

## STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX EXPENSES	\$ 1,704,404	3	\$ 1,626,519	3
INCOME TAX EXPENSES (Notes 2 and 20)	<u>411,200</u>	<u>1</u>	<u>449,931</u>	<u>1</u>
NET INCOME	<u>\$ 1,293,204</u>	<u>2</u>	<u>\$ 1,176,588</u>	<u>2</u>
	2008		2007	
	<b>Income Before Income Tax</b>	<b>Net Income</b>	<b>Income Before Income Tax</b>	<b>Net Income</b>
BASIC (Note 22)	<u>\$ 0.73</u>	<u>\$ 0.56</u>	<u>\$ 0.70</u>	<u>\$ 0.51</u>
DILUTED (Note 22)	<u>\$ 0.73</u>	<u>\$ 0.55</u>	<u>\$ 0.70</u>	<u>\$ 0.50</u>

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

(With Deloitte & Touche audit report dated August 6, 2008)

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**YANG MING MARINE TRANSPORT CORPORATION**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**SIX MONTHS ENDED JUNE 30, 2008 AND 2007**  
(In Thousands of New Taiwan Dollars, Except Dividend Per Share)

	Capital Surplus (Notes 2 and 19)						Other Items of Stockholders' Equity (Notes 2 and 19)						Total Stockholders' Equity
	Capital Stock (Notes 2 and 19)			Additional Paid-in Capital in Excess of Par Value	Treasury Stock Transactions	From Long-term Equity-method Investment	Retained Earnings (Notes 2 and 19)			Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain or Loss on Financial Instruments	
	Shares (Thousands)	Amount	Stock Dividend for Distribution				Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE, JANUARY 1, 2008	2,328,698	\$ 23,286,982	\$ -	\$ 7,491,127	\$ 1,480,009	\$ 8,872	\$ 3,212,821	\$ 2,067,513	\$ 10,889,712	\$ 100,131	\$ (38,967)	\$ 1,935,242	\$ 50,433,442
Appropriation of 2007 earnings													
Legal reserve	-	-	-	-	-	-	601,992	-	(601,992)	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	-	(102,876)	-	-	-	(102,876)
Cash dividends - \$1.00 per share	-	-	-	-	-	-	-	-	(2,329,054)	-	-	-	(2,329,054)
Stock dividends - \$1.00 per share	-	-	2,329,054	-	-	-	-	-	(2,329,054)	-	-	-	-
Net income for the six months ended June 30, 2008	-	-	-	-	-	-	-	-	1,293,204	-	-	-	1,293,204
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	(15,886)	(15,886)
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	-	(300,825)	-	-	(300,825)
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	(192,161)	(192,161)
Changes in unrealized loss on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	-	10,767	10,767
Domestic convertible bonds converted into capital stocks	863	8,629	-	8,574	-	-	-	-	-	-	-	-	17,203
<b>BALANCE, JUNE 30, 2008</b>	<u>2,329,561</u>	<u>\$ 23,295,611</u>	<u>\$ 2,329,054</u>	<u>\$ 7,499,701</u>	<u>\$ 1,480,009</u>	<u>\$ 8,872</u>	<u>\$ 3,814,813</u>	<u>\$ 2,067,513</u>	<u>\$ 6,819,940</u>	<u>\$ (200,694)</u>	<u>\$ (38,967)</u>	<u>\$ 1,737,962</u>	<u>\$ 48,813,814</u>
BALANCE, JANUARY 1, 2007	2,289,835	\$ 22,898,344	\$ -	\$ 7,286,090	\$ 1,480,009	\$ 8,876	\$ 3,098,505	\$ 2,074,929	\$ 5,954,764	\$ 168,626	\$ (96,743)	\$ (35,588)	\$ 42,837,812
Appropriation of 2006 earnings													
Legal reserve	-	-	-	-	-	-	114,316	-	(114,316)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	(7,416)	7,416	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	-	(58,478)	-	-	-	(58,478)
Cash dividends - \$0.32 per share	-	-	-	-	-	-	-	-	(735,682)	-	-	-	(735,682)
Stock dividends - \$0.08 per share	-	-	183,920	-	-	-	-	-	(183,920)	-	-	-	-
Net income for the six months ended June 30, 2007	-	-	-	-	-	-	-	-	1,176,588	-	-	-	1,176,588
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	(4)	-	-	-	-	-	11,541	11,537
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	-	34,299	-	-	34,299
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	256,655	256,655
Changes in unrealized loss on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	-	(2,409)	(2,409)
Domestic convertible bonds converted into capital stocks	9,170	91,708	-	92,451	-	-	-	-	-	-	-	-	184,159
<b>BALANCE, JUNE 30, 2007</b>	<u>2,299,005</u>	<u>\$ 22,990,052</u>	<u>\$ 183,920</u>	<u>\$ 7,378,541</u>	<u>\$ 1,480,009</u>	<u>\$ 8,872</u>	<u>\$ 3,212,821</u>	<u>\$ 2,067,513</u>	<u>\$ 6,046,372</u>	<u>\$ 202,925</u>	<u>\$ (96,743)</u>	<u>\$ 230,199</u>	<u>\$ 43,704,481</u>

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

(With Deloitte & Touche audit report dated August 6, 2008)

# YANG MING MARINE TRANSPORT CORPORATION

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,293,204	\$ 1,176,588
Depreciation	1,342,016	1,272,748
Amortization	27,062	25,474
Provision for doubtful accounts	8,292	11,520
Gain on disposal of financial instruments	(233)	(117,759)
Gain on disposal of properties, net	(500,434)	(1,331,601)
Provision for pension cost	8,758	30,224
Reversal of loss on shipping fuel	-	(56,776)
Investment income recognized under equity method	(1,002,152)	(1,593,768)
Impairment loss on financial assets carried at cost	-	51,240
Cash dividends received on equity-method investee companies	157,980	46,401
Valuation loss (gain) on financial instruments	95,267	(79,196)
Deferred income tax	(58,456)	318,804
Others	(506)	(3,995)
Net changes in operating assets and liabilities		
Financial assets held for trading	(793)	(734,476)
Accounts receivable	110,188	(170,921)
Accounts receivable - related parties	(514,823)	(560,613)
Other receivables - related parties	(587,389)	(308,798)
Shipping fuel	(830,686)	(647,255)
Prepaid expenses	50,289	153,713
Advances to shipping agents	(79,672)	(63,699)
Other current assets	31,840	20,704
Payables to related parties	1,604,139	272,315
Financial liabilities held for trading	121,436	-
Income tax payable	(463,000)	(194,529)
Accrued expenses	580,511	(329,425)
Payables to shipping agents	(120,735)	(220,960)
Advances from customers	(34,742)	469,690
Other current liabilities	(79,260)	45,215
Advances on long-term rent agreements	<u>20,552</u>	<u>5,915</u>
Net cash provided by (used in) operating activities	<u>1,178,653</u>	<u>(2,513,220)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets designated as at fair value through profit or loss	-	32,620
Acquisition of available-for-sale financial assets	(4,373,550)	(6,419,350)
Proceeds from disposal of available-for-sale financial assets	4,061,821	9,013,555
Acquisition of investments accounted for by the equity method	-	(179,810)
Acquisition of financial assets carried at cost	(150,000)	(90,000)
Acquisition of properties	(1,764,972)	(4,101,611)

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# YANG MING MARINE TRANSPORT CORPORATION

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
Acquisition of assets leased to others	\$ (95)	\$ -
Proceeds from disposal of properties	506,171	3,805,374
Increase in long-term other receivables - related parties	(4,947,250)	(260,751)
Increase in deferred charges	(63,255)	(66,092)
Decrease (increase) in other assets	35,275	(76,425)
Decrease in restricted assets	<u>-</u>	<u>124,923</u>
Net cash (used in) provided by investing activities	<u>(6,695,855)</u>	<u>1,782,433</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	800,000	2,100,000
Proceeds from long-term bank loans	4,000,000	-
Repayments of principal of bonds	(594,000)	(1,408,000)
Acquisition of obligations under capital leases	68,288	-
Payments of obligations under capital leases	(57,759)	(74,345)
Decrease in other liabilities	(1,141)	(12,700)
Cash dividends	<u>-</u>	<u>(27)</u>
Net cash provided by financing activities	<u>4,215,388</u>	<u>604,928</u>
NET DECREASE IN CASH	(1,301,814)	(125,859)
CASH , BEGINNING OF PERIOD	<u>4,982,024</u>	<u>3,446,118</u>
CASH , END OF PERIOD	<u>\$ 3,680,210</u>	<u>\$ 3,320,259</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	\$ 169,255	\$ 234,074
Less: Capitalized interest	<u>-</u>	<u>(2,225)</u>
Interest paid (excluding capitalized interest)	<u>\$ 169,255</u>	<u>\$ 231,849</u>
Income tax paid	<u>\$ 962,334</u>	<u>\$ 313,503</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Reclassification of assets leased to others into properties	<u>\$ -</u>	<u>\$ 257,364</u>
Reclassification of properties into assets leased to others	<u>\$ 21,219</u>	<u>\$ -</u>
Reclassification of construction in process into advances on long-term rent agreements	<u>\$ 691,543</u>	<u>\$ -</u>
Reclassification of investment into deduction to long-term other receivables - related parties	<u>\$ 46,135</u>	<u>\$ 71,558</u>
Current portion of interest-bearing long-term debts	<u>\$ 1,369,937</u>	<u>\$ 3,425,977</u>
Domestic unsecured convertible bonds converted into capital stock and capital surplus	<u>\$ 17,203</u>	<u>\$ 184,159</u>
Declaration of cash dividends	<u>\$ 2,329,054</u>	<u>\$ 735,682</u>
Declaration of bonus to employees	<u>\$ 102,876</u>	<u>\$ 58,478</u>

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# YANG MING MARINE TRANSPORT CORPORATION

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

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	2008	2007
CASH PAID FOR ACQUISITION OF PROPERTIES		
Increase in properties	\$ 975,737	\$ 3,577,455
Decrease in payable for equipment	<u>789,235</u>	<u>524,156</u>
	<u>\$ 1,764,972</u>	<u>\$ 4,101,611</u>
PROCEEDS FROM DISPOSAL OF PROPERTIES		
Total contracted selling prices	\$ 506,171	\$ 3,801,049
Increase in long-term other receivables - related parties	-	(2,560,020)
Decrease in other receivables - related parties	<u>-</u>	<u>2,564,345</u>
	<u>\$ 506,171</u>	<u>\$ 3,805,374</u>

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

(With Deloitte & Touche audit report dated August 6, 2008)

(Concluded)

# **YANG MING MARINE TRANSPORT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

**SIX MONTHS ENDED JUNE 30, 2008 AND 2007**

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

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

Yang Ming Marine Transport Corporation (the "Corporation"), established in December 1972, was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Corporation simultaneous to the Corporation's listing of its shares of stock on the ROC Taiwan Stock Exchange. The MOTC owned 35.51% and 35.69% of the Corporation's outstanding capital stock as of June 30, 2008 and 2007, respectively.

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

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

As of June 30, 2008 and 2007, the Corporation had 1,360 and 1,212 employees, respectively.

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

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

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

Significant accounting policies are summarized as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Shipping Fuel**

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

## **Financial Assets Carried at Cost**

Investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is the same with that for dividends on available-for-sale financial assets. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

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

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

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

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

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

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

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

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

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

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

### **Nonoperating Assets**

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

### **Impairment of Assets**

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

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

For long term equity investments for which the Corporation has significant influence but with no control, the carrying amount (including goodwill) of each investment is compared with its own recoverable amount for the purpose of impairment testing. Long term equity investments over which the Corporation has control are evaluated for impairment using their cash-generating units on the basis consolidated financial statements.

### **Deferred Charges**

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

### **Convertible Bonds**

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

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

### **Pension Cost**

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

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

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

### **Income Tax**

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

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

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

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

## **Foreign Currencies**

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

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

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

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

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

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

## **Hedging Derivative Financial Instruments**

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

### **Hedge Accounting**

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

- a. Fair value hedge

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

- b. Cash flow hedge

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

## **Reclassifications**

Certain accounts in the financial statements as of and for the six months ended June 30, 2007 have been reclassified to be conform to the presentation of financial statements as of and for the six months ended June 30, 2008.



### 3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

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

In March 2007, the Accounting Research and Development Foundation issued Interpretation 2007-052 that requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. The adoption of this interpretation resulted in a decrease of NT\$33,473 thousand in net income and a decrease in after income tax basic earnings per share of NT\$0.01 for the six months ended June 30, 2008.

### 4. CASH

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Cash		
Petty cash and cash on hand	\$ 2,103	\$ 2,341
Checking accounts and demand deposits	1,909,832	932,585
Time deposits: Interest - 2.215% to 4.27% and 1.90% to 5.45% at June 30, 2008 and 2007	<u>1,768,275</u>	<u>2,385,333</u>
	<u>\$ 3,680,210</u>	<u>\$ 3,320,259</u>

As of June 30, 2008 and 2007, time deposits with maturity of over one year amounted to \$747 thousand and \$747 thousand, respectively.

The overseas deposits as of June 30, 2008 and 2007 are summarized in the accompanying Schedules A and B.

### 5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

#### a. Financial instruments at FVTPL

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
<u>Financial assets held for trading</u>		
Mutual funds	\$ 646,659	\$ 1,110,360
Quoted Stocks	416,065	149,291
Exchange traded funds	17,812	-
Oil swap	<u>17,652</u>	<u>2,534</u>
	<u>\$ 1,098,188</u>	<u>\$ 1,262,185</u>
 <u>Financial liabilities held for trading</u>		
Oil swap	\$ 16,478	-
Oil swap option	<u>158</u>	<u>-</u>
	<u>\$ 16,636</u>	<u>\$ -</u>

Foreign exchange forward contracts and options are held mainly to hedge the exchange rate risks arising from net assets or liabilities denominated in foreign currency or to earn gains from exchange rates. The hedging strategy was developed with the objective to reduce the risk of market price or cash flow fluctuations. The derivative transactions entered into by the Corporation is based on forecasted cash flows, and the risk of the transaction can be controlled by the Corporation. There are no outstanding foreign exchange contracts and options of the Corporation as of June 30, 2008 and 2007.

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

Outstanding oil swap and oil swap option contracts as of June 30, 2008 were as:

	<b>Settlement Date</b>	<b>Units (Barrels)</b>	<b>Contract Price</b>	<b>Fair Value</b>
<u>June 30, 2008</u>				
Oil swap	2009.05.18-2009.07.20	60,000	US\$7,907 thousand	<u>\$ 17,494</u>
	<b>Due Date</b>		<b>Notional Amount</b>	<b>Fair Value</b>
Oil swap option	2008.09.30-2009.04.30		US\$ 214,504	<u>\$ (16,478)</u>

Outstanding oil swap contracts as of June 30, 2007 were as:

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

Net losses arising from financial assets held for trading were \$205,048 thousand (including realized settlement loss of \$14,697 thousand and valuation loss of \$190,351 thousand) for the six months ended June 30, 2008; net gains were \$170,836 thousand (including realized settlement gain of \$91,640 thousand and valuation gain of \$79,196 thousand) for the six months ended June 30, 2007.

