

**Yang Ming Marine Transport Corporation  
and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2010 and 2009 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated balance sheets of Yang Ming Marine Transport Corporation (the "Corporation") and its subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. However, we did not audit the financial statements of the following subsidiaries which had been audited by other auditors: In 2010 YES Logistics Europe GmbH, YES Logistics (Shanghai) Corp., YES Logistics Company Ltd. and YES Logistics (Netherlands) B.V. and in 2010 and 2009, Yang Ming Line (Singapore) Pte. Ltd. and Yang Ming Line Holding Co.. The combined total assets of these subsidiaries were 3.3% (NT\$4,364,769 thousand) and 3.3% (NT\$3,778,408 thousand) of the total consolidated assets as of December 31, 2010 and 2009, respectively. The combined total operating revenues of these subsidiaries were 1.7% (NT\$2,240,038 thousand) and 0.7% (NT\$617,476 thousand) of the consolidated revenue in 2010 and 2009, respectively. Also, we did not audit the financial statements of the following equity-method investees which had been audited by other auditors: In 2010, Yang Ming (U.A.E.) Ltd. and Yang Ming Shipping (Egypt) S.A.E and in 2010 and 2009, West Basin Container Terminal LLC, United Terminal Leasing LLC, Yang Ming (Vietnam) Corp., Corstor Ltd., Chang Ming Logistics Company Limited. The carrying values of these investments were 0.9% (NT\$1,153,319 thousand) and 0.9% (NT\$1,040,227 thousand) of the total consolidated assets as of December 31, 2010 and 2009, respectively. The equity in these investees' net income was 1.5% (NT\$202,287 thousand) of the consolidated income before income tax in 2010 and (0.9%) (NT\$153,087 thousand) of the consolidated loss before income tax in 2009. The financial statements of these subsidiaries and investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these subsidiaries and investees included in the accompanying consolidated financial statements, is based solely on the reports of other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yang Ming Marine Transport Corporation and its subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

March 9, 2011

Notice to Readers

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

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

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2010 AND 2009**

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

ASSETS	2010		2009		LIABILITIES AND STOCKHOLDERS' EQUITY	2010		2009	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 2 and 4)	\$ 13,896,439	10	\$ 8,050,003	7	Short-term loans (Note 13)	\$ 1,048,063	1	\$ 855,177	1
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	1,403,493	1	919,507	1	Notes payable (Note 23)	58,390	-	72,532	-
Available-for-sale financial assets - current (Notes 2 and 6)	9,692,954	7	1,624,876	1	Hedging derivative liabilities - current (Note 2)	21,686	-	-	-
Notes receivable, net (Notes 2 and 23)	357,200	-	154,950	-	Payable to related parties (Note 23)	193,836	-	65,486	-
Accounts receivable, net of allowance for doubtful accounts of \$73,910 thousand and \$38,305 thousand at December 31, 2010 and 2009 (Note 2)	2,578,088	2	2,405,833	2	Income tax payable (Notes 2 and 19)	117,157	-	665,304	1
Accounts receivable from related parties (Note 23)	59,581	-	131,097	-	Accrued expenses	8,303,496	6	6,393,605	6
Other receivables (Notes 5 and 6)	626,766	1	15,519	-	Payables on equipment	1,184,188	1	348,815	-
Shipping fuel, net (Notes 2 and 3)	4,949,882	4	4,122,359	4	Advances from customers	3,008,907	2	2,529,909	2
Prepaid expenses	1,175,910	1	1,287,351	1	Current portion of long-term interest-bearing debts (Notes 2, 9, 14 and 24)	17,861,239	14	8,288,808	7
Advances to shipping agents	592,409	1	412,729	-	Payable to shipping agents	1,266,569	1	1,122,942	1
Deferred income tax assets - current (Notes 2 and 19)	49,904	-	24,575	-	Payable to shipping agents - related parties (Note 23)	147,699	-	92,985	-
Other current assets (Notes 23 and 24)	431,830	-	546,582	1	Other current liabilities	363,708	-	353,521	-
<b>Total current assets</b>	<b>35,814,456</b>	<b>27</b>	<b>19,695,381</b>	<b>17</b>	<b>Total current liabilities</b>	<b>33,574,938</b>	<b>25</b>	<b>20,789,084</b>	<b>18</b>
<b>LONG-TERM INVESTMENTS (Notes 2, 6, 7 and 8)</b>					<b>LONG-TERM LIABILITIES</b>				
Available-for-sale financial assets - noncurrent	2,650,993	2	3,320,867	3	Hedging derivative liabilities - noncurrent (Note 2)	-	-	15,595	-
Financial assets carried at cost - noncurrent	472,515	1	927,723	1	Bonds payable (Notes 2 and 14)	8,945,210	7	15,040,000	13
Investments accounted for using equity method	1,672,507	1	1,724,755	1	Long-term debts (Notes 14 and 24)	34,098,287	26	37,318,520	33
Cash surrender value of life insurance	28,294	-	19,361	-	Obligations under capital leases - long-term portion (Notes 2, 9 and 14)	11,065,490	8	5,781,984	5
<b>Total long-term investments</b>	<b>4,824,309</b>	<b>4</b>	<b>5,992,706</b>	<b>5</b>	<b>Total long-term liabilities</b>	<b>54,108,987</b>	<b>41</b>	<b>58,156,099</b>	<b>51</b>
<b>PROPERTIES (Notes 2, 9 and 24)</b>					<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 15)</b>	<b>479,639</b>	<b>-</b>	<b>479,639</b>	<b>1</b>
Cost					<b>OTHER LIABILITIES</b>				
Land	471,400	-	471,304	-	Accrued pension cost (Notes 2 and 17)	1,302,302	1	1,262,833	1
Buildings	1,135,719	1	1,153,973	1	Deferred income tax liabilities - noncurrent (Notes 2 and 19)	900,145	1	153,088	-
Containers and chassis	23,005,358	17	22,906,638	20	Unrealized gain on sale and leaseback (Notes 2 and 16)	551,192	-	608,672	1
Ships	56,828,669	43	55,635,095	49	Others	84,729	-	165,254	-
Leased assets	13,877,721	10	7,954,045	7	<b>Total other liabilities</b>	<b>2,838,368</b>	<b>2</b>	<b>2,189,847</b>	<b>2</b>
Leasehold improvements	239,216	-	242,718	-	<b>Total liabilities</b>	<b>91,001,932</b>	<b>68</b>	<b>81,614,669</b>	<b>72</b>
Miscellaneous equipment	3,925,995	3	4,031,678	4	<b>YANG MING'S EQUITY</b>				
Total cost	99,484,078	74	92,395,451	81	Capital stock - \$10 par value				
Less: Accumulated depreciation	33,366,941	25	27,620,605	24	Authorized - 3,000,000 thousand shares				
Less: Accumulated impairment	25,740	-	-	-	Issued - 2,562,466 thousand shares	25,624,665	19	25,624,665	23
Construction in progress	66,091,397	49	64,774,846	57	Capital surplus				
Net properties	15,880,764	12	11,057,542	10	Additional paid-in capital	4,710,566	3	7,499,701	7
<b>INTANGIBLE ASSETS</b>					Treasury stock transactions	-	-	1,480,009	1
Computer software (Note 2)	32,323	-	36,112	-	Long-term investments	8,927	-	8,927	-
Deferred pension cost (Notes 2 and 17)	2,427	-	258	-	Total capital surplus	4,719,493	3	8,988,637	8
<b>Total intangible assets</b>	<b>34,750</b>	<b>-</b>	<b>36,370</b>	<b>-</b>	Retained earnings (accumulated deficit)				
<b>OTHER ASSETS</b>					Legal reserve	-	-	3,869,543	3
Assets leased to others, net (Notes 2, 10 and 24)	3,989,465	3	4,031,307	4	Special reserve	-	-	2,067,513	2
Nonoperating assets, net (Notes 2, 11 and 24)	323,589	-	319,137	-	Unappropriated earnings (accumulated deficit)	11,787,853	9	(10,206,200)	(9)
Refundable deposits (Notes 9 and 24)	5,889,027	4	6,615,710	6	Total retained earnings (accumulated deficit)	11,787,853	9	(4,269,144)	(4)
Deferred charges, net (Note 2)	45,024	-	131,119	-	Other equity				
Advances on long-term rent agreements (Note 12)	860,415	1	901,521	1	Cumulative translation adjustments	(469,051)	-	240,626	-
Miscellaneous (Notes 17 and 24)	51,602	-	265,924	-	Net loss not recognized as pension cost	(26,499)	-	(25,379)	-
<b>Total other assets</b>	<b>11,159,122</b>	<b>8</b>	<b>12,264,718</b>	<b>11</b>	Unrealized gain on financial instruments	413,020	-	1,200,905	1
<b>TOTAL</b>	<b>\$ 133,804,798</b>	<b>100</b>	<b>\$ 113,821,563</b>	<b>100</b>	Total other equity	(82,530)	-	1,416,152	1
					<b>Total controlling interest</b>	<b>42,049,481</b>	<b>31</b>	<b>31,760,310</b>	<b>28</b>
					<b>MINORITY INTEREST</b>	<b>753,385</b>	<b>1</b>	<b>446,584</b>	<b>-</b>
					<b>Total stockholders' equity</b>	<b>42,802,866</b>	<b>32</b>	<b>32,206,894</b>	<b>28</b>
					<b>TOTAL</b>	<b>\$ 133,804,798</b>	<b>100</b>	<b>\$ 113,821,563</b>	<b>100</b>