Net gains arising from financial liabilities held for trading were \$106,744 thousand (including realized settlement gain of \$11,660 thousand and valuation gain of \$95,084 thousand) for the six months ended June 30, 2008.

b. Financial assets designated as at FVTPL

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

Net gain were \$2,127 thousand (interest revenue) for the six months ended June 30, 2007.

**6. AVAILABLE-FOR-SALE FINANCIAL ASSET**

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Domestic unquoted stocks	\$ 3,820,945	\$ 2,427,144
Mutual funds	313,882	2,672,375
Less: current portion	<u>(313,882)</u>	<u>(2,672,375)</u>
	<u>\$ 3,820,945</u>	<u>\$ 2,427,144</u>

## 7. FINANCIAL ASSETS CARRIED AT COST

	June 30			
	2008		2007	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
Domestic unquoted common stocks				
Taipei Port Container Terminal Co., Ltd.	\$ 316,640	10.00	\$ 166,640	10.00
Domestic unquoted preferred stocks				
New Century Infocomm Tech Co., Ltd.	481,644	1.68	607,960	1.68
Overseas unquoted common stocks				
Antwerp International Terminal	<u>58,978</u>	16.33	<u>58,978</u>	16.33
	<u>\$ 857,262</u>		<u>\$ 833,578</u>	

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

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

## 8. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30			
	2008		2007	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
Yang Ming Line (B.V.I.) Holding Co., Ltd.	\$ 5,450,946	100.00	\$ 4,496,733	100.00
All Oceans Transportation, Inc.	4,983,421	100.00	8,360,742	100.00
Ching Ming Investment Co., Ltd.	1,616,838	100.00	1,669,045	100.00
Yang Ming Line (Singapore) Pte. Ltd.	1,462,813	100.00	2,088,810	100.00
Kuang Ming Shipping Corp.	992,315	100.00	708,181	100.00
Chunghwa Investment Co., Ltd.	831,169	40.00	817,349	40.00
Kao Ming Container Terminal Corp.	801,417	100.00	-	-
Yes Logistics Corp.	513,149	46.04	517,055	46.04
Yang Ming Line Holding Co.	384,388	100.00	271,081	100.00
Honming Terminal & Stevedoring Co., Ltd.	357,573	79.17	347,242	79.17
Yunn Wang Investment Co., Ltd.	250,985	49.75	169,592	49.75
Ming Giant (Shanghai) International Logistics Co., Ltd.	214,728	100.00	229,922	100.00
Transyang Shipping Pte. Ltd.	174,239	49.00	107,121	49.00
Jing Ming Transportation Co., Ltd.	115,446	50.98	100,489	50.98
Yang Ming (Liberia) Corp.	<u>(223,299)</u>	100.00	<u>(136,359)</u>	100.00
	17,926,128		19,747,003	
Add: Investment deducted from long-term receivables - related parties	<u>223,299</u>		<u>136,359</u>	
	<u>\$ 18,149,427</u>		<u>\$ 19,883,362</u>	

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

	<b><u>Six Months Ended June 30</u></b>	
	<b>2008</b>	<b>2007</b>
Yang Ming Line (B.V.I.) Holding Co., Ltd.	\$ 583,879	\$ 571,383
All Oceans Transportation, Inc.	314,506	443,851
Kuang Ming Shipping Corp.	169,236	396,092
Transyang Shipping Pte. Ltd.	113,085	39,218
Yang Ming Line Holding Co.	29,055	40,730
Honming Terminal & Stevedoring Co., Ltd.	14,286	7,863
Jing Ming Transportation Co., Ltd.	7,974	8,468
Kao Ming Container Terminal Corp.	499	-
Ming Giant (Shanghai) International Logistics Co., Ltd.	(8,401)	749
Yunn Wang Investment Co., Ltd.	(9,480)	(5,416)
Yes Logistics Corp.	(13,227)	2,874
Yang Ming Line (Singapore) Pte. Ltd.	(19,964)	56,103
Chunghwa Investment Co., Ltd.	(26,401)	21,525
Yang Ming (Liberia) Corp.	(57,769)	(71,892)
Ching Ming Investment Co., Ltd.	<u>(95,126)</u>	<u>82,220</u>
	<u>\$ 1,002,152</u>	<u>\$ 1,593,768</u>

The carrying values of the equity-method investments (except those of All Oceans Transportation, Inc. and Yang Ming Line (B.V.I.) Holding Co. Ltd. for the six months ended June 30, 2008 and 2007) were based on unaudited financial statements for the six months ended June 30, 2008 and 2007. The equities in net assets of equity-method investee Yang Ming Line (B.V.I.) Holding Co., Ltd. were partly determined on the basis of the investee's unaudited financial reports as of and for the six months ended June 30, 2008 and 2007, and therefore the auditors issued a qualified opinion. There were unaudited financial statements supporting the Corporation's investments in certain equity-method investees with carrying amount of \$7,918,921 thousand and credit balance of \$223,299 thousand as of June 30, 2008, and with carrying amount of \$7,025,887 thousand and credit balance of \$355,029 thousand as of June 30, 2007. The Corporation's equity of \$188,066 thousand and \$938,265 thousand in the net income (loss) of these investees was included in the net income for the six months ended June 30, 2008 and 2007, respectively.

Yang Ming (Liberia) Corp. still has an accumulated loss for the six months ended June 30, 2008, because of loss from start up operations in 2006. The Corporation committed to support ship building plan of Yang Ming (Liberia) Corp. The credit balance of \$223,299 thousand and \$136,359 thousand on this investment was reclassified as deduction from long-term receivables - related parties as of June 30, 2008 and 2007.

Ming Giant (Shanghai) International Logistics Co., Ltd. was established in 2006 and provides warehouse operation and forwarding agency. The Corporation had a contract namely 'Shanghai Municipal Government Grant Contract of Land Use Right' with Shanghai Municipal Government on December 20, 2007 for 50 years. The Corporation had not yet started operations as of June 30, 2008.

In order to engage in the building and operation of Kaohsiung harbor intercontinental container center, the Corporation founded a chartered subsidiary, Kao Ming Container Terminal Corp., which had a contract namely 'First stage of Kaohsiung harbor intercontinental container center construction and operation project' with MOTC Harbor Bureau. The contract commenced on September 28, 2007 and will last for 50 years including the building and operation periods.

For financing the investment project on Euromax terminal in Rotterdam, the board of directors of the Corporation resolved to increase the capital investment by €12,620,000 in Yang Ming Line (Singapore) Pte. Ltd.

As required by the revised ROC SFAS No. 7 - "Consolidated Financial Statements", control is presumed to exist when the parent company owns, directly or indirectly through subsidiaries, more than half of the voting rights of an entity unless it can be clearly shown that such ownership does not constitute as a control interest. Thus, the consolidated financial statements as of and for the six months ended June 30, 2008 and 2007 include the accounts of the Corporation and its direct and indirect subsidiaries, except Transyang Shipping Pte. Ltd., Chunghwa Investment Co., Ltd. and Yunn Wang Investment Co., Ltd. All significant intercompany accounts and transactions have been eliminated in the consolidation.

## 9. PROPERTIES

<b>Six Months Ended June 30, 2008</b>									
	<b>Land</b>	<b>Buildings</b>	<b>Containers and Chassis</b>	<b>Ships</b>	<b>Leased Containers and Chassis</b>	<b>Leasehold Improvements</b>	<b>Miscellaneous Equipment</b>	<b>Construction in Process</b>	<b>Total</b>
<b>Cost</b>									
Beginning balance	\$ 330,069	\$ 745,383	\$ 22,523,772	\$ 6,949,081	\$ 2,041,688	\$ 146,272	\$ 2,474,611	\$ 687,401	\$ 35,898,277
Addition	-	4,519	825,335	-	72,990	-	45,173	27,720	975,737
Sale or disposal	-	-	14,571	-	-	-	10,840	-	25,411
Reclassification	-	(21,219)	-	-	-	-	1,133	(692,676)	(712,762)
Ending balance	<u>\$ 330,069</u>	<u>728,683</u>	<u>23,334,536</u>	<u>6,949,081</u>	<u>2,114,678</u>	<u>146,272</u>	<u>2,510,077</u>	<u>22,445</u>	<u>36,135,841</u>
<b>Accumulated depreciation</b>									
Beginning balance	-	112,465	10,253,609	4,690,221	1,882,438	122,392	1,243,009	-	18,304,134
Addition	-	6,912	1,101,743	62,095	62,297	1,809	96,029	-	1,330,885
Sale of disposal	-	-	8,896	-	-	-	10,778	-	19,674
Reclassification	-	212	-	-	-	-	(212)	-	-
Ending balance	-	<u>119,589</u>	<u>11,346,456</u>	<u>4,752,316</u>	<u>1,944,735</u>	<u>124,201</u>	<u>1,328,048</u>	-	<u>19,615,345</u>
		<u>\$ 609,094</u>	<u>\$ 11,988,080</u>	<u>\$ 2,196,765</u>	<u>\$ 169,943</u>	<u>\$ 22,071</u>	<u>\$ 1,182,029</u>		<u>\$ 16,520,496</u>

  

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

Information about capitalized interest was as follows:

	<b>Six Months Ended June 30</b>	
	<b>2008</b>	<b>2007</b>
Total interest expenses	\$ 369,972	\$ 442,110
Capitalized interest (included in construction in process)	-	2,225
Capitalization rates	-	3.20%

The Corporation leases containers and chassis under capital lease agreements. The related information for future rentals is shown in Note 26. The terms of the leases were from five years to nine years for containers and from five years to eight years for chassis. The annual rent payable on leased containers under the agreements is US\$3,158 thousand. The Corporation has the option to buy, at the end of the lease terms, all leased containers at a bargain purchase price of US\$1 per unit. The annual rent payable on leased chassis is based on contract terms, and, at the end of the lease terms, the ownership of all the leased chassis will be transferred to the Corporation at no additional cost. The details of these leases as of June 30, 2008 and 2007 were as follows:

	<b>June 30</b>			
	<b>2008</b>		<b>2007</b>	
	<b>U.S. Dollars (Thousands)</b>	<b>New Taiwan Dollars (Thousands)</b>	<b>U.S. Dollars (Thousands)</b>	<b>New Taiwan Dollars (Thousands)</b>
Total capital lease obligations (undiscounted)	\$ 11,853	\$ 359,731	\$ 12,242	\$ 400,795
Less: Unamortized interest expense	<u>(842)</u>	<u>(25,565)</u>	<u>(1,147)</u>	<u>(37,545)</u>
	<u>\$ 11,011</u>	<u>\$ 334,166</u>	<u>\$ 11,095</u>	<u>\$ 363,250</u>

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

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Cost		
Land	\$ 2,928,721	\$ 1,890,193
Buildings	<u>1,244,328</u>	<u>770,300</u>
	4,173,049	2,660,493
Accumulated depreciation - buildings	<u>118,243</u>	<u>90,369</u>
	<u>\$ 4,054,806</u>	<u>\$ 2,570,124</u>

Future rental payments receivable are summarized as follows:

<b>Fiscal Year</b>	<b>Amount</b>
2008 (July 1, 2008 to December 31, 2008)	\$ 81,588
2009	101,345
2010	30,910
2011	19,846
2012	10,109

#### 11. NONOPERATING ASSETS, NET

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Cost		
Land	\$ 217,715	\$ 260,043
Buildings	<u>4,188</u>	<u>4,894</u>
	221,903	264,937
Accumulated depreciation - buildings	<u>3,845</u>	<u>4,551</u>
	<u>\$ 218,058</u>	<u>\$ 260,386</u>

## 12. ADVANCES ON LONG-TERM RENT AGREEMENT

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

## 13. SHORT-TERM LOANS

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Unsecured bank loans - interest of 2.28% and 2.35% to 2.45% in 2008 and 2007	<u>\$ 800,000</u>	<u>\$ 2,100,000</u>

## 14. INTEREST-BEARING LONG-TERM DEBTS

	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>June 30, 2008</u>			
Long-term secured bank loans	\$ 50,000	\$ 3,950,000	\$ 4,000,000
Domestic unsecured bonds	1,034,000	18,112,000	19,146,000
Domestic unsecured convertible bonds	42,400	-	42,400
Interest premium - domestic unsecured convertible bonds	695	-	695
Obligation under capital leases	<u>242,842</u>	<u>91,324</u>	<u>334,166</u>
	<u>\$ 1,369,937</u>	<u>\$ 22,153,324</u>	<u>\$ 23,523,261</u>
<u>June 30, 2007</u>			
Domestic unsecured bonds	\$ 1,034,000	\$ 19,146,000	\$ 20,180,000
Domestic secured bonds	2,000,000	-	2,000,000
Domestic unsecured convertible bonds	282,700	-	282,700
Interest premium - domestic unsecured convertible bonds	2,940	-	2,940
Obligation under capital leases	<u>106,337</u>	<u>256,913</u>	<u>363,250</u>
	<u>\$ 3,425,977</u>	<u>\$ 19,402,913</u>	<u>\$ 22,828,890</u>

### Long-term Secured Bank Loans

On May 30, 2008, the Corporation mortgaged ships as collaterals for the eight-year secured loan of \$2,500,000 thousand. As of June 30, 2008, the loan was fully obtained and will be fully repaid by May 30, 2016. The interest rates are at 3-month of secondary market plus spread. The interest rate was 2.8150% for the six months ended June 30, 2008. The loan will be repayable after 18 months from the date the loan was obtained and every six months thereafter in 14 equal installments.

On May 30, 2008, the Corporation mortgaged assets leased to others as collaterals for the seven-year secured loan of \$1,500,000 thousand. As of June 30, 2008, the loan was fully obtained and will be fully repaid by May 30, 2015. The interest rates are at 3-month of secondary market plus spread. The interest rates ranged from 2.7516% to 2.8573% for the six months ended June 30, 2008. The loan will be repayable after one year from the date the loan was obtained and every six months thereafter in 12 equal installments of \$50,000 thousand and final payment for the remaining amount.

### **Domestic Unsecured Bonds**

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

Other bond features and terms are as follows:

June 2000 bonds      Type A - aggregate face value: \$1,200,000 thousand; repayments: 33% - June 1, 2005, 33% - June 1, 2006, and 34% - June 1, 2007; 5.7% annual interest. The Corporation had repaid as of June 30, 2008.

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

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

July 2001 bonds      Repayments: 20% - July 16 2006, 40% - July 16 2007, and 40% - July 16 2008; 4.49% annual interest. The Corporation had repaid \$660,000 thousand as of June 30, 2008.

June 2004 bonds      Type A - aggregate face value of \$600,000 thousand and maturity on June 18, 2011; 2.46% annual interest.