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

(With Deloitte & Touche audit report dated March 9, 2011)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2010 AND 2009

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

	2010		2009	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 23)	\$ 130,549,767	100	\$ 88,892,781	100
OPERATING COSTS (Notes 2, 20 and 23)	<u>108,885,960</u>	<u>83</u>	<u>100,384,006</u>	<u>113</u>
GROSS INCOME (LOSS)	<u>21,663,807</u>	<u>17</u>	<u>(11,491,225)</u>	<u>(13)</u>
OPERATING EXPENSES (Notes 20 and 23)				
Selling expenses	5,316,282	4	4,885,553	6
General and administrative expenses	<u>1,112,154</u>	<u>1</u>	<u>954,233</u>	<u>1</u>
Total operating expenses	<u>6,428,436</u>	<u>5</u>	<u>5,839,786</u>	<u>7</u>
OPERATING INCOME (LOSS)	<u>15,235,371</u>	<u>12</u>	<u>(17,331,011)</u>	<u>(20)</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of properties	632,533	1	876,830	1
Gain on sale of investments, net (Notes 7 and 8)	317,689	-	159,889	-
Investment income recognized under equity method (Notes 2 and 8)	283,686	-	331,015	1
Dividend income	175,528	-	325,316	1
Valuation gain on financial assets, net (Note 2)	150,003	-	381	-
Interest income (Note 23)	90,105	-	124,939	-
Rent income (Note 23)	79,905	-	97,329	-
Valuation gain on financial liabilities, net (Note 2)	-	-	126,156	-
Others	<u>177,419</u>	<u>-</u>	<u>261,362</u>	<u>-</u>
Total nonoperating income and gains	<u>1,906,868</u>	<u>1</u>	<u>2,303,217</u>	<u>3</u>
NONOPERATING EXPENSES AND LOSSES				
Exchange loss, net (Note 2)	1,781,667	2	128,983	-
Interest expense (Notes 2, 9 and 23)	1,378,978	1	1,139,624	2
Compensation loss (Note 25)	397,152	-	-	-
Valuation loss on financial liabilities, net (Note 2)	86,174	-	-	-
Impairment loss (Notes 2, 6, 7 and 9)	44,379	-	240,019	-
Others (Note 20)	<u>223,044</u>	<u>-</u>	<u>236,285</u>	<u>-</u>
Total nonoperating expenses and losses	<u>3,911,394</u>	<u>3</u>	<u>1,744,911</u>	<u>2</u>

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# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2010 AND 2009

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

	2010		2009	
	Amount	%	Amount	%
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	\$ 13,230,845	10	\$ (16,772,705)	(19)
INCOME TAX EXPENSE (BENEFIT) (Notes 2 and 19)	<u>1,369,152</u>	<u>1</u>	<u>(952,794)</u>	<u>(1)</u>
CONSOLIDATED NET INCOME (LOSS)	<u>\$ 11,861,693</u>	<u>9</u>	<u>\$ (15,819,911)</u>	<u>(18)</u>
ATTRIBUTABLE TO:				
Controlling interest	\$ 11,787,853	9	\$ (15,841,129)	(18)
Minority interest	<u>73,840</u>	<u>-</u>	<u>21,218</u>	<u>-</u>
	<u>\$ 11,861,693</u>	<u>9</u>	<u>\$ (15,819,911)</u>	<u>(18)</u>
	2010		2009	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS (LOSS) PER SHARE (Note 21)				
Basic	<u>\$ 5.00</u>	<u>\$ 4.60</u>	<u>\$ (6.97)</u>	<u>\$ (6.18)</u>
Diluted	<u>\$ 4.99</u>	<u>\$ 4.59</u>	<u>\$ (6.97)</u>	<u>\$ (6.18)</u>

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

(With Deloitte & Touche audit report dated March 9, 2011)

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**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock		Capital Surplus (Note 18)			Retained Earnings (Accumulated Deficit) (Note 18)			Other Equity (Notes 3 and 18)			Total Stockholders' Equity	
	Shares (Thousands)	Amount	Additional Paid-in Capital	Treasury Stock Transactions	Long-term Investments	Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit)	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain (Loss) on Financial Instruments		Minority Interest
BALANCE, JANUARY 1, 2009	2,562,466	\$ 25,624,665	\$ 7,499,701	\$ 1,480,009	\$ 8,972	\$ 3,814,813	\$ 2,067,513	\$ 6,074,029	\$ 447,853	\$ (36,590)	\$ 25,832	\$ 457,450	\$ 47,464,147
Appropriations of 2008 earnings													
Legal reserve	-	-	-	-	-	54,730	-	(54,730)	-	-	-	-	-
Cash dividends - \$0.15 per share	-	-	-	-	-	-	-	(384,370)	-	-	-	-	(384,370)
Consolidated net loss for the year ended December 31, 2009	-	-	-	-	-	-	-	(15,841,129)	-	-	-	21,218	(15,819,911)
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	(179,327)	-	-	(6,657)	(185,984)
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	(2,716)	258,664	-	255,948
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	944,779	-	944,779
Changes in unrealized loss on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	-	-	(30,181)	-	(30,181)
Effect of changes on sale long-term equity-method investments	-	-	-	-	55	-	-	-	(27,900)	-	1,811	-	(26,034)
Change in net loss not recognized pension cost	-	-	-	-	-	-	-	-	-	13,927	-	-	13,927
Cash dividends received by minority interest	-	-	-	-	-	-	-	-	-	-	-	(25,427)	(25,427)
BALANCE, DECEMBER 31, 2009	2,562,466	25,624,665	7,499,701	1,480,009	8,927	3,869,543	2,067,513	(10,206,200)	240,626	(25,379)	1,200,905	446,584	32,206,894
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	-	318,697	318,697
Compensation of 2009 deficits													
Capital surplus - additional paid in capital	-	-	(2,789,135)	-	-	-	-	2,789,135	-	-	-	-	-
Capital surplus - treasury stock transactions	-	-	-	(1,480,009)	-	-	-	1,480,009	-	-	-	-	-
Legal reserve	-	-	-	-	-	(3,869,543)	-	3,869,543	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	(2,067,513)	2,067,513	-	-	-	-	-
Consolidated net income for the year ended December 31, 2010	-	-	-	-	-	-	-	11,787,853	-	-	-	73,840	11,861,693
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	(711,013)	-	-	(44,245)	(755,258)
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	398	(58,523)	-	(58,125)
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(723,838)	-	(723,838)
Changes in unrealized loss on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	-	-	(5,522)	-	(5,522)
Change in net loss not recognized pension cost	-	-	-	-	-	-	-	-	-	(1,518)	-	-	(1,518)
Effect of changes on sale long-term equity-method investments	-	-	-	-	-	-	-	-	1,336	-	(2)	-	1,334
Cash dividends received by minority interest	-	-	-	-	-	-	-	-	-	-	-	(41,491)	(41,491)
BALANCE, DECEMBER 31, 2010	<u>2,562,466</u>	<u>\$ 25,624,665</u>	<u>\$ 4,710,566</u>	<u>\$ -</u>	<u>\$ 8,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,787,853</u>	<u>\$ (469,051)</u>	<u>\$ (26,499)</u>	<u>\$ 413,020</u>	<u>\$ 753,385</u>	<u>\$ 42,802,866</u>

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

(With Deloitte & Touche audit report dated March 9, 2011)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income (loss)	\$ 11,861,693	\$ (15,819,911)
Depreciation	7,125,446	6,439,854
Amortization	64,177	87,723
Provision for doubtful accounts	37,104	161,133
Provision for pension cost	36,420	3,011
Provision for (reversal of) allowance for loss on shipping fuel	36,114	(552,096)
Gain on sale of investments	(317,689)	(159,889)
Gain on disposal of properties, net	(632,533)	(876,830)
Impairment loss on available-for-sale financial assets	-	174,787
Impairment loss on properties and other assets	36,686	-
Impairment loss on financial assets carried at cost	7,693	65,232
Investment income recognized under equity method	(283,686)	(331,015)
Cash dividends received from equity method investee	174,679	822,003
Deferred income tax	720,525	(1,783,980)
Valuation gain on financial instruments	(150,003)	(381)
Valuation loss (gain) on financial liabilities	86,174	(126,156)
Realized gain on sale and lease back	(57,480)	(50,304)
Others	20,707	(1,149)
Changes in operating assets and liabilities		
Financial assets held for trading	(285,298)	(266,604)
Notes receivable	(202,250)	8,855
Accounts receivable	(210,473)	(65,517)
Accounts receivable from related parties	71,516	(104,477)
Shipping fuel	(863,637)	(1,227,905)
Prepaid expenses	111,441	58,387
Advances to shipping agents	(179,680)	(115,166)
Other current assets	112,792	4,129
Notes payable	(14,142)	(51,737)
Financial liabilities held for trading	-	(18,978)
Payables to related parties	128,350	20,686
Income tax payable	(548,147)	534,958
Accrued expenses	1,909,891	1,728,849
Advances from customers	478,998	419,328
Payables to shipping agents	143,627	(1,635,635)
Payable to shipping agents - related parties	54,714	(103,681)
Other current liabilities	10,187	89,594
Advances on long-term rent agreements	41,106	41,107
	<u>19,525,022</u>	<u>(12,631,775)</u>
Net cash provided by (used in) operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	(24,388,219)	(9,265,917)
Proceeds from disposal of available-for-sale financial assets	15,752,986	9,222,844
Proceeds from disposal of held-to-maturity financial assets	-	3,621