Type B - aggregate face value of \$500,000 thousand and maturity on June 18, 2011 at USD 6-month LIBOR rate (the target rate) when the target rate is smaller than 1.15%; at 4.4% when the target rate is between 1.15% and 3.5%; at 6% less the target rate when the target rate is greater than 3.5%. The interest rate should not be smaller than 0% and will be reset quarterly.

Type C - aggregate face value of \$500,000 thousand and maturity on June 18, 2011 at 4.5% interest multiplied by a ratio (interest-bearing days per month divided by interest-bearing days per year) when USD 6-month LIBOR rate (the target rate) is between a certain interest range; at 0% when the target rate is out of the interest range.

October 2004 bonds:      Type A, B, D, E, G, H, I - aggregate face value of \$500,000 thousand and maturity from October 8 to October 20 in 2011; 3.30% annual interest.

Type C - aggregate face value of \$800,000 thousand and maturity on October 12, 2011; 3.30% annual interest.

Type F - aggregate face value of \$700,000 thousand and maturity on October 15, 2011; 3.30% annual interest.



December 2004 bonds: Aggregate face value of \$2,500,000 thousand and maturity from December 8 to 14 in 2011; 2.99% annual interest.

October 2006 bonds: Type A - aggregate face value: \$3,000,000 thousand; repayments: 33% - October 23, 2009, 33% - October 23, 2010, and 34% - October 23, 2011; 2.09% annual interest.

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

### **Domestic Secured Bonds**

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

### **Domestic Unsecured Convertible Bonds**

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

- a. Lump-sum payment to the holders upon maturity (in 2008) at 101.256% of the face value;
- b. Conversion by the holders, from November 2003 to 10 days before the due date, into the Corporation's common shares at the prevailing conversion price (NT\$19.7 per share as of June 30, 2008);
- c. Reselling to the Corporation by the holders before maturity. The reselling of Type A bonds starts from August 7, 2005 at face value while that of Type B bonds starts from August 7, 2006 at 100.451% of the face value; or
- d. Redemption by the Corporation, under certain conditions, at face value before bond maturity.

As of June 30, 2008, the 2003 Convertible Bonds with aggregate face value of \$7,895,200 thousand had been converted into 313,780 thousand common shares of the Corporation, and the aggregate face value of \$62,400 thousand had been sold to the Corporation by the holders. The above converted bonds with aggregate face value of \$11,800 thousand were exercised by bondholders from April 1, 2008 to June 30, 2008 and totally converted into 599 thousand common shares. According to the Business Law, the revision of registration was made after the stock issued. The revision of registration of the issued stock was approved by Ministry of Economic Affairs, ROC in July 2008. The 2003 Convertible Bonds matured on August 6, 2008. The unconverted amounts will be repaid after Taiwan Depository and Clearing Corporation provides the listing of creditors.

As of June 30, 2008, the Corporation had no credit lines available for long-term bank loans.

### **Obligation Under Capital Leases**

Obligations under capital leases are summarized in Note 9.

## 15. ACCRUED EXPENSES

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Fuel	\$ 3,828,213	\$ 1,937,923
Space hire	1,687,357	2,397,431
Container lease	381,118	342,408
Interest	374,654	463,376
Salary	210,577	17,255
Others	<u>214,073</u>	<u>129,838</u>
	<u>\$ 6,695,992</u>	<u>\$ 5,288,231</u>

## 16. RESERVE FOR LAND VALUE INCREMENT TAX

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

## 17. UNREALIZED GAIN ON SALE AND LEASEBACK

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Chassis	\$ 3,984	\$ 11,765
Vessel Ming North	<u>-</u>	<u>-</u>
	<u>\$ 3,984</u>	<u>\$ 11,765</u>

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

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

## 18. PENSION PLAN

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

- a. The pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Benefits are based on service years and average basic salary of the year before retirement. The pension fund, to which the Corporation contributes amounts equal to 13% of salaries every month in 2008 and 2007, respectively, is administered by the employees' pension reserve fund supervisory committee and deposited in the employee committee's name in the Bank of Taiwan (the Central Trust of China Co., Ltd. merged with the Bank of Taiwan in 2007, with the Bank of Taiwan as survivor entity.)

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

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

Under SFAS No. 18, "Accounting for Pensions," defined benefit pension cost (including the Corporation, All Oceans Transportation, Inc., Yang Ming (Liberia) Corp. and Yangming (UK) Ltd.) should be recognized using the actuarial method. Pension expense is recognized based on agreed upon ratio of their consolidated defined benefit pension cost. According to the actuarial result, the Corporation recognized pension costs of \$60,018 thousand and \$68,343 thousand and contribute \$39,769 thousand and \$39,485 thousand to pension funds for the six months ended June 30, 2008 and 2007, respectively.

- b. Pension plan is a defined contribution scheme under the Labor Pension Act for onshore employees and shipping crew. Starting on July 1, 2005, the Corporation makes monthly contributions to the employees' individual pension accounts in the Bureau of Labor Insurance at 6% of employees' salaries every month. The pension cost under the defined contribution plan was \$14,836 thousand and \$12,576 thousand for the six months ended June 30, 2008 and 2007, respectively.

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

## 19. STOCKHOLDERS' EQUITY

- a. Global depositary receipts

On November 14, 1996, the Corporation issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 dollars per unit. The holders of the GDRs may not exchange them for the Corporation's stocks. However, starting February 14, 1997, the holders of the GDR may request the depositary bank to sell the shares represented by the GDRs. As of June 30, 2008, there were 4,675,746 units outstanding, representing 46,757,524 shares, 2.01% of total issued shares.

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

- b. Capital surplus

Under the Company Law, capital surplus can only be used to offset a deficit. However, the capital surplus from share issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds and treasury stock transactions) may be capitalized, which however is limited to a certain percentage of the Company's paid-in capital. Also, the capital surplus from long-term investments may not be used for any purpose.

c. Appropriation of earnings and dividend policy

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

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

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

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

For the six months ended June 30, 2008, the bonus to employees, representing 1% of net income, was estimated based on past experiences. Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the shareholders' meeting.

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

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

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

The stockholders resolved to appropriate the 2007 and 2006 earnings on June 18, 2008 and June 27, 2007, respectively, as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (Dollars)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Legal reserve	\$ 601,992	\$ 114,316		
Special reserve	-	(7,416)		
Bonus to employees - cash	102,876	58,478		
Cash dividends	2,329,054	735,682	\$1.00	\$0.32
Stock dividends	2,329,054	183,920	1.00	0.08

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

Because of the conversion options exercised by the holders of the domestic unsecured bonds, dividends in 2006 were actually distributed at NT\$0.31953484 per share in cash and at NT\$0.07988370 per share in stock.

The shareholders' meeting held on June 18, 2008 also resolved to distribute stock dividends out of undistributed earnings in the amount of NT\$2,329,054 thousand (included in undistributed stock dividends), and the capital stock increase amounted to NT\$25,624,665 thousand. The above capital increase was approved by the Financial Supervisory Commission of Executive Yuan on July 8, 2008. The Corporation's board of directors resolved September 6, 2008 as the record date ex-dividends and ex-rights.

Had the Corporation recognized bonus to employees as expense in 2007 and 2006, the primary and diluted earnings per share in 2007 would have declined from NT\$2.60 to NT\$2.56 and from NT\$2.58 to NT\$2.54, and in 2006 would have declined from NT\$0.50 to NT\$0.47 and NT\$0.50 to NT\$0.47, respectively.

## 20. INCOME TAX

- a. A reconciliation of income tax expense based on income before income tax at the 25% statutory rate and income tax expense was as follows:

	<b>Six Months Ended June 30</b>	
	<b>2008</b>	<b>2007</b>
Income tax expense at 25% statutory rate	\$ 426,101	\$ 406,630
Tax effect on adjusting items:		
Permanent differences	(238,352)	(166,126)
Temporary differences	9,663	(272,790)
Loss carryforwards used	-	32,286
Additional 10% income tax on undistributed earnings	<u>65,731</u>	<u>5,076</u>
Income tax payable - current	263,143	5,076
Overseas income tax	123,529	89,891
Deferred income tax expenses		
Temporary differences	(9,663)	304,882
Loss carryforwards	-	13,921
Adjustment of prior years' taxes	34,125	37,323
Others	<u>66</u>	<u>(1,162)</u>
Income tax expense - current	<u>\$ 411,200</u>	<u>\$ 449,931</u>

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

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Current (included in other current assets or liabilities)		
Deferred income tax assets		
Deferred contribution	\$ 4,897	\$ -
Unrealized foreign exchange loss	-	14,193
Others	<u>2,841</u>	<u>2,260</u>
	<u>7,738</u>	<u>16,453</u>
Deferred income tax liabilities		
Unrealized foreign exchange gain	<u>(29,778)</u>	<u>-</u>
	<u>\$ (22,040)</u>	<u>\$ 16,453</u>

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Noncurrent		
Deferred income tax assets		
Deferred pension cost	\$ 135,661	\$ 122,122
Cumulative equity in net loss of investee	66,822	34,893
Loss carryforward	-	195,213
Unrealized loss on financial instruments	<u>-</u>	<u>12,771</u>
	<u>202,483</u>	<u>364,999</u>
Deferred income tax liabilities		
Cumulative equity in net income of investee	(2,028,240)	(2,635,092)
Differences in estimated service lives of containers	(204,009)	(265,843)
Unrealized gain on financial instruments	<u>(5,164)</u>	<u>-</u>
	<u>(2,237,413)</u>	<u>(2,900,935)</u>
	<u>\$ (2,034,930)</u>	<u>\$ (2,535,936)</u>

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

Income tax returns through 2005 had been examined and cleared by the tax authorities.

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

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Balance of the imputation credit account (ICA)	\$ 1,380,473	\$ 553,576
Undistributed earnings generated before June 30, 1998	2,064,438	2,064,438

The estimated creditable tax ratio for the 2007 earnings is 13.95%. The actual creditable tax ratio for the 2006 earnings was 11.85%.

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Corporation is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2006 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

## 21. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	<b>Six Months Ended June 30, 2008</b>			
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Nonoperating Expenses and Losses</b>	<b>Total</b>
Personnel expenses				
Salary	\$ 266,851	\$ 502,223	\$ -	\$ 769,074
Insurance	13,527	30,542	-	44,069
Pension	26,372	48,482	-	74,854
Others	29,492	54,010	-	83,502
Depreciation	1,287,036	39,959	15,021	1,342,016
Amortization	<u>20,001</u>	<u>5,618</u>	<u>1,443</u>	<u>27,062</u>
	<u>\$ 1,643,279</u>	<u>\$ 680,834</u>	<u>\$ 16,464</u>	<u>\$ 2,340,577</u>

**Six Months Ended June 30, 2007**

	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Nonoperating Expenses and Losses</b>	<b>Total</b>
Personnel expenses				
Salary	\$ 229,945	\$ 408,873	\$ -	\$ 638,818
Insurance	11,889	27,690	-	39,579
Pension	33,308	47,611	-	80,919
Others	23,612	48,321	-	71,933
Depreciation	1,224,812	38,636	9,300	1,272,748
Amortization	<u>18,742</u>	<u>4,270</u>	<u>2,462</u>	<u>25,474</u>
	<u>\$ 1,542,308</u>	<u>\$ 575,401</u>	<u>\$ 11,762</u>	<u>\$ 2,129,471</u>

**22. EARNINGS PER SHARE**

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

	<u>Amount (Numerator)</u>		<b>Capital Stock (Denominator) (in Thousand Shares)</b>	<u>Net Income Per Share (Dollars)</u>	
	<b>Income Before Income Tax</b>	<b>Net Income</b>		<b>Income Before Income Tax</b>	<b>Net Income</b>
<u>Six months ended June 30, 2008</u>					
Basic EPS	\$ 1,704,404	\$ 1,293,204	2,328,968	<u>\$ 0.73</u>	<u>\$ 0.56</u>
Impact of dilutive potential common shares					
Bonus to employees	-	-	2,479		
Domestic unsecured convertible bonds	<u>69</u>	<u>52</u>	<u>2,746</u>		
Diluted EPS	<u>\$ 1,704,473</u>	<u>\$ 1,293,256</u>	<u>2,334,193</u>	<u>\$ 0.73</u>	<u>\$ 0.55</u>
EPS retroactively adjusted for stock dividend distribution					
Basic EPS	<u>\$ 1,704,404</u>	<u>\$ 1,293,204</u>	<u>2,561,865</u>	<u>\$ 0.67</u>	<u>\$ 0.50</u>
Diluted EPS	<u>\$ 1,704,473</u>	<u>\$ 1,293,256</u>	<u>2,567,612</u>	<u>\$ 0.66</u>	<u>\$ 0.50</u>
<u>Six months ended June 30, 2007</u>					
Basic EPS	\$ 1,626,519	\$ 1,176,588	2,312,740	<u>\$ 0.70</u>	<u>\$ 0.51</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>470</u>	<u>353</u>	<u>18,977</u>		
Diluted EPS	<u>\$ 1,626,989</u>	<u>\$ 1,176,941</u>	<u>2,331,717</u>	<u>\$ 0.70</u>	<u>\$ 0.50</u>
EPS retroactively adjusted for stock dividend distribution					
Basic EPS	<u>\$ 1,626,519</u>	<u>\$ 1,176,588</u>	<u>2,544,014</u>	<u>\$ 0.64</u>	<u>\$ 0.46</u>
Diluted EPS	<u>\$ 1,626,989</u>	<u>\$ 1,176,941</u>	<u>2,564,889</u>	<u>\$ 0.63</u>	<u>\$ 0.46</u>

The weighted average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of employee stock bonuses distributed out of earnings for the year ended December 31, 2006 and stock dividends. This adjustment caused the basic and diluted after income tax EPS for the six months ended June 30, 2007 to decrease from NT\$0.51 to NT\$0.51 and from NT\$0.51 to NT\$0.50, respectively.

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

## 23. DISCLOSURE FOR FINANCIAL INSTRUMENTS

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

	<b>June 30</b>			
	<b>2008</b>		<b>2007</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<b>Assets</b>				
Financial assets at fair value				
through profit or loss - current	\$ 1,098,188	\$ 1,098,188	\$ 1,262,185	\$ 1,262,185
Available-for-sale financial				
assets - current	313,882	313,882	2,672,375	2,672,375
Investments accounted for using				
equity method	18,149,427	-	19,883,362	-
Financial asset carried at cost -				
noncurrent	857,262	-	833,578	-
Available-for-sale financial				
assets - noncurrent	3,820,945	3,820,945	2,427,144	2,427,144
Long-term other receivables -				
related parties	30,704,723	30,704,723	23,280,607	23,280,607
Hedging derivative financial				
assets - noncurrent	20,657	20,657	-	-
<b>Liabilities</b>				
Financial liabilities at fair value				
through profit or loss - current	16,636	16,636	-	-
Hedging derivative financial				
liability - noncurrent	-	-	51,084	51,084
Long-term bank loans	4,000,000	4,000,000	-	-
Bonds	19,189,095	19,535,218	22,465,640	23,259,789
Obligation under capital lease	334,166	334,166	363,250	363,250



Place of transaction:

Place of Transaction	June 30			
	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Financial asset</u>				
Overseas (including foreign institutions in Taiwan)	\$ 38,309	\$ 38,309	\$ 2,534	\$ 2,534
<u>Financial liability</u>				
Overseas (including foreign institutions in Taiwan)	16,636	16,636	51,084	51,084

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

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

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

- 3) Financial assets measured at cost and investments accounted for using equity method are investments in unlisted stocks which had no market value and will require an amount in excess of reasonable cost to determine fair value, thus, no reliable fair value was determined.
- 4) Fair value of long-term receivables - related parties and long-term bank loans are measured at the present values of expected cash flows which are discounted at the interest rate for bank loans with similar maturities.
- 5) The fair value of bonds is market value.

- c. Fair values of financial assets and financial liabilities, based on quoted prices or valuation techniques, were as follows:

	<u>Quoted Price</u>		<u>Estimated Price</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 1,080,536	\$ 1,259,651	\$ 17,652	\$ 2,534
Available-for-sale financial assets - current	313,882	2,672,375	-	-
Available-for-sale financial assets - noncurrent	3,820,945	2,427,144	-	-
Hedging derivative financial assets - noncurrent	-	-	20,657	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	16,636	-
Bonds	19,535,218	23,259,789	-	-
Hedging derivative financial liabilities - noncurrent	-	-	-	51,084

- d. Valuation gains arising from changes in fair value of financial instruments determined using valuation technique were \$112,667 thousand and \$2,534 thousand for the six months ended June 30, 2008 and 2007.
- e. Financial asset and liabilities affected by interest rate were as follows:

	<u>June 30</u>			
	<u>2008</u>		<u>2007</u>	
	<u>Financial Asset</u>	<u>Financial Liabilities</u>	<u>Financial Asset</u>	<u>Financial Liabilities</u>
<u>Risk of interest rate change</u>				
Fair value risk	\$ 1,129,275	\$ 19,323,261	\$ 2,268,586	\$ 23,928,890
Cash flow risk	2,441,498	5,000,000	947,312	1,000,000

- f. Information about financial risks

1) Market risk

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

For the six months ended June 30, 2008 and 2007, the interest rate swap contracts held by the Corporation were for nontrading purposes, i.e., to hedge overall fluctuations on interest rates. The Corporation use interest rate swap contracts with gains or losses that offset the gains or losses on floating interest-bearing liabilities. Through these contracts, the Corporation hedges most of the risks in the market. In addition, the Corporation evaluates the hedging effectiveness of the contracts periodically.

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

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

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

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

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

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

## 2) Credit risk

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

## 3) Liquidity risk

The Corporation entered into interest rate swaps to hedge cash flow risks for the six months ended June 30, 2008 and 2007. The interest rate swap contracts are settled at net amounts; thus, the expected cash demand is not significant.

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

## 4) Cash flow risk on interest rate

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

g. Cash flow hedge

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

Hedged Items	Financial Instruments Designated	Designated Hedging Instruments				Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
		June 30					
		2008		2007			
		Notional Amount	Fair Value	Notional Amount	Fair Value		
Bonds with floating interest rate	Interest rate swap	\$ (500,000)	\$ 6,019	\$ (500,000)	\$ (30,608)	June 18, 2004 - June 18, 2011	June 18, 2004 - June 18, 2011
Bonds with floating interest rate	Interest rate swap	(500,000)	14,638	(500,000)	(20,476)	June 18, 2004 - June 18, 2011	June 18, 2004 - June 18, 2011

## 24. RELATED-PARTY TRANSACTIONS

The significant transactions with related parties for the six months ended June 30, 2008 and 2007 and the related balances, in addition to those mentioned in Note 26 and Schedules E and F, are summarized in the accompanying Schedules C and D.

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

The transactions with related parties were conducted under contract terms.

## 25. ASSETS PLEDGED OR MORTGAGED

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

	June 30	
	2008	2007
Properties, net	\$ 2,182,120	\$ 327,931
Assets leased to others, net	1,440,088	-
Nonoperating assets, net	<u>89,230</u>	<u>89,230</u>
	<u>\$ 3,711,438</u>	<u>\$ 417,161</u>

## 26. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Note 24 and Schedule F, commitments and contingent liability as of June 30, 2008 were as follows:

- Obligations to provide crews to two bulk carrier of Taiwan Power Company under contracts expiring on various dates by September 2012. The daily compensation under the contracts is \$143 thousand for all the crew.

- b. Leases of office premises, ships and container yard under operating lease agreements that will expire on various dates until May 2030. The total rental for the six months ended June 30, 2008 was \$4,267,329 thousand, and future minimum rentals are as follows:

Fiscal Year	Amount
2008 (July 1, 2008 to December 31, 2008)	\$ 4,049,686
2009	1,862,379
2010	589,089
2011	306,641
2012	307,461

Rentals after 2013 amount to \$304,835 thousand. The present value of those rentals, computed at an annual interest rate of 2.735%, is \$243,768 thousand.

- c. Leases of containers and chassis under capital lease agreements expiring on various dates until February 2018. Rental for the six months ended June 30, 2008 was about \$38,581 thousand (deducted from leases payable). Future minimum rentals are as follows:

Fiscal Year	Amount
2008 (July 1, 2008 to December 31, 2008)	\$ 199,895
2009	72,961
2010	26,664
2011	14,082
2012	7,887

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

Company Name	Nature of Relationship	Guarantee Amount
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	US\$ 5,000
All Oceans Transportation Inc.	Subsidiary	US\$ 25,758
Yang Ming (America) Corp.	Subsidiary	US\$ 1,500
Yang Ming (Liberia) Corp.	Subsidiary	US\$ 436,760
United Terminal Leasing LLC	Indirect equity-method investee	US\$ 15,238
West Basin Container Terminal LLC	Indirect equity-method investee	US\$ 16,264
Olympic Container Terminal LLC	Subsidiary	US\$ 4,700

- e. The Corporation signed an agreement to acquire containers. As of June 30, 2008, the Corporation has not yet received the containers and thus has not yet made the related payment of US\$4,696 thousand.

## 27. OTHERS

In order to facilitate reorganization and specialization and to enhance the Corporation's competitiveness and performance, the shareholders resolved to spin off and transfer the dry bulk business (including assets, liabilities and operated business) to their solely owned subsidiary, Kuang Ming Shipping Corp. on June 18, 2008. The spin-off is based on Business Mergers and Acquisitions Law, Company Act and other related regulations. The Corporation planned to transfer net operating value \$4,000,716 thousand and the closing date is on October 1, 2008. Kuang Ming Shipping Corp. will have to issue common stock of 176,330 shares at price of \$22.6888 per share to the Corporation.

## 28. ADDITIONAL DISCLOSURES

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

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

**SCHEDULE A****YANG MING MARINE TRANSPORT CORPORATION****OVERSEAS DEPOSITS  
JUNE 30, 2008**

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<b>Country</b>	<b>Currency</b>	<b>Foreign- currency Amount (Thousands)</b>	<b>New Taiwan Dollar Exchange Rate</b>	<b>New Taiwan Dollar Amount (Thousands)</b>
Japan	USD	\$ 9	30.3500	\$ 275
	JPY	409,398	0.2886	118,144
Hong Kong	USD	1,962	30.3500	59,535
	HKD	3,917	3.8919	15,245
United States	USD	11,077	30.3500	336,195
Belgium	EUR	5	47.9803	230
Indonesia	USD	534	30.3500	16,210
Malaysia	USD	36	30.3500	1,082
	MYR	1,014	9.2956	9,424
Britain	USD	77	30.3500	2,322
	GBP	66	60.5513	4,013
Germany	USD	6	30.3500	179
	EUR	1,120	47.9803	53,748
Philippines	USD	57	30.3500	1,739
	PHP	38,117	0.6776	25,828
Singapore	USD	79	30.3500	2,404
	SGD	5,431	22.3359	121,315
India	INR	9,777	0.7063	6,905
Thailand	THB	95,547	0.9057	86,537
Korea	USD	3	30.3500	101
	KRW	726,232	0.0290	21,068

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

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

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



**YANG MING MARINE TRANSPORT CORPORATION**

RELATED PARTY TRANSACTIONS  
SIX MONTHS ENDED JUNE 30, 2008 AND 2007  
(In Thousands of New Taiwan Dollars)

Related Party	Name of Relationship (See Notes Below)	Operating Revenues												Operating Costs				Nonoperating Income and Gains					
		Charter Hire		Agents' Income		Rent of Container		Cargo Transport Revenue		Ship Management		Other Operating Income		Haulage	Others	Interest Income	Rental Income	Sale of Properties					
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%				
<u>2008</u>																							
Kuang Ming Shipping Corp.	A	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 109,841	53	\$ -	-	\$ -	-	\$ -	-	\$ 69	-	\$ -	-		
All Oceans Transportation, Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	2,011,612	F 20	-	-	345,062	84	-	-			
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	92,000	1	-	-	-	-			
Ching Ming Investment Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	364,934	2	-	-	-	-			
Yangming (Japan) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91	-	-			
Young-Carrier Company Limited	A	-	-	-	-	-	-	-	-	-	-	-	-	-	128,759	1	-	-	-	-			
Yangming (UK) Ltd.	A	360,244	D 24	55,787	96	422,120	96	-	-	72,596	35	-	-	-	400,102	2	-	-	-	-			
Yang Ming Shipping Europe GmbH	A	-	-	-	-	-	-	-	-	-	-	-	-	-	211,257	1	-	-	-	-			
Yang Ming Line (Hong Kong) Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	145,154	1	-	-	-	-			
Yangming Shipping (Singapore) Pte. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	42,285	-	-	-	-	-			
Yang Ming Line (M) Sdn. Bhd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	21,928	-	-	-	-	-			
Yang Ming (America) Co.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	799,106	5	-	-	-	-			
Yes Logistics Corp.	A	-	-	-	-	-	-	67,742	-	-	-	14,821	-	-	31,953	-	-	-	2,000	3			
Yang Ming Italy S.p.A.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	57,525	-	-	-	-	-			
Yang Ming Line (India) Pvt. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	1,930	-	-	-	-	-			
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Yang Ming Shipping (B.V.I.) Inc.	A	-	-	-	-	-	-	-	-	-	-	-	975,999	I 10	-	-	10,632	3	-	-			
Yang Ming (Vietnam) Corp.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	10,226	-	-	-	-	-			
West Basin Container Terminal LLC	B	-	-	-	-	-	-	-	-	-	-	-	-	-	1,200,167	7	-	-	-	-			
Olympic Container Terminal LLC	A	-	-	-	-	-	-	-	-	-	-	-	-	-	225,352	1	-	-	-	-			
Yang Ming (Korea) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	89,514	1	-	-	-	-			
Yang Ming (Belgium) N.V.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	47,707	-	-	-	-	-			
Yang Ming (Netherlands) B.V.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	76,390	-	-	-	-	-			
Taiwan Navigation Co., Ltd.	C	-	-	-	-	-	-	-	-	-	-	610	-	-	60,776	-	-	-	-	-			
		<u>\$ 360,244</u>	<u>24</u>	<u>\$ 55,787</u>	<u>96</u>	<u>\$ 422,120</u>	<u>96</u>	<u>\$ 67,742</u>	<u>-</u>	<u>\$ 182,437</u>	<u>88</u>	<u>\$ 15,431</u>	<u>-</u>	<u>\$ 5,062,996</u>	<u>50</u>	<u>\$ 4,251,522</u>	<u>24</u>	<u>\$ 355,694</u>	<u>87</u>	<u>\$ 2,160</u>	<u>3</u>		
<u>2007</u>																							
Kuang Ming Shipping Corp.	A	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 14,946	N -	\$ -	-	\$ -	-	\$ -	-		
All Oceans Transportation Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	2,293,014	E 18	-	-	360,815	80	-	1,506,294	M 40	
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	95,000	1	-	-	-	-	-		
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	445,017	3	-	-	-	-	-		
Yangming (Japan) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	123,150	1	-	-	-	-	-		
Young-Carrier Company Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	304,126	2	-	-	-	-	-		
Yangming (Cayman) Ltd. (Note O)	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yangming (U.K.) Ltd.	A	-	-	51,461	99	322,880	99	-	-	64,166	71	8	1,231,116	L 10	168,288	1	-	-	-	-	-		
Yang Ming Shipping Europe GmbH	A	-	-	-	-	-	-	-	-	-	-	-	-	-	207,286	1	-	-	-	-	-		
Yang Ming Line (Hong Kong) Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	77,328	1	-	-	-	-	-		
Yangming Shipping (Singapore) Pte. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	41,369	-	-	-	-	-	-		
Kuang Ming Shipping Corp. (Panama)	A	-	-	-	-	-	-	-	-	-	-	-	-	-	29,892	H -	-	-	-	-	-		
Yang Ming Line (M) Sdn. Bhd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	25,980	-	-	-	-	-	-		
Yang Ming (America) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	912,666	5	-	-	-	-	-		
Yang Ming (Netherlands) B.V.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	30,055	-	-	-	-	-	-		
Yes Logistic Corp.	A	-	-	-	-	-	-	164,185	-	-	-	7,321	-	-	27,838	-	-	-	2,000	-	-		
Yang Ming Italy S.p.A.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	64,466	-	-	-	-	-	-		
Yang Ming Line (India) Pvt. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	4,283	-	-	-	-	-	-		
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	713,057	J 6	-	-	41,939	9	-	-	-		
Yang Ming (Vietnam) Corp.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	97,872	1	-	-	-	-	-		
West Basin Container Terminal LLC	B	-	-	-	-	-	-	-	-	-	-	-	-	-	10,063	-	-	-	-	-	-		
Olympic Container Terminal LLC	A	-	-	-	-	-	-	-	-	-	-	-	-	-	1,236,497	7	-	-	-	-	-		
Yang Ming (Belgium) N.V.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	149,799	1	-	-	-	-	-		
Yang Ming (Korea) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	5,905	-	-	-	-	-	-		
		<u>\$ -</u>	<u>-</u>	<u>\$ 51,461</u>	<u>99</u>	<u>\$ 322,880</u>	<u>99</u>	<u>\$ 164,185</u>	<u>-</u>	<u>\$ 64,166</u>	<u>71</u>	<u>\$ 7,329</u>	<u>-</u>	<u>\$ 4,283,520</u>	<u>34</u>	<u>\$ 4,124,344</u>	<u>25</u>	<u>\$ 402,754</u>	<u>89</u>	<u>\$ 2,000</u>	<u>-</u>	<u>\$ 1,506,294</u>	<u>40</u>

(Continued)

- Notes:
- A. Subsidiary of the Corporation.
  - B. An equity-method investee of subsidiary of the Corporation.
  - C. More than half of the directors are identical.
  - D. Lease of 4 ships for Yangming (U.K.) Ltd.
  - E. Lease of 40 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until September 2009; rent is payable monthly.
  - F. Lease of 39 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until September 2009; rent is payable monthly.
  - G. Lease of one ship from Yangming (Cayman) Ltd. was under an agreement cancelled before expiry date in March 2007.
  - H. Lease of one ship from Kuang Ming Shipping Corp. (Panama) under an agreement expiring on December 31, 2007; rent is payable monthly.
  - I. Lease of 9 ships from Yangming (Liberia) Corp. under several agreements expiring on various dates until November 21, 2008; rent is payable monthly.
  - J. Lease of 4 ships from Yangming (Liberia) Corp. under several agreements expiring on various dates until November 21, 2008; rent is payable monthly.
  - K. Lease of containers from Yangming (U.K.) Ltd. under several agreements expiring on various dates until December 2008; rent is payable monthly.
  - L. Lease of containers from Yangming (U.K.) Ltd. under several agreements expiring on various dates until December 2007; rent is payable monthly.
  - M. Sale of 2 ships to All Oceans Transportation Inc. in January and April of 2007 at book value.
  - N. Lease of one ship from Kuang Ming Shipping Corp. under an agreement expiring on April 10, 2008; rent was payable monthly.
  - O. Yangming (Cayman) Ltd. had been liquidated on September 28, 2007.
  - P. On January 16, 2007, Yang Ming Marine Transport Corporation acquired 9,839 thousand shares of Taiwan Navigation Co., Ltd. from Yunn Wang Investment Co., Ltd. (a wholly-owned subsidiary of Taiwan Navigation Co., Ltd.) in open market by block trade (acquisition amount \$271,064 thousand).
  - Q. On March 12, 2007, Yang Ming Marine Transport Corporation acquired 5,211 thousand shares of Yunn Wang Investment Co., Ltd. from Taiwan Navigation Co., Ltd. (acquisition amount \$179,810 thousand).
  - R. Other related parties, with which the Corporation had no transactions for the six months ended June 30, 2008, are listed in Schedule J.