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# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

	2010	2009
Acquisition of financial assets carried at cost	\$ -	\$ (107,000)
Proceeds from disposal of financial assets carried at cost	477,081	19,994
Acquisition of investments accounted for using equity method	(14,485)	(94,600)
Proceeds from disposal of investments accounted for using equity method	-	750,215
Proceeds from capital reduction from equity method investees	21,685	8,500
Acquisition of properties and nonoperating assets	(9,146,209)	(12,516,903)
Proceeds from disposal of properties	881,737	4,031,888
Increase in cash surrender value of life insurance	(8,933)	(54)
Decrease (increase) in deferred charges	12,308	(117,092)
Decrease (increase) in refundable deposits	18,001	(290,447)
Decrease in other assets	<u>214,798</u>	<u>116,073</u>
Net cash used in investing activities	<u>(16,179,250)</u>	<u>(8,238,878)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in minority interest	341,074	-
Increase (decrease) in short-term loans	192,886	(136,627)
Issuance of principal of bonds	4,964,503	-
Repayment of principal of bonds	(2,082,000)	(1,584,000)
Proceeds from long-term debts	6,492,690	26,269,116
Repayments of long-term debts	(8,861,993)	(3,334,623)
Decrease in payment of obligations under capital leases	(153,080)	(89,488)
Increase (decrease) in other liabilities	(80,525)	4,887
Cash dividends and employees' bonus paid by Yang Ming	-	(384,240)
Cash dividends received by minority interest	<u>(41,491)</u>	<u>(25,427)</u>
Net cash provided by financing activities	<u>772,064</u>	<u>20,719,598</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>1,728,600</u>	<u>167,450</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,846,436	16,395
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,050,003</u>	<u>8,033,608</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 13,896,439</u>	<u>\$ 8,050,003</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	\$ 1,305,713	\$ 2,465,485
Less: Capitalized interest	<u>115,109</u>	<u>30,541</u>
Interest paid (excluding capitalized interest)	<u>\$ 1,190,604</u>	<u>\$ 2,434,944</u>
Income tax paid	<u>\$ 492,189</u>	<u>\$ 247,424</u>

(Continued)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

(In Thousands of New Taiwan Dollars)

	2010	2009
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Reclassification of assets leased to others and nonoperating assets into properties	<u>\$ 14,265</u>	<u>\$ -</u>
Current portion of long-term interest-bearing debts	<u>\$ 17,861,239</u>	<u>\$ 8,288,808</u>
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisition of properties and nonoperating assets	\$ 16,893,555	\$ 9,025,682
Decrease (increase) in payables on equipment	(835,373)	3,491,221
Increase in obligations under capital lease	<u>(6,911,973)</u>	<u>-</u>
Cash paid	<u>\$ 9,146,209</u>	<u>\$ 12,516,903</u>
Proceeds from disposal of available-for-sale financial assets	\$ 16,307,196	\$ 9,223,347
Proceeds from disposal of securities	<u>(554,210)</u>	<u>(503)</u>
Cash received	<u>\$ 15,752,986</u>	<u>\$ 9,222,844</u>

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

(With Deloitte & Touche audit report dated March 9, 2011)

(Concluded)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 AND 2009

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

### 1. ORGANIZATION AND OPERATIONS

- a. Yang Ming Marine Transport Corporation (the "Corporation" or YMTC), established in December 1972, was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Corporation simultaneous to the Corporation's listing of its shares of stock on the ROC Taiwan Stock Exchange. Of the Corporation's outstanding capital stock, the MOTC owned 35.51% at both December 31, 2010 and 2009.

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.

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

To increase the Corporation's competitiveness and performance through downsizing of organization and streamlining of operations, the shareholders had met and resolved to spin off its tramp business department into a subsidiary, Kuang Ming Shipping Corp., in accordance with the Business Mergers and Acquisitions Law, Company Act and other related regulations on October 1, 2008. The Corporation exchanged the net assets for 176,330 thousand of Kuang Ming Shipping Corporation's newly issued shares.

- b. The subsidiaries of the Corporation:

Investment company	Subsidiaries	Main Business	Proportion of Ownership Interest (%)		Note
			December 31		
			2010	2009	
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd. (YML-BVI)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (Singapore) Pte. Ltd. (YML-Singapore)	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	100.00	100.00	
"	Ching Ming Investment Corp. (Ching Ming)	Investment	100.00	100.00	
"	All Oceans Transportation Inc. (AOT)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yes Logistics Corp. (Yes Logistics)	Warehouse operation and forwarding agency	50.00	46.04	Note a
"	Kuang Ming Shipping Corp. (Kuang Ming)	Shipping service, shipping agency and forwarding agency	93.24	100.00	Note f
"	Honming Terminal & Stevedoring Co., Ltd. (Honming)	Terminal operation and stevedoring	79.17	79.17	Note b
"	Jing Ming Transportation Co., Ltd. (Jing Ming)	Container transportation	50.98	50.98	
"	Yang Ming Line Holding Co. (YML Holding)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	

(Continued)

Investment company	Subsidiaries	Main Business	Proportion of Ownership Interest (%)		Note
			December 31		
			2010	2009	
Yang Ming Marine Transport Corporation	Yang Ming (Liberia) Corp. (Yang Ming-Liberia)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Ming Giant (Shanghai) International Logistics Company Limited (Ming Giant-Shanghai)	Warehouse operation and forwarding agency	-	-	Note c
"	Kao Ming Container Terminal Corp., (Kao Ming)	Terminal operation and stevedoring	100.00	100.00	Note g
Ching Ming	Honming	Terminal operation and stevedoring	20.83	9.87	Note b
"	Yes Logistics	Warehouse operation and forwarding agency	46.36	41.08	Note a
YML Holding	Yang Ming (America) Co. (Yang Ming-America)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Triumph Logistics, Inc.	Container transportation	100.00	100.00	
"	Olympic Container Terminal LLC	Terminal operation and stevedoring	100.00	100.00	
"	Topline Transportation, Inc.	Container transportation	100.00	100.00	
"	Coastal Tarheel Express, Inc.	Container transportation	100.00	100.00	
"	Transcont Intermodal Logistics, Inc.	Inland forwarding agency	100.00	100.00	
"	Yang Ming Shipping (Canada) Ltd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	Note d
YML-BVI	Yang Ming Line N.V. (YML-NV).	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-NV	Yang Ming Line B.V. (YML-BV)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-BV	Yangming (UK) Ltd. (Yangming-UK)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Shipping Europe GmbH (Yangming-ERO)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Italy S.p.A. (Yang Ming-Italy)	Shipping agency	50.00	50.00	
"	Yang Ming (Netherlands) B.V. (Yang Ming-Netherlands)	Shipping agency	100.00	60.00	Note j
"	Yang Ming (Belgium) N.V.	Shipping agency	60.00	60.00	
Yangming-UK	Yes Logistic UK Limited (Yes-UK)	Forwarding agency	100.00	100.00	
Yang Ming-Italy	Yang Ming Naples S.r.l. (Yang Ming-Naples)	Forwarding agency	60.00	60.00	
YML-Singapore	Young-Carrier Company Ltd.	Investment, shipping agency, forwarding agency and shipping managers	91.00	91.00	
"	Yang Ming Shipping (B.V.I.) Inc. (YMS-BVI)	Forwarding agency and shipping agency	51.00	51.00	
"	Yangming (Japan) Co., Ltd. (Yangming Japan)	Shipping services; chartering, sale and purchase of ships; and forwarding agency	100.00	100.00	
"	Sunbright Insurance Pte. Ltd.	Insurance	100.00	100.00	
"	Yang Ming Line (Hong Kong) Ltd. (YML-HK)	Forwarding agency and shipping agency	51.00	51.00	
"	Yangming Shipping (Singapore) Pte. Ltd. (YMS-Singapore)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (M) Sdn. Bhd. (YML-M)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (India) Pvt. Ltd. (YML-India)	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
"	Yang Ming (Korea) Co., Ltd. (Yang Ming-Korea)	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
"	Yang Ming Anatolia Shipping Agency S.A.	Shipping agency, forwarding agency and shipping managers	50.00	50.00	
Yangming (Japan)	Manwa & Co., Ltd.	Forwarding agency and shipping agency	100.00	100.00	
YMS-BVI	Karlman Properties Limited	Property agency	100.00	100.00	

(Continued)