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION**

**RELATED-PARTY ACCOUNT BALANCES  
JUNE 30, 2008 AND 2007  
(In Thousands of New Taiwan Dollars)**

Related Party	Nature of Relationship (See Notes Below)	Receivables from Related Parties						Advances to Shipping Agents	Prepaid Expense	Long-term Receivable from Related Parties	Payables to Related Parties									
		Accounts Receivables		Other Receivables		Total					Amount	%	Amount	%	Accrued Expense		Payables to Shipping Agents		Total	
		Amount	%	Amount	%	Amount	%								Amount	%	Amount	%	Amount	%
<b>2008</b>																				
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 4,162	-	\$ 4,162	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-			
All Oceans Transportation, Inc.	A	-	-	1,949,913	E 31	1,949,913	31	-	-	28,422,823	F 92	-	-	-	-	-	-			
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	73,435	2	-	-	-	73,435			
Ching Ming Investment Corp.	A	-	-	2,131	-	2,131	-	-	-	-	-	-	-	-	-	-	-			
Yangming (Japan) Co., Ltd.	A	65,495	1	-	-	65,495	1	-	-	-	-	-	-	122,380	3	122,380	3			
Young-Carrier Company Limited	A	1,397,377	22	-	-	1,397,377	22	-	-	-	-	-	-	814,624	23	814,624	23			
Yangming (UK) Ltd.	A	788,244	13	-	-	788,244	13	-	-	-	-	-	-	1,666,130	H 46	1,666,130	46			
Yang Ming Shipping Europe GmbH	A	182,753	3	-	-	182,753	3	-	-	-	-	-	-	28,376	1	28,376	1			
Yang Ming Line (Hong Kong) Ltd.	A	97,409	2	-	-	97,409	2	-	-	-	-	-	-	123,972	3	123,972	3			
Yangming Shipping (Singapore) Pte. Ltd.	A	8,050	-	-	-	8,050	-	1,732	-	-	-	-	-	24,074	1	24,074	1			
Kuang Ming Shipping Corp. (Panama)	A	-	-	-	-	-	-	-	-	-	-	28,079	1	-	-	28,079	1			
Yang Ming Line (M) Sdn. Bhd.	A	21,529	-	64	-	21,593	-	-	-	-	-	-	-	1,391	-	1,391	-			
Yang Ming (America) Co.	A	257,711	4	-	-	257,711	4	-	-	-	-	-	-	323,416	9	323,416	9			
Yang Ming (Netherlands) B.V.	A	228,141	4	-	-	228,141	4	-	-	-	-	-	-	141,010	4	141,010	4			
Yes Logistics Corp.	A	17,621	-	8,928	-	26,549	-	-	-	-	-	2,794	-	-	-	2,794	-			
Yang Ming Italy S.p.A.	A	74,404	1	-	-	74,404	1	-	-	-	-	-	-	37,925	1	37,925	1			
Yang Ming Line Holding Co.	A	-	-	-	-	-	-	-	-	28,550	-	-	-	-	-	-	-			
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	1,146,270	I 4	-	-	-	-	-	-			
Yang Ming Line (India) Pvt. Ltd.	A	22,823	-	4,150	-	26,973	-	-	-	-	-	-	-	18,052	-	18,052	-			
Yang Ming (Vietnam) Corp.	B	71,806	1	-	-	71,806	1	-	-	-	-	-	-	114,731	3	114,731	3			
Yang Ming (Liberia) Corp.	A	-	-	954,738	H 15	954,738	15	-	-	1,107,080	J 4	-	-	-	-	-	-			
Yang Ming (Korea) Co., Ltd.	A	120,007	2	-	-	120,007	2	-	-	-	-	-	-	76,316	2	76,316	2			
Yang Ming (Belgium) N.V.	A	44,037	1	-	-	44,037	1	11,801	3	-	-	-	-	-	-	-	-			
Yang Ming Cultural Foundation	D	-	-	9,943	-	9,943	-	-	-	-	-	-	-	-	-	-	-			
Taiwan Navigation Co., Ltd.	C	-	-	-	-	-	-	-	-	-	-	20,529	1	-	-	20,529	1			
		<u>\$ 3,397,407</u>	<u>54</u>	<u>\$ 2,934,029</u>	<u>46</u>	<u>\$ 6,331,436</u>	<u>100</u>	<u>\$ 13,533</u>	<u>3</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 30,704,723</u>	<u>100</u>	<u>\$ 124,837</u>	<u>4</u>	<u>\$ 3,492,397</u>	<u>96</u>	<u>\$ 3,617,234</u>	<u>100</u>	

**2007**

Kuang Ming Shipping Corp.	A	\$ -	-	\$ 31,209	-	\$ 31,209	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
All Oceans Transportation Inc.	A	-	-	1,676,132	E 22	1,676,132	22	-	-	21,058,972	G 91	-	-	-	-	-	-
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	66,294	5	-	-	66,294	5
Ching Ming Investment Corp.	A	-	-	1,198	-	1,198	-	-	-	-	-	-	-	-	-	-	-
Yangming (Japan) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	110,697	9	110,697	9
Young-Carrier Company Ltd.	A	1,250,836	16	-	-	1,250,836	16	-	-	-	-	-	-	264,300	22	264,300	22
Yangming (U.K.) Ltd.	A	128,126	2	863,983	E 11	992,109	13	81,885	27	-	-	-	-	20,206	2	20,206	2
Yang Ming Shipping Europe GmbH	A	278,756	4	-	-	278,756	4	-	-	-	-	-	-	20,206	2	20,206	2
Yang Ming Line (Hong Kong) Ltd.	A	159,581	2	-	-	159,581	2	-	-	-	-	-	-	188,519	15	188,519	15
Yangming Shipping (Singapore) Pte. Ltd.	A	18,027	-	-	-	18,027	-	-	-	-	-	-	-	23,202	2	23,202	2
Kuang Ming Shipping Corp. (Panama)	A	-	-	591	-	591	-	-	-	1,655	1	5,571	1	-	-	5,571	1
Yang Ming Line (M) Sdn. Bhd	A	57,249	1	-	-	57,249	1	-	-	-	-	-	-	90,748	7	90,748	7
Yang Ming (America) Corp.	A	636,246	8	-	-	636,246	8	-	-	-	-	-	-	86,074	7	86,074	7
Yang Ming (Netherlands) B.V.	B	78,051	1	-	-	78,051	1	-	-	-	-	-	-	115,014	9	115,014	9
Yes Logistics Corp.	A	8,697	-	4,846	-	13,543	-	-	-	-	-	4,400	-	-	-	4,400	-
Yang Ming Italy S.p.A.	A	105,255	1	-	-	105,255	1	-	-	-	-	-	-	29,227	2	29,227	2

(Continued)

Related Party	Nature of Relationship (See Notes Below)	Receivables from Related Parties						Advances to Shipping Agents	Prepaid Expense	Long-term Receivable from Related Parties	Payables to Related Parties									
		Accounts Receivables		Other Receivables		Total					Amount	%	Amount	%	Accrued Expense		Payables to Shipping Agents		Total	
		Amount	%	Amount	%	Amount	%								Amount	%	Amount	%	Amount	%
Yang Ming Line Holding Co.	A	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 30,805	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	1,236,196	I 5	-	-	-	-	-	-	-	-	
Yang Ming Line (India) Pvt. Ltd.	A	26,932	-	-	-	26,932	-	-	-	-	-	-	-	45,735	4	45,735	4	45,735	4	
Yang Ming (Vietnam) Corp.	B	31,947	1	-	-	31,947	1	-	-	-	-	-	-	89,017	7	89,017	7	89,017	7	
Yang Ming (Liberia) Corp.	A	-	-	2,146,944	H 28	2,146,944	28	-	-	954,634	J 4	-	-	-	-	-	-	-	-	
Yang Ming (Korea) Co., Ltd.	A	150,184	2	-	-	150,184	2	-	-	-	-	-	-	96,519	8	96,519	8	96,519	8	
Yang Ming (Belgium) N.V.	A	45,730	1	-	-	45,730	1	-	-	-	-	-	-	-	-	-	-	-	-	
Honming Terminal & Stavedoring Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	1,050	-	-	-	-	-	1,050	-	
		<u>\$ 2,975,617</u>	<u>39</u>	<u>\$ 4,724,903</u>	<u>61</u>	<u>\$ 7,700,520</u>	<u>100</u>	<u>\$ 81,885</u>	<u>27</u>	<u>\$ 1,655</u>	<u>1</u>	<u>\$ 23,280,607</u>	<u>100</u>	<u>\$ 77,315</u>	<u>6</u>	<u>\$ 1,159,258</u>	<u>94</u>	<u>\$ 1,236,573</u>	<u>100</u>	

- Notes:
- A. Subsidiary of the Corporation
  - B. An equity-method investee of subsidiary of the Corporation.
  - C. More than half of the directors are identical.
  - D. The Corporation's donation is equal to the foundation's capital.
  - E. Including the payment made for All Oceans Transportation Inc.
  - F. Including dividends receivable, the amount of proceeds from disposal of ships and the payment made for All Oceans Transportation Inc.
  - G. The amount of proceeds from disposal of ships.
  - H. Represents freight expense paid and held on behalf of Yangming (UK) Ltd.
  - I. Dividends receivable.
  - J. Including the amount of proceeds from disposal of ships and financing provided (Schedule E).
  - K. Including financing provided and the payment made for Yang Ming (Liberia) Corp.
  - L. Receivables from all Oceans Transportation Inc. and from Yang Ming (Liberia) Corp. will be offset by rentals payable and the payment made for All Oceans Transportation Inc. periodically.
  - M. Other related parties, with which the Corporation had no transactions for the six months ended June 30, 2008, are listed in Schedule J.

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES**

**FINANCING PROVIDED**

**JUNE 30, 2008**

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

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Year (Note J)	Ending Balance (Note K)	Interest Rate	Nature of Financing (Note A)	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can Be Provided by the Financier
											Item	Value		
0	Yang Ming Marine Transport Corporation	Yang Ming (Liberia) Corp. Antwerp International Terminal	Other receivables	\$ 1,229,022 (US\$ 40,495,000)	\$ 1,229,022 (US\$ 40,495,000)	3.47%	1	\$ 2,259,709 (US\$ 74,455,000)	Repayment of loans	\$ -	-	\$ -	\$ 2,259,709 (Note C)	\$ 14,644,144 (Note B)
			Other receivables	23,506 (EUR 490,000)	15,690 (EUR 327,000)	5.48%	1	262,164 (EUR 5,464,000)	Improve financial structure	-	-	-	262,164 (Note C)	14,644,144 (Note B)
1	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	415,795 (US\$ 13,700,000)	415,795 (US\$ 13,700,000)	4.00%	2	-	Obtain working capital	-	-	-	491,670 (Note E)	546,300 (Note D)
2	Yang Ming Shipping (B.V.I.) Inc.	Karman Properties Limited	Temporary debits	94,002 (HK\$ 24,153,000)	94,002 (HK\$ 24,153,000)	-	2	-	Acquisition of office building	-	-	-	386,120 (Note G)	482,650 (Note F)
3	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Line (India) Pvt. Ltd.	Other receivables	3,642 (US\$ 120,000)	3,642 (US\$ 120,000)	2.80%	2	-	Obtain working capital	-	-	-	731,407 (Note H)	1,462,813 (Note F)
4	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line B.V.	Payment for others	30,033 (Note I)	-	-	2	-	Investment Yangming (UK) Ltd. and Yang Ming Shipping Europe GmbH	-	-	-	4,360,757 (Note G)	5,450,946 (Note F)

Notes:

A. Nature of Financing:

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

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

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

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

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

F. Represents the lender's net asset value.

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

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

I. Equivalent to GBP328,000 and EUR212,000 translated into New Taiwan dollars at the exchange rate of GBP1=NT\$60.5513 and EUR1=NT\$47.9083 as of June 30, 2008.

J. United States dollars, Euro currency and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$30.35, EUR1=NT\$47.9803 and HK\$1=NT\$3.8919 as of June 30, 2008.