Investment company	Subsidiaries	Main Business	Proportion of Ownership Interest (%)		Note
			December 31		
			2010	2009	
Kuang Ming Shipping Corp. (Kuang Ming)	Kuang Ming Shipping Corp. (Panama) (KMS-Panama)	Forwarding agency	-	100.00	Note h
"	Kuang Ming (Liberia) Corp	Forwarding agency	100.00	100.00	
Honming	Yes Logistics Corp. (Yes Logistics)	Warehouse operation and forwarding agency	-	9.22	Note a
Yes Logistics	Yes Logistics Corp. USA (Yes-USA)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yes Yangming Logistics (Singapore) Pte. Ltd. (Yes-Singapore)	Investment and subsidiaries management	100.00	100.00	
"	Honming	Terminal operation and stevedoring	-	10.96	Note b
Yes-USA	Yes Logistics (Shanghai) Corp.	Forwarding agency	100.00	100.00	Note i
"	Golden Logistics USA Corporation (Golden-USA)	Container transportation	100.00	100.00	
"	Yes Logistics Europe GmbH (Yes-ERO)	Forwarding agency	100.00	100.00	Note e
Yes Logistics (Shanghai) Corp.	Golden Logistics (Qingdao) Corp.	Forwarding agency	60.00	60.00	
"	Star Logistics (Qingdao) Corp.	Forwarding agency	60.00	60.00	
Yes-Singapore	Yes Logistics Company, Ltd.	Forwarding agency	100.00	100.00	
"	Yes Logistics (Netherlands) B.V.	Forwarding agency	100.00	100.00	
"	Burger YES B.V.	Forwarding agency	50.00	50.00	

(Concluded)

Note a: Considering the group structure, Honming sold all of its interest in Yes Logistics (9.22%) to YMTC and Ching Ming on June 8, 2010. As of December 31, 2010, the Corporation directly held 50% of Yes Logistics and Ching Ming indirectly held 46.36% of Yes Logistics.

Note b: Considering the group structure, Yes Logistics sold all of its interest in Honming (10.96%) to Ching Ming on May 19, 2010. As of December 31, 2010, the Corporation directly held 79.17% of Honming and Ching Ming indirectly held 20.83% of Honming.

Note c: The Corporation disposed all of its interest in Ming Giant (Shanghai) to China Nanshan Development (Group) Incorporation in December 2009. The selling price was US\$7,268 thousand, with a net cash inflow of \$9,383 thousand after paying related expenses, and the Corporation recognized a gain on disposal of \$26,489 thousand.

Note d: Yang Ming Shipping (Canada) Ltd. was established by YML Holding in August 2009.

Note e: Yangming-ERO held 100% of Yes-ERO until all of such interest was transferred to Yes-USA in July 2009.

Note f: In order to improve the entire operating efficiency of the Corporation and subsidiaries (the "Group"), enhance the Group's financial structure and to facilitate initial public offering of Kuang Ming, the Corporation's board of directors resolved to dispose partial interests of Kuang Ming. The maximum number of shares for disposal should not exceed 61,500 thousand shares (approximately equal to 30% of Kuang Ming's share capital), and disposal price will depend on Kuang Ming's operating performance and market price at the time. As of December 31, 2010, the Corporation has disposed 13,894 thousand shares to employees (approximately equal to 6.76% of Kuang Ming's current share capital) at \$25.97 per share, and recognized a disposal gain of \$22,377 thousand.

Note g: Kao Ming is engaged in the construction and operation of container terminal and in stevedoring and warehouse operation at the Kaohsiung harbor international container center under the contract with MOTC Harbor Bureau titled “First Stage of Kaohsiung Harbor International Container Center Construction and Operation Project”. The contract commenced on September 28, 2007 and will last for 50 years including the construction and operation periods.

Note h: In order to simplify the Group structure, Kuang Ming revoked the establishment registration of Kuang Ming Shipping Corp. (Panama) on July 15, 2010.

Note i: Yes Logistics (Shanghai) Corp. (formerly Golden Logistics Shanghai Corporation) had completed the registration of its new name on September 15, 2010.

Note j: YML-BV acquired additional 40% interest in Yang Ming-Netherlands on December 30, 2010.

As of December 31, 2010 and 2009, the Group had 4,418 and 4,197 employees, respectively.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

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

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

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

### **Consolidation**

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

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

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

- a. All assets and liabilities - at the exchange rate prevailing on the balance sheet dates;
- b. Share capital, retained earnings and/or accumulated deficit - at their historical rates of exchange; and

c. All items in the statement of income - at the average rate of exchange for the year.

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

The financial statements of some immaterial consolidated entities as of and for the year ended December 31, 2010 (YES Logistics (UK) Limited, Burger Yes B.V., Golden Logistics USA Corp., Golden Logistics Corp. and Star Logistics Corp.) and 2009 (YES Logistics Europe GmbH, Burger YES B.V., YES Logistics (UK) Limited and Golden Logistics USA Corp.) were unaudited. YMTC's management believed that unaudited financial statements of these companies will not have material effect on the Group's consolidated financial statements.

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

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

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

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

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

### **Cash Equivalents**

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

### **Financial Assets 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 Group recognizes a financial asset or a financial liability on its balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Group has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

### **Shipping Fuel**

Shipping fuel is stated at the lower of cost or net realizable value. Any write-down is made item by item. Shipping fuel is recorded at weighted-average cost.

### **Financial Asset 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 Group holds 20 percent or more of the investees' voting shares exercises significant influence over the investees' operating and financial policy decisions are accounted for by the 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.

Profits from downstream transactions with an equity-method investee are eliminated in proportion to the Group's percentage of ownership in the investee; however, if the Group has control over the investee, all the profits are eliminated. Profits from upstream transactions with an equity-method investee are eliminated in proportion to the Group's percentage of ownership in the investee. Profits from sales of products between equity-method investees are deferred to the extent of the Group's equity interests in these investees.

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

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

### **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 and assets leased to others are capitalized as part of the cost of those assets. Major additions and improvements to property, plant and equipment and assets leased to others are capitalized, while costs of repairs and maintenance are expensed currently.

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

Depreciation is provided on a straight-line method over estimated useful lives as follow: buildings, 40 to 55 years; containers and chassis, 6 to 8 years; ships, 2.5 to 20 years; leased assets, 4 to 25 years; leasehold improvements, 2 to 10 years; and miscellaneous equipment, 3 to 18 years. Properties still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives.

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

### **Nonoperating Assets**

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

### **Impairment of Assets**

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

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

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

### **Computer Software**

Computer software acquired are initially recorded at cost and are amortized on a straight-line method over periods ranging from 2 years to 3 years.

### **Deferred Charges**

Deferred charges refer to issuance expenses of bonds issued on or before December 31, 2005. These are capitalized and amortized using the straight-line method over periods ranging from 7 years to 12 years.

### **Pension**

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

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

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

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

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

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

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

### **Provision for Onerous Contract**

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

### **Income Tax**

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

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

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

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

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

### **Foreign Currencies**

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

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

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

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

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

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

### **Hedging Derivative Financial Instruments**

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

### **Hedge Accounting**

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

- a. Fair value hedge

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

- b. Cash flow hedge

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

### **Reclassifications**

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2009 have been reclassified to be consistent with the presentation of consolidated financial statements as of and for the year ended December 31, 2010.

## **3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES**

### **Accounting for Inventories**

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

#### 4. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2010</b>	<b>2009</b>
Cash		
Petty cash and cash on hand	\$ 20,318	\$ 12,975
Checking accounts and demand deposits	8,603,866	5,127,836
Time deposits: Interest - 0.06%- 8.5% in 2010 and 0.04%-8.75% in 2009	<u>5,272,255</u>	<u>2,529,192</u>
	13,896,439	7,670,003
Cash equivalents		
Repurchase agreements collateralized by bonds: Interest - 0.25%	<u>-</u>	<u>380,000</u>
	<u>\$ 13,896,439</u>	<u>\$ 8,050,003</u>

As of December 31, 2010 and 2009, time deposits with maturity of over one year amounted to \$1,231 thousand and \$440 thousand, respectively.

The overseas deposits of YMTC as of December 31, 2010 and 2009 are summarized in the accompanying Schedule A and B.

#### 5. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

Financial assets and liabilities at FVTPL were as follows:

	<u>December 31</u>	
	<b>2010</b>	<b>2009</b>
<u>Financial assets held for trading</u>		
Principal guarantee goods	\$ 590,213	\$ 30,094
Mutual funds	576,065	691,870
Quoted stocks	237,215	190,457
Forward exchange contracts	<u>-</u>	<u>7,086</u>
	<u>\$ 1,403,493</u>	<u>\$ 919,507</u>

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

As of December 31, 2010, the forward contracts have been settled.

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

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

YMTC entered into crude oil swap and oil swap option contracts. The contracts were settled amounting to US\$2,100 thousand to US\$11,992 thousand by month. As of December 31, 2010 and 2009, the crude oil swap and oil swap option contracts have been settled.

Net gains arising from financial assets held for trading were \$304,775 thousand for the year ended December 31, 2010 and \$111,167 thousand for the year ended December 31, 2009.

Net gains (losses) arising from financial liabilities held for trading were \$(86,174) thousand for the year ended December 31, 2010 and \$126,156 thousand for the year ended December 31, 2009.

As of December 31, 2010 and 2009, the receivables from disposal of securities were \$72,053 thousand and \$15,016 thousand, respectively, and were recognized as other receivables. The proceeds have been received.

## 6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2010</u>	<u>2009</u>
Mutual funds	\$ 9,240,097	\$ 884,323
Domestic quoted stocks	3,045,570	3,997,360
Corporate bonds	<u>58,280</u>	<u>64,060</u>
	12,343,947	4,945,743
Less: Current portion	<u>(9,692,954)</u>	<u>(1,624,876)</u>
	<u>\$ 2,650,993</u>	<u>\$ 3,320,867</u>

As of December 31, 2010 and 2009, the receivables from disposal of securities were \$554,713 thousand and \$503 thousand, respectively, and were recognized as other receivables. The proceeds have been received. In 2009, the Group recognized an impairment losses amounting to \$174,187 thousand based on continued losses of some financial assets.

## 7. FINANCIAL ASSET CARRIED AT COST - NONCURRENT

	<u>December 31</u>			
	<u>2010</u>		<u>2009</u>	
	<u>Carrying</u>	<u>% of</u>	<u>Carrying</u>	<u>% of</u>
	<u>Value</u>	<u>Owner-</u>	<u>Value</u>	<u>Owner-</u>
		<u>ship</u>		<u>ship</u>
Domestic unquoted common stocks				
Taipei Port Container Terminal Co., Ltd.	\$ 406,640	9.76	\$ 406,640	9.76
United Venture Capital Corp.	16,752	9.04	26,352	9.04
China Technology Venture Capital Corp.	16,575	8.96	25,500	8.96
Kingmax Technology Corp.	8,320	1.38	10,918	1.38
Ascentek Venture Capital Corp.	7,896	2.14	7,896	2.14
United Stevedoring Corporation	5,000	10.00	5,000	10.00
SF Technology Venture Capital Corp.	3,337	7.24	4,968	7.24
United Raw Material Solutions Inc.	2,953	2.76	2,953	2.76
New Century InfoComm Co., Ltd.	<u>-</u>	-	<u>427,789</u>	1.68
	<u>467,473</u>		<u>918,016</u>	

(Continued)

	December 31			
	2010		2009	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Overseas unquoted common stocks				
B2B.Com Holdings Ltd.	\$ 5,042	9.88	\$ 5,042	9.88
Antwerp International Terminal	-	16.33	4,665	16.33
	<u>5,042</u>		<u>9,707</u>	
	<u>\$ 472,515</u>		<u>\$ 927,723</u>	

(Concluded)

The Corporation had invested in preferred stock of New Century InfoComm Co., Ltd. (NCIC). According to the articles of incorporation and the resolution of NCIC's board of directors on February 27, 2009, NCIC's preferred stock had been transferred into common stock on March 10, 2009. In June 2009, the shareholders of NCIC resolved to reduce capital in order to offset NCIC's accumulated losses. The capital reduction ratio was 35.0138%, each original 1,000 shares had been transferred to 649.86225 new shares. NCIC's board of directors resolved August 1, 2009 as the record date of the capital reductions and the Corporation acquired 43,780,180 shares as a result of the capital reduction.

On July 23, 2010, the Corporation's board of directors resolved to dispose of all its 43,780,180 shares in NCIC to Yuan Cing Infocomm Tech Co., Ltd. through tender offer. The purchase price is NT\$10.93 per share in cash. The Corporation recognized a gain on disposal amounting to \$49,292 thousand. The proceeds have been received.

Because of deterioration in operations of investee companies, the Group recognized an impairment loss of \$7,693 thousand and \$65,232 thousand for the years end December 31, 2010 and 2009, respectively.

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.

## 8. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31			
	2010		2009	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
West Basin Container Terminal LLC	\$ 646,577	40.00	\$ 590,816	40.00
Chang Ming Logistics Company Limited	321,884	49.00	336,172	49.00
Formosa International Development Corporation	228,934	30.00	214,469	30.00
Yunn Wang Investment Co., Ltd.	199,640	49.75	252,135	49.75
United Terminal Leasing LLC	114,361	40.00	93,778	40.00
Transyang Shipping Pte. Ltd.	90,614	49.00	217,924	49.00
Yang Ming (U.A.E.) LLC	25,891	49.00	-	-
Yang Ming Shipping (Egypt) S.A.E.	25,122	49.00		
Yang Ming (Vietnam) Corp.	12,015	49.00	8,928	49.00
Corstor Ltd.	7,469	50.00	10,533	50.00
	<u>\$ 1,672,507</u>		<u>\$ 1,724,755</u>	

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

Investee	Years Ended December 31	
	2010	2009
West Basin Container Terminal LLC	\$ 117,977	\$ 104,249
Formosa International Development Corporation	36,578	(4,724)
Transyang Shipping Pte. Ltd.	34,057	157,132
United Terminal Leasing LLC	31,417	31,637
Yang Ming (U.A.E.) LLC	25,901	-
Yang Ming Shipping (Egypt) S.A.E.	14,125	-
Yunn Wang Investment Co., Ltd.	10,764	20,101
Chang Ming Logistics Company Limited	5,184	903
Yang Ming (Vietnam) Corp.	4,650	5,206
Corstor Ltd.	3,033	11,092
Chunghwa Investment Co., Ltd.	-	5,419
	<u>\$ 283,686</u>	<u>\$ 331,015</u>

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

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

## 9. PROPERTIES

	December 31	
	2010	2009
Accumulated depreciation		
Buildings	\$ 255,381	\$ 234,362
Containers and chassis	15,592,907	14,022,346
Ships	10,232,074	6,576,836
Leased assets	4,411,183	4,094,117
Leasehold improvements	179,052	167,004
Miscellaneous equipment	2,696,344	2,525,940
	<u>\$ 33,366,941</u>	<u>\$ 27,620,605</u>

Information about capitalized interest on properties were as follows:

	Years Ended December 31	
	2010	2009
Capitalized interest	\$ 137,127	\$ 85,036
Capitalization rate	0.96%-1.92%	1.56%-2.9768%

Based on the valuation report, the Corporation recognized impairment loss amounting to \$25,740 thousand.



YMTC leases containers and chassis under capital lease agreements. The related information for future rentals is shown in Note 25. The terms of the leases were from nine years to ten years for containers and eight years for chassis. The annual rent payable on leased containers under the agreements is US\$4,337 thousand. YMTC has the option to buy, at the end of the lease terms, all leased containers at a bargain purchase price of US\$1 per unit. The annual rent payable on leased chassis is based on contract terms, and, at the end of the lease terms, the ownership of all the leased chassis will be transferred to YMTC at no additional cost.

YML-BVI leases ships under 25-year capital lease agreements. The lease contracts were secured by standby letters credit issued by the Bank of Scotland and the Canadian Imperial Bank of Commerce (CIBC). YML-BVI deposited a portion of its lease payments in the Bank of Scotland and CIBC as collaterals (included in refundable deposits). YM UK leases ships under 18-year capital lease agreements. Annual rent is compliance with the contract.

The details of these leases as of December 31, 2010 and 2009 were as follows:

	<b>December 31</b>			
	<b>2010</b>		<b>2009</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)	\$ 651,632	\$ 18,988,560	\$ 312,424	\$ 10,007,074
Less: Unamortized interest expense	<u>260,243</u>	<u>7,583,502</u>	<u>130,460</u>	<u>4,178,642</u>
	<u>\$ 391,389</u>	<u>\$ 11,405,058</u>	<u>\$ 181,964</u>	<u>\$ 5,828,432</u>

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

	<b>December 31</b>	
	<b>2010</b>	<b>2009</b>
Cost		
Land	\$ 2,944,499	\$ 2,944,499
Buildings	<u>1,246,379</u>	<u>1,264,890</u>
	4,190,878	4,209,389
Less: Accumulated impairment - land	10,507	10,507
Accumulated impairment - buildings	2,832	2,832
Accumulated depreciation - buildings	<u>188,074</u>	<u>164,743</u>
	<u>\$ 3,989,465</u>	<u>\$ 4,031,307</u>

Up to December 31, 2010, future rental payments receivable were summarized as follows:

<b>Fiscal Year</b>	<b>Amount</b>
2011	\$ 71,681
2012	38,462
2013	30,812
2014	21,806
2015	10,693

Rentals after 2016 amount to \$5,893 thousand. The present value of those rentals, computed at an annual interest rate of 1.135%, is \$5,570 thousand.

## 11. NONOPERATING ASSETS, NET

	<u>December 31</u>	
	2010	2009
Cost		
Land	\$ 323,589	\$ 318,515
Buildings	<u>1,746</u>	<u>3,737</u>
	325,335	322,252
Accumulated depreciation - buildings	<u>1,746</u>	<u>3,115</u>
	<u>\$ 323,589</u>	<u>\$ 319,137</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 for 30 years based on the initial investment made by the Corporation. The project of the Second Logistics Center of the Kaohsiung Third Container Center had been completed in October 2007 and the use of the center commenced in 2008. Owing to the remaining issues regarding the time frame for free tenancy, the Corporation reclassified the original investment of \$691,554 thousand (construction in process) into advances on long-term rent agreement which are amortized over 23 years and 10 months.