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

**YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES**

**ENDORSEMENT/GUARANTEE PROVIDED**

**JUNE 30, 2008**

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

No.	Guarantor	Guaranteed Party		Maximum Amount of Guarantee to Individual Guaranteed Parties	Maximum Balance for the Year (Note K)	Ending Balance (Note K)	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Amount of Guarantee that Can be Provided by the Guarantor
		Name	Nature of Relationship						
0	Yang Ming Marine Transport Corporation	Yang Ming (America) Corp.	Subsidiary	\$ 39,051,051 (Note B)	\$ 45,525 (US\$ 1,500,000)	\$ 45,525 (US\$ 1,500,000)	\$ -	0.09%	\$ 48,813,814 (Note A)
		All Oceans Transportation, Inc.	Subsidiary	39,051,051 (Note B)	893,445 (US\$ 29,438,000)	781,764 (US\$ 25,758,000)	-	1.60%	48,813,814 (Note A)
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	39,051,051 (Note B)	151,750 (US\$ 5,000,000)	151,750 (US\$ 5,000,000)	-	0.31%	48,813,814 (Note A)
		Yang Ming (Liberia) Corp.	Subsidiary	39,051,051 (Note B)	13,255,666 (US\$436,760,000)	13,255,666 (US\$436,760,000)	-	27.16%	48,813,814 (Note A)
		United Terminal Leasing LLC	Equity-method investee of subsidiary	39,051,051 (Note B)	462,484 (US\$ 15,238,000)	462,484 (US\$ 15,238,000)	-	0.95%	48,813,814 (Note A)
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	39,051,051 (Note B)	493,612 (US\$ 16,264,000)	493,612 (US\$ 16,264,000)	-	1.01%	48,813,814 (Note A)
		Olympic Container Terminal LLC	Subsidiary	39,051,051 (Note B)	142,645 (US\$ 4,700,000)	142,645 (US\$ 4,700,000)	-	0.29%	48,813,814 (Note A)
1	Yang Mine Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	437,040 (Note D)	3,168 (US\$ 104,000)	2,112 (US\$ 70,000)	-	-	546,300 (Note C)
2	Yes Logistics Corp.	Yes Logistics Co., Ltd.	Subsidiary	600,000 (Note F)	467,542 (US\$ 15,405,000)	467,542 (US\$ 15,405,000)	467,542	0.96%	1,200,000 (Note E)
3	Yang Ming Line (Hong Kong) Ltd.	Karman Properties Limited	Subsidiary	62,270 (Note H)	62,271 (HK\$ 16,000,000)	62,271 (HK\$ 16,000,000)	-	0.13%	77,838 (Note G)
4	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	Subsidiary	2,513,102 (Note J)	43,294 (US\$ 1,427,000)	43,294 (US\$ 1,427,000)	-	0.09%	3,141,378 (Note I)

Notes:

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

(Continued)

- E. Represents 100% of the paid-in capital of Yes Logistics Corp.
- F. Represents 50% of the amount mentioned in Note E.
- G. Represents HK\$20,000,000.
- H. Represents 80% of the amount mentioned in Note G.
- I. Represents 100% of the paid-in capital of Yang Ming Line (B.V.I.) Holding Co., Ltd.
- J. Represents 80% of the amount mentioned in Note I.
- K. United States dollars, Great Britain's currency and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$30.35, GBP\$1=NT\$60.5513 and HK\$1=NT\$3.8919 on June 30, 2008.
- L. Financial statements used as basis of investment amounts were unaudited, except Yang Ming Line (B.V.I.) Holding Co., Ltd.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

## MARKETABLE SECURITIES HELD

JUNE 30, 2008

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2008			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Amount	% of Ownership		
Yang Ming Marine Transport Corporation	<u>Common stock</u>							
	Yang Ming Line (BVI) Holding Co., Ltd.	Subsidiary	Investments accounted for using equity method	10,351	\$ 5,450,946	100.00	\$ 5,450,946	
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for using equity method	60,130,000	1,462,813	100.00	1,462,813	
	All Oceans Transportation, Inc.	Subsidiary	Investments accounted for using equity method	1,000	4,983,421	100.00	4,983,421	
	Kuang Ming Shipping Corp.	Subsidiary	Investments accounted for using equity method	29,184,000	992,315	100.00	992,315	
	Yang Ming Line Holding Co.	Subsidiary	Investments accounted for using equity method	13,500	384,388	100.00	384,388	
	Ching Ming Investment Corp.	Subsidiary	Investments accounted for using equity method	153,000,000	1,616,838	100.00	1,616,838	
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for using equity method	31,667,630	357,573	79.17	357,573	
	Jing Ming Transportation Co., Ltd.	Subsidiary	Investments accounted for using equity method	8,615,923	115,446	50.98	115,446	
	Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	55,251,100	513,149	46.04	513,149	
	Yang Ming (Liberia) Corp.	Subsidiary	Investments accounted for using equity method	1	(223,299)	100.00	(223,299)	(Note N)
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments accounted for using equity method	1,345	174,239	49.00	174,239	
	Chunghwa Investment Co., Ltd.	Equity-method investee	Investments accounted for using equity method	80,000,000	831,169	40.00	831,169	
	Ming Giant (Shanghai) International Logistics Company Limited	Subsidiary	Investments accounted for using equity method	(Note H)	214,728	100.00	214,728	
	Kao Ming Container Terminal Corp.	Subsidiary	Investments accounted for using equity method	80,000,000	801,417	100.00	801,417	
	Yunn Wang Investment Co., Ltd.	Equity-method investee	Investments accounted for using equity method	5,211,474	250,985	49.75	250,985	
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset measured at cost - noncurrent	32,000,000	316,640	10.00	-	
	Antwerp International Terminal N.V.	-	Financial asset measured at cost - noncurrent	1,486,030	58,978	16.33	-	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	70,758,243	3,820,945	16.96	3,820,945	(Note W)
	Delta Electronics, Inc.	-	Financial asset at fair value through profit or loss - current	465,000	39,292	0.02	39,292	
	Greatek Electronics Inc.	-	Financial asset at fair value through profit or loss - current	432,000	15,336	0.09	15,336	
	Tripod Technology Corporation	-	Financial asset at fair value through profit or loss - current	723,000	54,876	0.17	54,876	
	Shin Zu Shing Co., Ltd.	-	Financial asset at fair value through profit or loss - current	250,000	40,125	0.22	40,125	
	Taiwan Cooperative Bank	-	Financial asset at fair value through profit or loss - current	80,266	2,264	-	2,264	
	Formosa Plastics Corporation	-	Financial asset at fair value through profit or loss - current	1,647,000	120,560	0.03	120,560	

(Continued)



Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
				Shares/Units	Carrying Amount	% of Ownership	Market Value or Net Asset Value (Note A)	
	System Corporation	-	Financial asset at fair value through profit or loss - current	820,000	\$ 21,156	0.26	\$ 21,156	
	Aten International Co., Ltd.	-	Financial asset at fair value through profit or loss - current	110,000	6,776	0.10	6,776	
	Test-Serv Inc.	-	Financial asset at fair value through profit or loss - current	53,000	610	0.09	610	
	Chenbro Micom Co., Ltd.	-	Financial asset at fair value through profit or loss - current	60,000	1,056	0.06	1,056	
	United Integrated Services Co., Ltd.	-	Financial asset at fair value through profit or loss - current	65,000	1,657	0.02	1,657	
	United Microelectronics Corp.	-	Financial asset at fair value through profit or loss - current	200,000	3,220	-	3,220	
	Taiwan Fire & Marine Insurance Co., Ltd.	-	Financial asset at fair value through profit or loss - current	65,000	1,840	0.02	1,840	
	Cathay Financial Holding Co., Ltd.	-	Financial asset at fair value through profit or loss - current	1,320,000	87,120	0.01	87,120	
	Formosa Petrochemical Corp.	-	Financial asset at fair value through profit or loss - current	226,000	18,125	-	18,125	
	Taiwan Fertilizer Co., Ltd.	-	Financial asset at fair value through profit or loss - current	18,000	2,052	-	2,052	
	<u>Exchange traded funds</u>							
	Polaris/P-shares Taiwan Electronics Tech ETF	-	Financial asset at fair value through profit or loss - current	670,000	14,680	-	14,680	
	Fubon Taiwan Technology Tracker Fund	-	Financial asset at fair value through profit or loss - current	90,000	3,132	-	3,132	
	<u>Mutual fund</u>							
	Allianz Glb inv Glb Eco Trends Fund	-	Financial asset at fair value through profit or loss - current	11,494,965	167,711	-	167,711	
	KGI PanAaia TW Enterprise Fund	-	Financial asset at fair value through profit or loss - current	4,995,005	36,813	-	36,813	
	Baring GUF Eastern Europe Fund	-	Financial asset at fair value through profit or loss - current	22,072	107,193	-	107,193	
	Paradigm Small Capital Fund	-	Financial asset at fair value through profit or loss - current	255,232	6,894	-	6,894	
	Allianz Glb Inv Glb Demographic Trends Fund	-	Financial asset at fair value through profit or loss - current	5,000,000	41,900	-	41,900	
	JF (Taiwan) New Silk Road Emerging Markets Fund	-	Financial asset at fair value through profit or loss - current	2,000,000	18,980	-	18,980	
	Allianz Global Agricultural Trends Fund	-	Financial asset at fair value through profit or loss - current	8,800,178	99,178	-	99,178	
	Yuanta Equity Hedge Strategy Fund	-	Financial asset at fair value through profit or loss - current	1,000,000	9,660	-	9,660	
	PCA Global Green Solution Fund	-	Financial asset at fair value through profit or loss - current	3,000,000	29,880	-	29,880	
	ABN AMRO Utilities Fund	-	Financial asset at fair value through profit or loss - current	24,331	96,175	-	96,175	
	BlackRock World Energy Fund	-	Financial asset at fair value through profit or loss - current	31,635	29,322	-	29,322	
	Schroders ISF Global Energy A1 Fund	-	Available-for-sale financial asset - noncurrent	72,789	110,943	-	110,943	
	Invesco Energy Fund	-	Available-for-sale financial asset - noncurrent	91,684	113,057	-	113,057	
	Investec Global Energy Fund	-	Available-for-sale financial asset - noncurrent	7,313	89,882	-	89,882	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
				Shares/Units	Carrying Amount	% of Ownership	Market Value or Net Asset Value (Note A)	
Ching Ming Investment Corp.	BGI Liquidity First Fund (USD)	-	Financial asset at fair value through profit or loss - current	39,970	\$ 1,894	-	\$ 1,894	
	BGI Liquidity First Fund (EUR)	-	Financial asset at fair value through profit or loss - current	10,908	1,059	-	1,059	
	<u>Preferred stock</u> New Century InfoComm Tech Co., Ltd.	-	Financial asset measured at cost - noncurrent	67,368,400	481,644	1.68	-	
	<u>Common stock</u> Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for using equity method	3,950,000	45,230	9.88	45,230	
	Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	49,311,077	458,087	41.09	458,087	
	SF Technology Venture Capital Investment Corp.	-	Financial asset measured at cost - noncurrent	2,800,000	8,968	7.24	-	
	United Venture Capital Corp.	-	Financial asset measured at cost - noncurrent	6,400,000	52,352	9.04	-	
	Ascentek Venture Capital Corp.	-	Financial asset measured at cost - noncurrent	1,400,000	14,056	2.14	-	
	China Technology Venture Capital Corporation	-	Financial asset measured at cost - noncurrent	3,000,000	30,000	8.96	-	
	Kingmax Technology Corp.	-	Financial asset measured at cost - noncurrent	1,644,231	21,835	1.38	-	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	505,000	27,270	0.12	27,270	(Note W)
	China Steel Corporation	-	Financial asset at fair value through profit or loss - current	200,000	9,370	-	9,370	
	Cathay Financial Holding Co., Ltd.	-	Financial asset at fair value through profit or loss - current	2,155,000	142,230	0.02	142,230	
	U-Ming Marine Transport Corp.	-	Financial asset at fair value through profit or loss - current	200,000	16,000	0.02	16,000	
	Delta Electronics, Inc.	-	Financial asset at fair value through profit or loss - current	52,500	4,436	-	4,436	
	Powertech Technology Inc.	-	Financial asset at fair value through profit or loss - current	460,000	48,990	0.08	48,990	
	Tripod Technology Corporation	-	Financial asset at fair value through profit or loss - current	430,000	32,637	0.10	32,637	
	AU Optronics Corp.	-	Financial asset at fair value through profit or loss - current	202,755	9,672	-	9,672	
	Radiant Opto-Electronics Corp.	-	Financial asset at fair value through profit or loss - current	400,526	14,619	0.10	14,619	
	Novatek Microelectronics Corp.	-	Financial asset at fair value through profit or loss - current	18,250	6,388	-	6,388	
	Hon Hai Precision Ind Co, Ltd.	-	Financial asset at fair value through profit or loss - current	170,000	25,415	-	25,415	
	Taiwan Surface Mounting Technology Corp.	-	Financial asset at fair value through profit or loss - current	80,500	3,727	0.06	3,727	
	High Tech Computer Corp.	-	Financial asset at fair value through profit or loss - current	205,000	139,400	0.04	139,400	
	Acer Incorporated	-	Financial asset at fair value through profit or loss - current	60,500	3,618	-	3,618	
	Wellypower Optronics Co., Ltd.	-	Financial asset at fair value through profit or loss - current	110,000	4,697	0.07	4,697	
	Formosa Petrochemical Corp.	-	Financial asset at fair value through profit or loss - current	50,000	4,010	-	4,010	
	Coretronic Corporation	-	Financial asset at fair value through profit or loss - current	350,938	11,265	0.05	11,265	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
				Shares/Units	Carrying Amount	% of Ownership	Market Value or Net Asset Value (Note A)	
	Richtek Technology Corp.	-	Financial asset at fair value	33,000	\$ 7,788	0.03	\$ 7,788	
	Tainan Spinning Co., Ltd.	-	through profit or loss - current Financial asset at fair value	400,000	4,820	0.03	4,820	
	Shin Zu Shing Co., Ltd.	-	through profit or loss - current Financial asset at fair value	282,500	45,341	0.25	45,341	
	Aten International Co., Ltd.	-	through profit or loss - current Financial asset at fair value	461,986	28,458	0.44	28,458	
	Taiwan Fertilizer Co., Ltd.	-	through profit or loss - current Financial asset at fair value	44,000	5,016	-	5,016	
	<u>Exchange traded funds</u> Polaris/P-shares Taiwan Electronics Tech ETF	-	through profit or loss - current Financial asset at fair value	100,000	2,191	0.09	2,191	
	<u>Mutual fund</u> IBT Ta-Chong Bond Fund	-	through profit or loss - current Financial asset at fair value	7,507,707	100,230	-	100,230	
	Fuh Hwa Bond Fund	-	through profit or loss - current Financial asset at fair value	981,363	13,406	-	13,406	
	IBT 1699 Bond Fund	-	through profit or loss - current Financial asset at fair value	7,120,298	90,471	-	90,471	
	IBT North American Income Trust Fund	-	through profit or loss - current Financial asset at fair value	500,000	4,870	-	4,870	
	Hua Nan Global Infrastructure Fund	-	through profit or loss - current Financial asset at fair value	200,000	1,832	-	1,832	
	Allianz GIS RCM Little Dragon Fund	-	through profit or loss - current Financial asset at fair value	4,520	14,932	-	14,932	
	Fidelity European Growth Fund	-	through profit or loss - current Financial asset at fair value	5,136	4,928	-	4,928	
	Templeton Developing Markets Fund	-	through profit or loss - current Financial asset at fair value	2,254	1,835	-	1,835	
	Fidelity European Aggressive Fund	-	through profit or loss - current Financial asset at fair value	1,277	1,101	-	1,101	
	Fidelity Emerging Markets Fund	-	through profit or loss - current Financial asset at fair value	2,477	1,840	-	1,840	
	AIG Global Medallion Fund of Funds	-	through profit or loss - current Financial asset at fair value	1,779,107	19,962	-	19,962	
	Capital Strategin Growth Fund	-	through profit or loss - current Financial asset at fair value	1,000,000	9,700	-	9,700	
	AIG Latin America Fund	-	through profit or loss - current Financial asset at fair value	100,000	1,381	-	1,381	
	PCA Global Green Solutions Fund	-	through profit or loss - current Financial asset at fair value	1,000,000	9,960	-	9,960	
	UPAMC James Bond Fund	-	through profit or loss - current Financial asset at fair value	1,192,391	18,816	-	18,816	
	SinoPac Bond Fund	-	through profit or loss - current Financial asset at fair value	4,618,174	61,029	-	61,029	
	JF (Taiwan) Japan Brilliance Fund	-	through profit or loss - current Financial asset at fair value	1,000,000	7,190	-	7,190	
Yang Ming Line (Singapore) Pte. Ltd.	<u>Common stock</u> Yang Ming Shipping (BVI) Inc.	Subsidiary	Investments accounted for using equity method	510	246,160	51.00	246,160	
	Young-Carrier Company Ltd.	Subsidiary	Investments accounted for using equity method	910,000	370,376	91.00	370,376	
	Yangming (Japan) Co., Ltd.	Subsidiary	Investments accounted for using equity method	3,000	64,078	100.00	64,078	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
				Shares/Units	Carrying Amount	% of Ownership	Market Value or Net Asset Value (Note A)	
	Sunbright Insurance Pte. Ltd.	Subsidiary	Investments accounted for using equity method	1,000,000	\$ 31,226	100.00	\$ 31,226	
	Yangming Shipping (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for using equity method	1,000,000	61,571	100.00	61,571	
	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	Investments accounted for using equity method	1,000,000	18,974	100.00	18,974	
	Yang Ming Line (Hong Kong) Ltd.	Subsidiary	Investments accounted for using equity method	510,000	(89,934)	51.00	(89,934)	(Note U)
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	Investments accounted for using equity method	300,000	14,828	60.00	14,828	
	Yang Ming (Korea) Co., Ltd.	Subsidiary	Investments accounted for using equity method	60,000	23,646	60.00	23,646	
	Sino International United Petroleum Group Company Limited	Subsidiary	Investments accounted for using equity method	-	-	-	-	
	Yang Ming (Vietnam) Corp.	Equity-method investee	Investments accounted for using equity method	(Note I)	8,120	49.00	8,120	
	Formosa International Development Corporation	Equity-method investee	Investments accounted for using equity method	(Note G)	220,003	30.00	220,003	
	Yangtze River Express Airlines Company Limited	-	Financial asset measured at cost - noncurrent	(Note P)	-	12.00	-	
	<u>Global depositary receipt</u> Via Source Policy Fund	-	Financial asset held-to-maturity - noncurrent	5	5,451	-	5,451	
Yangming (Japan) Co., Ltd.	<u>Common stock</u> Manwa & Co., Ltd.	Subsidiary	Investments accounted for using equity method	200	21,002	100.00	21,002	
Yang Ming Shipping (BVI) Inc.	<u>Common stock</u> Karman Properties Limited	Subsidiary	Investments accounted for using equity method	1,000	3,892	100.00	3,892	
Yang Ming Line (BVI) Holding Co., Ltd.	<u>Common stock</u> Yang Ming Line N.V.	Subsidiary	Investments accounted for using equity method	1,500,000	460,682	100.00	460,682	
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Subsidiary	Investments accounted for using equity method	2,500	456,850	100.00	456,850	
Yang Ming Line B.V.	<u>Common stock</u> Yangming (UK) Ltd.	Subsidiary	Investments accounted for using equity method	900,000	256,823	100.00	256,823	
	Yang Ming Shipping Europe GmbH	Subsidiary	Investments accounted for using equity method	(Note B)	147,000	100.00	147,000	
	Yang Ming Italy S.p.A.	Subsidiary	Investments accounted for using equity method	125,000	30,863	50.00	30,863	
	Yang Ming (Belgium) B.V.	Subsidiary	Investments accounted for using equity method	369	2,819	60.00	2,819	
	Yang Ming (Netherlands) B.V.	Subsidiary	Investments accounted for using equity method	(Note J)	12,887	70.00	12,887	
Yangming (UK) Ltd.	<u>Common stock</u> Corstor Ltd.	Equity-method investee	Investments accounted for using equity method	(Note C)	4,192	50.00	4,192	
	Yes Logistics UK Limited	Subsidiary	Investments accounted for using equity method	200	(4,733)	100.00	(4,733)	(Note D)