## 13. SHORT-TERM LOANS

	<u>December 31</u>	
	2010	2009
Unsecured bank loans - interest of 1.39%-5% in 2010 and 1.0089%-1.71% in 2009	<u>\$ 1,048,063</u>	<u>\$ 855,177</u>

## 14. LONG-TERM INTEREST-BEARING DEBTS

	Current	Long-term	Total
<u>December 31, 2010</u>			
Long-term unsecured bank loans	\$ -	\$ 1,000,000	\$ 1,000,000
Long-term secured bank loans	6,440,540	31,258,287	37,698,827
Long-term secured loans	1,131	-	1,131
Domestic unsecured bonds	11,080,000	3,960,000	15,040,000
Domestic secured bonds	-	4,985,210	4,985,210
Commercial paper	-	1,840,000	1,840,000
Capital leases	<u>339,568</u>	<u>11,065,490</u>	<u>11,405,058</u>
	<u>\$ 17,861,239</u>	<u>\$ 54,108,987</u>	<u>\$ 71,970,226</u>

(Continued)

	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>December 31, 2009</u>			
Long-term unsecured bank loans	\$ -	\$ 1,900,000	\$ 1,900,000
Long-term secured bank loans	6,159,193	33,117,272	39,276,465
Long-term secured loans	1,167	1,248	2,415
Domestic unsecured bonds	2,082,000	15,040,000	17,122,000
Commercial paper	-	2,300,000	2,300,000
Capital leases	<u>46,448</u>	<u>5,781,984</u>	<u>5,828,432</u>
	<u>\$ 8,288,808</u>	<u>\$ 58,140,504</u>	<u>\$ 66,429,312</u> (Concluded)

### **Long-term Unsecured Bank Loans**

The unsecured bank loan will be repaid in New Taiwan dollars in one-lump sum payment at maturity in June 2012. The balance of 2009 was repaid in advance in July 2010. The Corporation will repay residual amount in December 2012. Interest rate were 0.8% and 0.98%-1.00% on December 31, 2010 and 2009, respectively.

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

Secured bank loans are repayable in installments at varying amounts in New Taiwan dollars with the latest maturity in June 2016. Interest rates were 0.9789% to 2.1% and 0.84253% to 2.1% on December 31, 2010 and 2009, respectively. The Corporation's ships, containers, assets leased to others and the ships of a subsidiary, All Oceans Transportation, Inc., are pledged as collaterals for the secured loans.

The loan of All Oceans Transportation Inc. (AOT) will be repaid in US dollars. The loan is repayable every six months from the date the loan was obtained in 10 equal installments of US\$2,000 thousand. The loan is expected to be fully repaid before March 31, 2014. The interest rates were 0.99% and 0.95063% as of December 31, 2010 and 2009, respectively. The ships of AOT were pledged as collateral for the secured loan.

The loan of Yang Ming (Liberia) Corp. will be repaid in US dollars, and it will be repayable at a certain period from the date the loan was obtained and every six months thereafter in variable amounts. The interest rates were 0.56263%-1.3125% and 0.52844%-1.5625% as of December 31, 2010 and 2009, respectively. The loan will be fully repaid before December 2017. The ships of Yang Ming (Liberia) were pledged as collateral for the secured loan.

The loan of Kuang Ming Shipping Corp. will be repaid in JPY dollars, and it will be repayable after one year from the date of loan was obtained and repaid with installments every six months. The loan is expected to be fully repaid on December 31, 2017, and the interest rate was 0.7439% as of December 31, 2010. The ships of Kuang Ming were pledged as collateral for the secured loan.

The loan of Kuang Ming (Liberia) Corp. will be repaid in US dollars and JPY dollars, and it will be repayable after one year from the date the loan was obtained and every six months thereafter in 13 equal installments. The loan is expected to be fully repaid on December 31, 2017, and the interest rates were 0.7875%-1.25% and 1.3306% as of December 31, 2010 and 2009, respectively. The ships of Kuang Ming (Liberia) were pledged as collateral for the secured loan.

Karlman Properties provided real estates in Hong Kong as collaterals for the fifteen-year secured loan of HK\$16,000 thousand from Shanghai Commercial Bank on April 10, 2001, and it would be fully repaid on May 21, 2016 with interest rate of 3.25% per annum. The loan will be repayable from the date the loan was obtained and every month thereafter at 180 equal installments. Based on the Group's financial considerations, the loan was repaid in advance on July 31, 2010.

In order to fund capital for undergoing the "First stage of Kaohsiung harbor intercontinental container center construction and operation project," Kao Ming Container Terminal Corp. provided the acquired and built properties under the contract as collaterals, and it also signed a long-term financing contract with a bank with a credit limit of \$16,200,000 thousand in December 2008. The loan will mature in June 2029. As of December 31, 2010, the amount of the loan was \$5,540,000 thousand and the interest rates were 2.08% and 2.00% as of December 31, 2010 and 2009, respectively.

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

In order to purchase transportation facility, Young-Carrier Company Limited mortgaged the same facility for HK\$1,363 thousand which is amortized over 60 installments. The mortgage will be lifted by December 2011. The interest rates were both between 6.3%-7.3% as of December 31, 2010 and 2009.

### **Domestic Unsecured Bonds**

On various dates, YMTC issued domestic unsecured bonds; the dates and the aggregate face values were as follows: \$1,800,000 thousand on June 1, 2000 (the "June 2000 Bonds"); \$2,400,000 thousand on November 20, 2000 (the "November 2000 Bonds"); \$1,600,000 thousand on June 18, 2004 (the "June 2004 Bonds"), \$5,000,000 thousand from October 8 to October 20 in 2004 (the "October 2004 Bonds"); \$2,500,000 thousand from December 8 to December 14 in 2004 (the "December 2004 Bonds") \$6,000,000 thousand on October 23, 2006 (the "October 2006 Bonds").

Other bond features and terms were as follows:

June 2000 Bonds: Repayments: 33% - June 1, 2008, 33% - June 1, 2009, and 34% June 1, 2010; 6.09% annual interest. As of December 31, 2010, the bonds have been repaid.

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

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

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

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

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

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

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

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

October 2006 Bonds: Type A - Aggregate face value: \$3,000,000 thousand; repayments: 33% - October 23, 2009, 33% - October 23, 2010, and 34% - October 23, 2011; 2.09% annual interest. The Corporation had paid off \$1,980,000 thousand as of December 31, 2010.

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

### **Domestic Secured Bonds**

On May 20, 2010, the Corporation issued five-year domestic secured bonds with an aggregate face value of \$5,000,000 thousand.

The bond features and terms are as follows:

May 2010 Bonds: Type A - aggregate face value: \$500,000 thousand; repayments: 50% - May 20, 2014 and 50% May 20, 2015, 1.42% annual interest.

Type B - aggregate face value of \$1,000,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015; 1.42% annual interest.

Type C - aggregate face value: \$500,000 thousand; repayments: 50% - May 20, 2014 and 50% May 20, 2015, 1.42% annual interest.

Type D - aggregate face value: \$500,000 thousand; repayments: 50% - May 20, 2014 and 50% May 20, 2015, 1.42% annual interest.

Type E - aggregate face value of \$1,000,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015; 1.42% annual interest.

Type F - aggregate face value: \$500,000 thousand; repayments: 50% - May 20, 2014 and 50% May 20, 2015, 1.42% annual interest.

Type G - aggregate face value: \$500,000 thousand; repayments: 50% - May 20, 2014 and 50% May 20, 2015, 1.42% annual interest.

Type H - aggregate face value: \$500,000 thousand; repayments: 50% - May 20, 2014 and 50% May 20, 2015, 1.42% annual interest.

### **Guarantees:**

Type A: Guaranteed by Taiwan Bank.

Type B: Guaranteed by Cathay United Commercial Bank.

Type C: Guaranteed by Taiwan Cooperative Commercial Bank.

Type D: Guaranteed by China Trust Commercial Bank.

Type E: Guaranteed by First Commercial Bank.

Type F: Guaranteed by Yuanta Commercial Bank.

Type G: Guaranteed by Hua Nan Commercial Bank.

Type H: Guaranteed by Shanghai Commercial & Savings Bank.

According to performance guarantee agreements, the Corporation has to pay annual advanced guarantee on the date of issuance and every year thereafter. The guarantee payments are recognized as the costs of the corporate bond issuance and are amortized over the issuance period. As of December 31, 2010, unamortized cost of issuance amounted to \$14,790 thousand.

### **Commercial Paper**

The Corporation signed a three-year united underwriting contract for purchase of commercial paper on March 27, 2009 and the first supplementary contract on August 14, 2009, respectively, with International Bills Finance Corporation. International Bills Finance Corporation, as the lead underwriter, issued long-term commercial papers with a credit limit of \$2,300,000 thousand. The underwriting credit limit was based on the ships of All Oceans Transportation, Inc., a subsidiary of the Corporation, as collaterals. The ownership of the ships mentioned above had been transferred to the Corporation on May and July 2009, and the re-mortgage process was completed in September 2009. The Corporation had repaid commercial papers of \$460,000 thousand as of December 31, 2010. The bills payable will be fully repaid by March 31, 2012. The Corporation can issue the commercial papers in a revolving scheme during the period of the financing contract, and issuance period of each commercial paper cannot be over 90 days. The Corporation should repay all debts under the contract at maturity date. Because the contract period is over one year, and the Corporation intended to keep refinancing for long term, the bills payable are included in long-term debts. The interest rate is the Fixing Rate of 90-day referred to in Reuters (Page 6165) plus spread. The interest rate was 1.376% and 1.088% on December 31, 2010 and 2009, respectively.