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
				Shares/Units	Carrying Amount	% of Ownership	Market Value or Net Asset Value (Note A)	
Yang Ming Shipping Europe GmbH	<u>Common stock</u> Yes Logistics Europe GmbH	Subsidiary	Investments accounted for using equity method	(Note K)	\$ 1,200	100.00	\$ 1,200	
	Zoll Pool Hafen Hamburg	-	Financial asset measured at cost - noncurrent	(Note Q)	480	6.00	-	
Yang Ming Italy S.p.A.	<u>Common stock</u> Yang Ming Naples Srl	Subsidiary	Investments accounted for using equity method	(Note L)	1,135	60.00	1,135	
Yang Ming Line Holding Co.	<u>Common stock</u> West Basin Container Terminal LLC	Equity-method investee	Investments accounted for using equity method	(Note E)	493,107	40.00	493,107	
	United Terminal Leasing LLC	Equity-method investee	Investments accounted for using equity method	(Note F)	50,973	40.00	50,973	
	Yang Ming (America) Corp.	Subsidiary	Investments accounted for using equity method	5,000	139,682	100.00	139,682	
	Triumph Logistics INC.	Subsidiary	Investments accounted for using equity method	200	799	100.00	799	
	Olympic Container Terminal LLC	Subsidiary	Investments accounted for using equity method	(Note M)	(316,974)	100.00	(316,974)	(Note D)
	Topline Transportation, Inc.	Subsidiary	Investments accounted for using equity method	100	8,448	100.00	8,448	
	Coastal Tarheel Express, Inc.	Subsidiary	Investments accounted for using equity method	100	6,437	100.00	6,437	
	Transcont Intermodal Logistics, Inc.	Subsidiary	Investments accounted for using equity method	200	1,649	100.00	1,649	
	Kuang Ming Shipping Corp.	<u>Common stock</u> Kuang Ming Shipping Corp. (Panama)	Subsidiary	Investments accounted for using equity method	49,500	88,591	100.00	88,591
Polaris/P-shares Taiwan Electronics Tech ETF		-	Financial asset at fair value through profit or loss - current	800,000	17,528	-	17,528	
<u>Mutual fund</u> Fuh Hwa Bond Fund		-	Available-for-sale financial asset - current	103,932	1,436	-	1,436	
Energy Select Sector SPDR ETF		-	Available-for-sale financial asset - current	15,000	91,978	-	91,978	
Honming Terminal & Stevedoring Co., Ltd.	<u>Common stock</u> Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	11,068,800	101,876	9.22	101,876	
Yes Logistics Corp.	<u>Common stock</u> Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for using equity method	4,382,370	50,097	10.96	50,097	
	Yes Logistics Corp.	Subsidiary	Investments accounted for using equity method	5,460,000	133,152	100.00	133,152	
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for using equity method	703,285	(11,153)	100.00	(11,153)	(Note D)
	B2B Com Holdings Ltd.	-	Financial asset measured at cost - noncurrent	800,000	5,043	8.00	-	
	United Raw Material Solutions Inc.	-	Financial asset measured at cost - noncurrent	800,000	5,898	2.76	-	
	Chang Ming Logistics Company Limited	Equity-method investee	Investments accounted for using equity method	(Note R)	229,087	49.00	229,087	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
				Shares/Units	Carrying Amount	% of Ownership	Market Value or Net Asset Value (Note A)	
Yes Yangming Logistics (Singapore)	<u>Mutual fund</u> Capital Income Fund	-	Financial asset at fair value through profit or loss - current	131,190	\$ 2,001	-	\$ 2,001	(Note D)
	NAM Short Term Fixed Income Fund	-	Financial asset at fair value through profit or loss - current	689,345	317,377	-	317,377	
	<u>Common stock</u> Yes Logistics Co., Ltd.	Subsidiary	Investments accounted for using equity method	1,000,000	(22,340)	100.00	(22,340)	
	Yes Logistics (Netherlands) B.V.	Subsidiary	Investments accounted for using equity method	(Note S)	4,289	100.00	4,289	
	Burger YES B.V.	Subsidiary	Investments accounted for using equity method	9,000	7,383	50.00	7,383	
Yes Logistics Corp. (U.S.A.)	<u>Common stock</u> Golden Logistics Corp.	Subsidiary	Investments accounted for using equity method	(Note O)	114,689	100.00	114,689	
	Golden Logistics USA Corporation	Subsidiary	Investments accounted for using equity method	100	1,678	100.00	1,678	
Golden Logistics Corp.	<u>Common stock</u> Golden Logistics (Qingdao) Corp.	Subsidiary	Investments accounted for using equity method	(Note V)	12,239	60.00	12,239	
	Star Logistics Corp.	Subsidiary	Investments accounted for using equity method	(Note T)	10,504	50.00	10,504	
Golden Logistics (Qingdao) Corp.	<u>Mutual fund</u> Fortis Haitong Money Market Fund	-	Financial asset at fair value through profit or loss - current	4,304	19	-	19	
Star Logistics Corp.	<u>Mutual fund</u> Harvest Money Market Fund	-	Financial asset at fair value through profit or loss - current	2,014,092	8,916	-	8,916	
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> PCA Well Pool Fund	-	Available-for-sale financial asset - current	15,874,418	203,704	-	203,704	

Notes:

- A. Market values were based on closing prices at June 30, 2008 or the net asset value of the fund on June 30, 2008, or, if market prices were unavailable, on the investees' net assets.
- B. The issued capital stock amounted to EUR\$18,000.
- C. This is equivalent to GBP500, and no shares were issued.
- D. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- E. This is equivalent to US\$3,800,000, and no shares were issued.
- F. This is equivalent to US\$1,000,000, and no shares were issued.
- G. This is equivalent to US\$7,800,000, and no shares were issued.
- H. This is equivalent to US\$7,000,000, and no shares were issued.
- I. This is equivalent to US\$94,000, and no shares were issued.
- J. This is equivalent to EUR13,000, and no shares were issued.
- K. This is equivalent to EUR25,000, and no shares were issued.
- L. This is equivalent to EUR6,000, and no shares were issued.
- M. This is equivalent to US\$1,000,000, and no shares were issued.
- N. This is a deduction of long-term receivables from related parties.
- O. This is equivalent to US\$5,000,000, and no shares were issued.
- P. This is equivalent to US\$18,622,000, and no shares were issued. Initial investment was recognized as impairment loss in 2007, thus the carrying value decreased to zero.
- Q. This is equivalent to EUR10,000, and no shares were issued.

(Continued)

- R. This is equivalent to US\$6,434,000, and no shares were issued.
- S. This is equivalent to EUR30,000, and no shares were issued.
- T. This is equivalent to RMB2,500,000, and no shares were issued.
- U. The loss of subsidiary was recognized in proportion to the Company's equity. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss in excess of the related investments is not charged against the Corporation.
- V. This is equivalent to RMB3,000,000, and no shares were issued.
- W. More than half of the directors are identical.
- X. Financial statements used as basis of investment amounts were unaudited, except those of All Oceans Transportation, Inc., Yangming (UK) Ltd. and Yang Ming Line (B.V.I.) Holding Co., Ltd. (Concluded)

**YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES**

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

**SIX MONTHS ENDED JUNE 30 2008**

**(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> Formosa Plastics Corporation	Financial asset at fair value through profit or loss - current	-	-	-	\$ -	2,347,000	\$ 204,350	700,000	\$ 63,798	\$ 61,820	\$ 1,978	1,647,000	\$ 142,530	
	U-Ming Marine Transport Corp.	Financial asset at fair value through profit or loss - current	-	-	-	-	1,326,000	115,586	1,326,000	119,188	115,586	3,602	-	-	
	Cathay Financial Holding Co., Ltd.	Financial asset at fair value through profit or loss - current	-	-	-	-	1,470,000	118,632	150,000	11,505	11,135	370	1,320,000	107,497	
	<u>Mutual fund</u> UPAMC James Bond Fund	Available-for-sale financial asset - current	-	-	-	-	25,381,831	399,878	25,381,831	400,014	399,878	136	-	-	
	SinoPac Bond Fund	Available-for-sale financial asset - current	-	-	-	-	9,212,814	121,076	9,212,814	121,162	121,076	86	-	-	
	IBT Ta Chong Bond Fund	Available-for-sale financial asset - current	-	-	-	-	57,268,152	760,000	57,268,152	761,006	760,000	1,006	-	-	
	Fuh Hwa Bond Fund	Available-for-sale financial asset - current	-	-	-	-	33,768,236	460,000	33,768,236	460,228	460,000	228	-	-	
	Yuanta Wan Tai Bond Fund	Available-for-sale financial asset - current	-	-	-	-	27,356,191	390,000	27,356,191	390,512	390,000	512	-	-	
	Capital Income Fund	Available-for-sale financial asset - current	-	-	-	-	15,148,708	230,000	15,148,708	230,126	230,000	126	-	-	
	PCA Well Pool Fund	Available-for-sale financial asset - current	-	-	-	-	16,530,616	211,232	16,530,616	211,439	211,232	207	-	-	
	IBT 1699 Bond Fund	Available-for-sale financial asset - current	-	-	-	-	90,689,110	1,150,000	90,689,110	1,150,779	1,150,000	779	-	-	
	ING Taiwan Income Fund	Available-for-sale financial asset - current	-	-	-	-	12,344,307	200,000	12,344,307	200,093	200,000	93	-	-	
	Franklin Mutual European Fund	Financial asset at fair value through profit or loss - current	-	-	-	108,820	100,000	-	-	108,820	97,294	100,000	(2,706)	-	-
	Grand Cathay Balance 2 Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	-	969,462	20,000	969,462	21,076	20,000	1,076	-	-
	Templeton Emerging Markets Bond Fund	Financial asset at fair value through profit or loss - current	-	-	-	356,748	200,000	11,336 (Note C)	-	368,084	201,804	200,000	1,804	-	-
	BGI Liquidity First Fund (USD)	Financial asset at fair value through profit or loss - current	-	-	-	-	-	128,500,000	3,899,975	128,460,030	3,903,010	3,898,762	4,248	39,970	1,213
	BGI Liquidity First Fund (EUR)	Financial asset at fair value through profit or loss - current	-	-	-	-	-	13,300,000	638,138	13,289,092	638,138	637,615	523	10,908	523
	Schroders ISF Global Energy A1 Fund	Available-for-sale financial asset - current	-	-	-	-	-	72,789	112,500	-	-	-	-	72,789	112,500
	Invesco Energy Fund	Available-for-sale financial asset - current	-	-	-	-	-	91,684	112,500	-	-	-	-	91,684	112,500
	<u>Common stock</u> Taipei Port Container Terminal Co., Ltd.	Financial asset measured at cost - noncurrent	-	-	-	17,000,000	166,640	15,000,000	150,000	-	-	-	-	32,000,000	316,640
Ching Ming Investment Corp.	<u>Common stock</u> Cathay Financial Holding Co., Ltd.	Financial asset at fair value through profit or loss - current	-	-	1,000,000	76,855	2,055,000	163,255	900,000	71,110	69,415	1,695	2,155,000	170,695	

(Continued)



Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Yes Logistics Corp.	<u>Mutual fund</u> IBT Ta Chong Bond Fund	Financial asset at fair value through profit or loss - current	-	-	-	\$ -	14,217,711	\$ 180,000	7,097,413	\$ 90,000	\$ 89,855	\$ 145	7,120,298	\$ 90,145
	<u>Mutual fund</u> NAM Short Term Fixed Income Fund	Financial asset at fair value through profit or loss - current	-	-	228,499	110,245	889,025	421,967	428,179	206,230	204,781	1,449	689,345	327,431
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> PCA Well Pool Fund	Available-for-sale financial asset - current	-	-	27,274,552	346,110	-	-	11,400,134	146,663	144,600	2,063	15,874,418	201,510

Notes:

- A. Carrying value is original acquisition amount.
- B. Amounts were based on unaudited financial statements.
- C. Distribution of 11,336 units of the fund.