### **Obligation Under Capital Leases**

Obligations under capital leases are summarized in Note 9.

## **15. RESERVE FOR LAND VALUE INCREMENT TAX**

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

## **16. UNREALIZED GAIN ON SALE AND LEASEBACK**

	<u>December 31</u>	
	<b>2010</b>	<b>2009</b>
YM Uberty	\$ 445,984	\$ 492,120
YM Enhancer	39,118	43,110
YM Utopia	<u>66,090</u>	<u>73,442</u>
	<u>\$ 551,192</u>	<u>\$ 608,672</u>

The above properties had been sold and then leased back by YMTC and AOT. The resulting gains on the sale were deferred and amortized over the expected term of the lease or estimated service lives, whichever was shorter.

## 17. PENSION PLAN

### a. Pension plan of YMTC

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

Pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Benefits are based on service years and average basic salary of the six months before retirement. YMTC contributed amounts equal to 3% of salaries every month; starting from September 2010, YMTC contributes amounts equal to 13% of salaries to the pension fund. The pension fund is administered by each company's pension fund monitoring committee and deposited in the name of each company's committee in the Bank of Taiwan

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

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

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

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

In an effort to encourage employee retirement, hence improve the human resource structure and enhance vitality within organization, YMTC calculates favorable retirement benefits according to the retirement policies. YMTC recognized a pension cost of \$32,063 thousand for the year ended December 31, 2010.

### b. Pension plan of subsidiaries

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

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

All Oceans Transportation Inc., Yang Ming (UK) Ltd., and Yang Ming (Liberia) Corp. apply pension plan under the Maritime Labor Law for shipping crew, and the pension plan is a defined benefit plan. Before the adoption of the ROC Maritime Labor Law, benefits were based on the amounts stated in the crews hiring contracts. Under the Law, benefits are based on service years and average monthly salary of the six months before retirement.

Yang Ming (America) Corporation has entered into an agreement with the ILWU office and Clerical Employees Local 63 to provide Medical care covered by this agreement, and it was defined benefit pension plan. However, according to collective bargaining agreements, effective June 1, 2008, a new taft-hartely trust, named "OCU Health Trust" will replace the 2003 YML/ILWU agreement's framework for the above stated benefits, which is a defined contribution plan. Starting from 2008, the contribution made to the OCU trust was calculated based on US\$4.05 per working hour. In addition to the US\$4.05 per hour contribution, the company does have a contractual obligation to fund the unfunded liability transferred to the OCU multiemployer trust over a period of no more than ten years. As of December 31, 2010 and 2009, the balance of the accrued expense is \$142,150 thousand and \$182,823 thousand, respectively.

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

c. Information of the pension cost under the Act

The pension costs under the defined contribution plan amounted to \$184,759 thousand and \$185,100 thousand for the years ended December 31, 2010 and 2009, respectively.

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

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

1) Net periodic pension cost was as follows:

	<b>Year Ended December 31</b>	
	<b>2010</b>	<b>2009</b>
Service cost	\$ 108,109	\$ 116,865
Interest cost	49,355	47,263
Projected return on plan assets	(10,266)	(14,749)
Amortization of net transition asset or obligation	2,979	11,678
Amortization of prior service cost	(2,171)	(2,338)
Amortization of unrecognized pension cost	20,906	21,837
Curtailment gain	<u>-</u>	<u>(28,553)</u>
Net pension cost	<u>\$ 168,912</u>	<u>\$ 152,003</u>



2) Reconciliation of funded status of the plan and accrued pension cost was as follows:

	<b>December 31</b>	
	<b>2010</b>	<b>2009</b>
Benefit obligation		
Vested benefit obligation (VBO)	\$ 948,931	\$ 873,767
Non-vested benefit obligation	<u>764,214</u>	<u>781,928</u>
Accumulated benefit obligation (ABO)	1,713,145	1,655,695
Additional benefits based on future salaries	<u>548,636</u>	<u>560,992</u>
Projected benefit obligation	2,261,781	2,216,687
Fair value of plan assets	<u>(694,529)</u>	<u>(684,890)</u>
Plan funded status	1,567,252	1,531,797
Unrecognized net transition obligation	(20,618)	(23,234)
Unrecognized prior service cost	41,839	44,049
Unrecognized pension cost	(462,022)	(503,584)
Additional minimum pension liability	<u>28,926</u>	<u>26,845</u>
Accrued pension cost	<u>\$ 1,155,377</u>	<u>\$ 1,075,873</u>
Accrued pension cost is recognized under:		
Accrued pension cost	<u>\$ 1,160,152</u>	<u>\$ 1,080,010</u>
Prepaid pension cost (included in other assets - other)	<u>\$ 4,775</u>	<u>\$ 4,137</u>

	<b>December 31</b>	
	<b>2010</b>	<b>2009</b>
3) Vested benefits	<u>\$ 1,338,000</u>	<u>\$ 1,250,079</u>

	<b>Year Ended December 31</b>	
	<b>2010</b>	<b>2009</b>
4) Actuarial assumptions		
Discount rate	2.25%	2.25%
Future salary increase rate	2.00%-2.75%	2.00%-2.75%
Expected rate of return on plan assets	2.00%	1.50%-2.25%

5) Contribution and benefits paid		
Contributions to the fund	<u>\$ 46,153</u>	<u>\$ 73,040</u>
Payments from the fund	<u>\$ 47,590</u>	<u>\$ 66,627</u>

## 18. STOCKHOLDERS' EQUITY

### a. Global depositary receipts

On November 14, 1996, YMTC issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 dollar per unit. The holders of the GDRs may not exchange them for YMTC's stocks. However, starting February 14, 1997, the holders of the GDR may request the depositary bank to sell the shares represented by the GDRs. As of December 31 2010, there were 4,812,196 units outstanding, representing 48,122,037 shares, 1.88% of total issued shares.

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

b. Capital surplus

Under the Company Law, capital surplus may only be used to offset a deficit. 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 Corporation's paid-in capital. For this capitalization, new shares should be issued to stockholders in proportion to their holdings once a year and capitalized amounts should be within certain limits. Also, the capital surplus from long-term investments may not be used for any purposes.

c. Appropriation of earnings and dividend policy

YMTC's Articles of Incorporation provide that various reserves should be set aside from annual net income less any accumulated losses. In addition, a special reserve should be appropriated as needed. For the remainder of the income plus accumulated unappropriated earnings, the board of directors should propose an appropriation plan and request the shareholders to pass and execute the plan. The appropriation of earnings should be in the following order:

- 1) 1% to 5% as bonus to employees;
- 2) 2% or less as remuneration to directors and supervisors; and
- 3) Remainder as stockholders' dividends.

For stock bonuses, the Articles of Incorporation provide that YMTC should consider certain factors, including the YMTC's profits, the change in the environment of the industry, potential growth of YMTC, costs, expenditures and the working capital for operation to propose the stock dividend appropriation plan. YMTC shall declare at least 20% of the amount declared as dividends in the form of cash as opposed to the form of stock.

YMTC did not accrue bonus to employees and remuneration to directors and supervisors due to the operating loss in 2009. The bonus to employees for the year ended December 31, 2010 was accrued amounting to \$156,886 thousand based on historical expense. Material difference between such estimated amount and the amount proposed by the Board of Directors in the following year is adjusted for in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

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

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

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Corporation.

On June 18, 2010, the Corporation's stockholders resolved to pass the proposal for reversing special reserve of \$2,067,513 thousand from prior year to offset against the deficit from 2009. In addition a deficit of \$8,138,687 thousand had been offset by the following:

	<b>2009</b>
Capital surplus - treasury stock transactions	\$ 1,480,009
Capital surplus - additional paid-in capital	2,789,135
Legal reserve	<u>3,869,543</u>
	<u>\$ 8,138,687</u>

The appropriation of earnings for 2008 has been approved in the shareholder's held on June 19, 2009. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal capital reserve	\$ 54,730	
Cash dividends to shareholders	384,370	\$0.15

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

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

d. Unrealized gain or loss on financial instruments

For the years ended December 31, 2010 and 2009, movements of unrealized gain or loss on financial instruments were as follows:

	<b>Available- for-sale Financial Assets</b>	<b>Equity- method Investments</b>	<b>Gain (Loss) on Cash Flow Hedges</b>	<b>Total</b>
<u>2010</u>				
Balance, beginning of year	\$ 1,148,278	\$ 65,103	\$ (12,476)	\$ 1,200,905
Recognized in shareholders' equity	(723,838)	(58,523)	(5,522)	(787,883)
Transferred to profit or loss	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>(2)</u>
Balance, end of year	<u>\$ 424,440</u>	<u>\$ 6,578</u>	<u>\$ (17,998)</u>	<u>\$ 413,020</u>
<u>2009</u>				
Balance, beginning of year	\$ 183,122	\$ (174,995)	\$ 17,705	\$ 25,832
Recognized in shareholders' equity	<u>965,156</u>	<u>240,098</u>	<u>(30,181)</u>	<u>1,175,073</u>
Balance, end of year	<u>\$ 1,148,278</u>	<u>\$ 65,103</u>	<u>\$ (12,476)</u>	<u>\$ 1,200,905</u>