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES**

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

**JUNE 30, 2008**

**(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	\$ 30,372,736 (Note E)	-	\$ -	-	\$ 427,774	\$ -
	Yang Ming (Liberia) Corp.	A	2,061,818 (Note F)	-	-	-	186,835	-
	Yangming (UK) Ltd.	A	788,244	-	-	-	441,594	-
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	1,146,270 (Note H)	-	-	-	-	-
	Young-Carrier Company Ltd.	A	1,397,377	-	-	-	1,397,377	-
	Yang Ming (America) Corp.	A	257,711	-	-	-	257,711	-
	Yang Ming Shipping Europe GmbH	A	182,753	-	-	-	120,161	-
	Yang Ming (Korea) Co., Ltd.	A	120,007	-	-	-	120,007	-
	Yang Ming (Netherlands) B.V.	A	228,141	-	-	-	90,780	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	B	114,755 (Note I)	-	-	-	-	-
Yang Ming (Japan) Co., Ltd.	Yang Ming Marine Transport Corporation	C	122,380	-	-	-	80,907	-
Young-Carrier Company Ltd.	Yang Ming Marine Transport Corporation	C	814,624	-	-	-	340,588	-
Yang Ming Line (Hong Kong) Ltd. (Note H)	Yang Ming Marine Transport Corporation	C	123,972	-	-	-	123,972	-
Yangming (UK) Ltd.	Yang Ming Marine Transport Corporation	C	1,666,130 (Note G)	-	-	-	24,490	-
Yang Ming (Netherlands) B.V.	Yang Ming Marine Transport Corporation	C	141,010	-	-	-	78,374	-
Yang Ming (America) Corp.	Yang Ming Marine Transport Corporation	C	323,416	-	-	-	323,416	-
Yang Ming (Vietnam) Corp.	Yang Ming Marine Transport Corporation	D	114,731	-	-	-	53,627	-

(Continued)

Notes:

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

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
SIX MONTHS ENDED JUNE 30, 2008  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of June 30, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2008	December 31, 2007	Shares	Percentage of Ownership	Carrying Amount			
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	\$ 3,272,005	\$ 3,272,005	10,351	100.00	\$ 5,450,946	\$ 583,879	\$ 583,879	Subsidiary
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	1,113,356	1,113,356	60,130,000	100.00	1,462,813	(19,964)	(19,964)	Subsidiary
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,500,013	153,000,000	100.00	1,616,838	(95,126)	(95,126)	Subsidiary
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	4,983,421	314,506	314,506	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	551,944	551,944	55,251,100	46.04	513,149	(28,730)	(13,227)	Subsidiary
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	143,168	143,168	29,184,000	100.00	992,315	169,236	169,236	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	316,780	316,780	31,667,630	79.17	357,573	18,301	14,286	Subsidiary
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	115,446	16,857	7,974	Subsidiary
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	384,388	29,055	29,055	Subsidiary
	Transyang Shipping Pte. Ltd.	Singapore	Shipping services; chartering, sale and purchase of ships; forwarding agency and shipping agency	57,802	57,802	1,345	49.00	174,239	230,785	113,085	Equity-method investee
	Chunghwa Investment Co., Ltd.	Taipei, Taiwan	Investment	800,000	800,000	80,000,000	40.00	831,169	(66,003)	(26,401)	Equity-method investee
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,378	3,378	1	100.00	(223,299)	(57,769)	(57,769)	Subsidiary
	Ming Giant (Shanghai) International Logistics Company Limited	Shanghai, China	Warehouse operation and forwarding agency	231,700	231,700	(Note Q)	100.00	214,728	(8,401)	(8,401)	Subsidiary
	Yuan Wang Investment Co., Ltd.	Taipei, Taiwan	Investment	179,810	179,810	5,211,474	49.75	250,985	(19,056)	(9,480)	Equity-method investee
Kao Ming Container Terminal Corp.	Kaohsiung, Taiwan	Terminal operation and stevedoring	800,000	800,000	80,000,000	100.00	801,417	499	499	Subsidiary	
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	39,500	39,500	3,950,000	9.88	45,230	18,301	-	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	493,111	493,111	49,311,077	41.09	458,087	(28,731)	-	Subsidiary
Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Los Angeles, USA	Terminal operation and stevedoring	132,050	132,050	(Note F)	40.00	493,106	85,493	-	Equity-method investee
	United Terminal Leasing LLC	Los Angeles, USA	Terminal operation and machine lease	34,750	34,750	(Note G)	40.00	50,973	20,277	-	Equity-method investee
	Yang Ming (America) Corp.	New Jersey, U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	139,682	11,188	-	Subsidiary
	Triumph Logistics INC.	U.S.A.	Container transportation	1,699	1,699	200	100.00	799	1,230	-	Subsidiary
	Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	31,530	31,530	(Note S)	100.00	(316,974)	(21,727)	-	Subsidiary
	Topline Transportation Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	8,448	2,766	-	Subsidiary
	Coastal Tarheel Express Inc.	U.S.A.	Container transportation	2,430	2,430	100	100.00	6,437	4,084	-	Subsidiary
Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	2,444	2,444	200	100.00	1,649	(356)	-	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	460,682	304,930	-	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	456,850	304,663	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of June 30, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2008	December 31, 2007	Shares	Percentage of Ownership	Carrying Amount			
Yang Ming Line B.V.	Yangming (UK) Ltd.	London, U.K.	Shipping agency, forwarding agency and shipping managers	\$ 42,408	\$ 42,408	900,000	100.00	\$ 256,823	\$ 220,631	\$ -	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100.00	147,000	37,631	-	Subsidiary
	Yang Ming Italy S.p.A.	Genova, Italy	Shipping agency	4,319	4,319	125,000	50.00	30,863	19,247	-	Subsidiary
	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	540	540	(Note I)	70.00	12,887	17,374	-	Subsidiary
	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,651	1,651	369	60.00	2,819	2,354	-	Subsidiary
Yangming (UK) Ltd.	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	25	25	(Note C)	50.00	4,192	4,169	-	Equity-method investee
	Yes Logistic UK Limited	U.K.	Forwarding agency	-	-	200	100.00	(4,733)	13	-	Subsidiary
Yang Ming Italy S.p.A.	Yang Ming Naples S.r.l.	Naples, Italy	Forwarding agency	238	238	(Note K)	60.00	1,135	730	-	Subsidiary
Yang Ming Shipping Europe GmbH	Yes Logistics Europe GmbH	Hamburg, Germany	Forwarding agency	945	945	(Note H)	100.00	1,200	(2)	-	Subsidiary
Yangming Shipping (Singapore) Pte Ltd.	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	3,229	3,229	910,000	91.00	370,376	(49,225)	-	Subsidiary
	Yang Ming Shipping (B.V.I) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51.00	246,160	(1,429)	-	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	64,078	5,473	-	Subsidiary
	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	32,440	-	1,000,000	100.00	31,226	876	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(89,934)	(49,225)	-	Subsidiary
	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	61,571	12,999	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	18,974	(1,009)	-	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	14,828	2,829	-	Subsidiary
	Yang Ming (Vietnam) Corp.	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note J)	49.00	8,120	4,538	-	Equity-method investee
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	23,646	7,515	-	Subsidiary
	Sino International United Petroleum Group Company Limited	Hong Kong	Trade	16,300	16,300	-	-	-	-	-	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	254,358	254,358	(Note O)	30.00	220,003	(5,491)	-	Equity-method investee
	Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	21,002	(3)	-
Yang Ming Shipping (B.V.I) Inc.	Karman Properties Limited	Hong Kong	Property agency	4	4	1,000	100.00	3,892	274	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming Shipping Corp. (Panama)	Panama	Forwarding agency	30,887	30,887	49,500	100.00	88,591	351	-	Subsidiary
Honming Terminal & Stevedoring Co., Ltd.	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	110,610	110,610	11,068,800	9.22	101,876	(28,731)	-	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp. (USA)	Auckland, USA	Shipping agency, forwarding agency and shipping managers	179,750	179,750	5,460,000	100.00	133,152	(8,767)	-	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	14,428	14,428	703,285	100.00	(11,153)	(2,117)	-	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	43,824	43,824	4,382,370	10.96	50,097	24,401	-	Subsidiary
	Chang Ming Logistics Company Limited	Chongqing, China	Terminal operation and stevedoring	209,726	209,726	(Note D)	49.00	229,087	6,571	-	Equity-method investee
Yes Logistics Corp. (U.S.A.)	Golden Logistics Corp.	Shanghai, China	Forwarding agency	164,329	164,329	(Note L)	100.00	114,689	(16,222)	-	Subsidiary
	Golden Logistics USA Corporation	USA	Container transportation	328	328	100	100.00	1,678	1,001	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of June 30, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2008	December 31, 2007	Shares	Percentage of Ownership	Carrying Amount			
Golden Logistics Corp.	Golden Logistics (Qingdao) Corp. Star Logistics Corp.	Qingdao, China Qingdao, China	Forwarding agency Forwarding agency	\$ 12,498	\$ 12,498	(Note R)	60.00	\$ 12,239	\$ (1,573)	\$ -	Subsidiary
				10,850	10,850	(Note T)	50.00	10,504	(826)	-	Subsidiary
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Co., Ltd.	Hong Kong	Forwarding agency	4,304	4,304	1,000,000	100.00	(22,340)	(3,834)	-	Subsidiary
	Yes Logistics (Netherlands) B.V. Burger Yes B.V.	Netherlands Netherlands	Forwarding agency Forwarding agency	1,224 7,587	1,224 7,587	(Note N) 9,000	100.00 50.00	4,289 7,383	- (994)	- -	Subsidiary Subsidiary

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is equivalent to EUR818,000, and no shares were issued.
- C. This is equivalent to GBP500, and no shares were issued.
- D. This is equivalent to US\$6,434,000, and no shares were issued.
- E. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- F. This is equivalent to US\$3,800,000, and no shares were issued.
- G. This is equivalent to US\$1,000,000, and no shares were issued.
- H. Paid-in capital was equivalent to EUR25,000, and no shares were issued.
- I. Paid-in capital was equivalent to EUR13,000, and no shares were issued.
- J. This is equivalent to US\$94,000, and no shares were issued.
- K. This is equivalent to EUR6,000, and no shares were issued.
- L. This is equivalent to US\$5,000,000, and no shares were issued.
- M. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as the deduction of long-term receivables from related parties.
- N. This is equivalent to EUR30,000, and no shares were issued.
- O. This is equivalent to US\$7,800,000, and no shares were issued.
- P. The loss of subsidiary was recognized in proportion to the Company's equity. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss in excess of the related investments is not charged against the Corporation.
- Q. This is equivalent to US\$7,000,000, and no shares were issued.
- R. This is equivalent to RMB3,000,000, and no shares were issued.
- S. This is equivalent to US\$1,000,000, and no shares were issued.
- T. This is equivalent to RMB2,500,000, and no shares were issued.
- U. Financial statements used as basis of investment amounts were unaudited, except All Oceans Transportation, Yang Ming line (B.V.I.) Holding Co., Ltd. and Yangming (UK) Ltd.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

INVESTMENTS IN MAINLAND CHINA  
SIX MONTHS ENDED JUNE 30, 2008

(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, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2008	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of June 30, 2008	Accumulated Inward Remittance of Earnings as of June 30, 2008
						Outflow	Inflow					
Yang Ming Marine Transportation Corporation	Yangtze River Express Airlines Company Limited (Note A)	Shipping agency	RMB 500,000,000	Indirect investment through Singapore-based subsidiary's direct investment in Mainland China.	\$ 565,178 (US\$18,622,000)	\$ -	\$ -	\$ 565,178 (US\$18,622,000)	12%	\$ -	(Note E)	\$ -
	Ming Giant (Shanghai) International Logistics Company Limited (Note B)	Warehouse operation and forwarding agency	US\$ 7,000,000	Direct investment in Mainland China	212,450 (US\$ 7,000,000)	-	-	212,450 (US\$ 7,000,000)	100%	(8,401)	214,728	-
Yes Logistics Corp.	Golden Logistics Corp. (Note C)	Shipping agency	US\$ 5,000,000	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	152,050 (US\$ 5,000,000)	-	-	152,050 (US\$ 5,000,000)	100%	(16,222)	114,689	-
	Chang Ming Logistics Company Limited (Note D)	Terminal operation and stevedoring	RMB 104,800,000	Investee's direct investment in Mainland China.	195,658 (US\$ 6,434,000)	-	-	195,658 (US\$ 6,434,000)	49%	6,571	229,087	-

Accumulated Investment in Mainland China as of June 30, 2008	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 777,628 (US\$ 25,622,000)	\$ 1,566,728 (US\$ 51,622,000)	\$ 11,262,763
-	-	-
347,708 (US\$ 11,434,000)	347,708 (US\$ 11,434,000)	456,609 (Note F)

Notes:

- A. The Corporation was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on November 29, 2005 and June 5, 2007.
- B. The Corporation was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on November 22, 2006.
- C. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on June 3, 2004, July 4, 2006 and December 26, 2006.
- D. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on April 11, 2005, August 22, 2006 and November 29, 2006.
- E. Impairment loss was recognized in 2007.
- F. It represents 40% (\$1,141,522 thousand) of the net assets of Yes Logistics Corp. as of June 30, 2008.
- G. U.S. dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$30.35.
- H. Based on unaudited financial statements.