## 19. INCOME TAX

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

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

	<b>Year Ended December 31</b>	
	<b>2010</b>	<b>2009</b>
Income tax expense (benefit) at statutory rate	\$ 2,535,905	\$ (4,085,752)
Tax effect on adjusting items:		
Permanent differences	(162,794)	(374,135)
Temporary differences	(68,146)	828,740
Loss carryforwards used	(2,074,589)	3,735,223
Others	2,279	622,608
Additional income tax under the AMT	613	1,598
Additional 10% income tax on undistributed earnings	<u>2,130</u>	<u>276</u>
Income tax payable - current	235,398	728,558
Overseas income tax	252,102	192,429
Deferred income tax expenses		
Temporary differences	7,949	(773,753)
Loss carryforwards	2,050,725	(2,707,639)
Adjustment in valuation allowance	(1,445,476)	1,991,215
Effect of tax law change on deferred income tax	46,532	(192,739)
Effect of consolidated tax returns	-	(223,000)
Adjustment of prior years' taxes	183,745	26,456
Others	<u>38,177</u>	<u>4,979</u>
Income tax expense (benefit) - current	<u>\$ 1,369,152</u>	<u>\$ (952,794)</u>

During the years ended December 31, 2010 and 2009, the Legislative Yuan passed the following amendments to tax laws:

- 1) In January 2009, the Legislative Yuan passed the amendment of Article 39 of the Income Tax Law, which extends the operating loss carryforward period from 5 years to 10 years.
- 2) In March 2009, the Legislative Yuan passed the amendment of Article 24 of the Income Tax Law, which requires (a) the profit-seeking enterprise that invests in short-term notes for which the issuance dates are on and after January 1, 2010 to include the interest income arising, which was taxed separately prior to January 1, 2010, in its taxable income; and (b) the profit-seeking enterprise that invests in beneficiary securities or asset-based securities issued under the Financial Asset Securitization Act or Real Estate Securitization Act to include from January 1, 2010 the interest income arising, which was taxed separately prior to January 1, 2010, in its taxable income.
- 3) In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduced a profit-seeking enterprise's income tax rate from 25% to 20%, effective January 1, 2010.

- 4) Under Article 10 of the Statute for Industrial Innovation (SII) passed by the Legislative Yuan in April 2010, a profit-seeking enterprise may deduct up to 15% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred, but this deduction should not exceed 30% of the income tax payable for that fiscal year. This incentive took effect from January 1, 2010 and is effective till December 31, 2019.
- 5) In May 2010, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 20% to 17%, effective January 1, 2010.
- b. Deferred income tax assets (liabilities) were as follows:

	<b>December 31</b>	
	<b>2010</b>	<b>2009</b>
<b>Current</b>		
Deferred income tax assets		
Unrealized exchange loss	\$ 33,263	\$ 13,026
Unrealized loss shipping fuel valuation losses	8,197	2,692
Provision for bad debts exceeding limits	5,891	7,234
Loss carryforwards	-	1,153
Unrealized loss on financial instruments	-	340
Others	<u>2,584</u>	<u>587</u>
	<u>49,935</u>	<u>25,032</u>
Deferred income tax liabilities		
Unrealized exchange gain	(31)	(42)
Others	<u>-</u>	<u>(415)</u>
	<u>(31)</u>	<u>(457)</u>
	<u>\$ 49,904</u>	<u>\$ 24,575</u>
<b>Noncurrent</b>		
Deferred income tax assets		
Loss carryforwards	\$ 381,083	\$ 2,881,634
Deferred pension cost	174,975	192,876
Unrealized impairment loss on long-term leases for chartered-in vessels	35,347	187,776
Investment loss recognized on overseas equity-method investments	23,332	118,923
Impairment loss on financial assets carried at cost	11,802	14,663
Impairment loss on properties and miscellaneous equipment	6,236	-
Unrealized loss on financial instruments	-	3,119
Others	<u>176</u>	<u>2,409</u>
	<u>632,951</u>	<u>3,401,400</u>
Less: Valuation allowance	<u>(271,238)</u>	<u>(2,027,002)</u>
	<u>361,713</u>	<u>1,374,398</u>
Deferred income tax liabilities		
Investment income recognized on overseas equity-method investments	(1,219,795)	(1,501,398)
Unrealized gain on financial instruments	(39,772)	-
Differences in estimated service lives of properties	(2,291)	(20,933)
Others	<u>-</u>	<u>(5,155)</u>
	<u>(1,261,858)</u>	<u>(1,527,486)</u>
	<u>\$ (900,145)</u>	<u>\$ (153,088)</u>

YMTC's loss carryforwards as of December 31, 2010 comprised of:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 2,241,662	2019

As of December 31, 2010, the years of the tax returns assessed by the tax authorities were as follows:

<b>Company</b>	<b>Year</b>
YMTC	2007
Kuang Ming	2008
Honming	2008
Jing Ming	2008
Yes Logistics	2007
Ching Ming	2008
Kao Ming	2007

c. Information about integrated income tax was as follows:

	<b>Balance of Imputation Credit Account (ICA)</b>		<b>Estimated Ratio of 2010</b>	<b>Actual Ratio of 2009</b>
	<b>December 31, 2010</b>	<b>December 31, 2009</b>		
YMTC	<u>\$ 1,264,774</u>	<u>\$ 957,245</u>	11.67%	-
Kuang Ming	<u>\$ 882</u>	<u>\$ 87,001</u>	0.31%	8.14%
Honming	<u>\$ 7,161</u>	<u>\$ 8,003</u>	20.71%	33.77%
Jing Ming	<u>\$ 5,069</u>	<u>\$ 7,398</u>	20.59%	37.07%
Yes Logistics	<u>\$ 22,406</u>	<u>\$ 19,977</u>	-	-
Ching Ming	<u>\$ 6,252</u>	<u>\$ 2,255</u>	20.30%	-
Kao Ming	<u>\$ 51</u>	<u>\$ 51</u>	-	-

Yes Logistics and Kao Ming had no unappropriated earnings as of December 31, 2010. Thus, the ICA balance will be accumulated until the date of dividend distribution in the future.

For distribution of earnings generated after June 30, 1998, the ratio for the imputation credits allocated to shareholders of YMTC and subsidiaries in ROC are based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2010 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

d. As of December 31, 2010 and 2009, YMTC had no unappropriated retained earnings generated before June 30, 1998.

## 20. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Year Ended December 31, 2010			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 2,008,128	\$ 3,554,307	\$ -	\$ 5,562,435
Insurance	56,350	300,892	-	357,242
Pension	117,499	268,235	-	385,734
Others	<u>112,715</u>	<u>267,015</u>	<u>-</u>	<u>379,730</u>
	<u>\$ 2,294,692</u>	<u>\$ 4,390,449</u>	<u>\$ -</u>	<u>\$ 6,685,141</u>
Depreciation	<u>\$ 6,714,315</u>	<u>\$ 382,932</u>	<u>\$ 28,199</u>	<u>\$ 7,125,446</u>
Amortization	<u>\$ 5,776</u>	<u>\$ 55,832</u>	<u>\$ 2,569</u>	<u>\$ 64,177</u>
	Year Ended December 31, 2009			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 1,888,064	\$ 2,934,992	\$ -	\$ 4,823,056
Insurance	52,613	317,275	-	369,888
Pension	105,398	231,705	-	337,103
Others	<u>114,642</u>	<u>230,093</u>	<u>-</u>	<u>344,735</u>
	<u>\$ 2,160,717</u>	<u>\$ 3,714,065</u>	<u>\$ -</u>	<u>\$ 5,874,782</u>
Depreciation	<u>\$ 6,208,792</u>	<u>\$ 203,270</u>	<u>\$ 27,792</u>	<u>\$ 6,439,854</u>
Amortization	<u>\$ 40,094</u>	<u>\$ 45,060</u>	<u>\$ 2,569</u>	<u>\$ 87,723</u>

## 21. EARNINGS (LOSS) PER SHARE

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

	Amount (Numerator)		Shares (Denominator) (In Thousand Shares)	EPS (NT\$)	
	Income Before Income Tax	Net Income (Loss)		Income Before Income Tax	Net Income (Loss)
<u>Year ended December 31, 2010</u>					
Basic EPS	\$ 12,812,544	\$ 11,787,853	2,562,466	<u>\$ 5.00</u>	<u>\$ 4.60</u>
Impact of dilutive potential common shares					
Bonus to employees	<u>-</u>	<u>-</u>	<u>6,333</u>		
Diluted EPS	<u>\$ 12,812,544</u>	<u>\$ 11,787,853</u>	<u>2,568,799</u>	<u>\$ 4.99</u>	<u>\$ 4.59</u>
<u>Year ended December 31, 2009</u>					
Basic EPS	\$(17,861,982)	\$(15,841,129)	2,562,466	<u>\$ (6.97)</u>	<u>\$ (6.18)</u>
Impact of dilutive potential common shares					
Bonus to employees	<u>-</u>	<u>-</u>	<u>-</u>		
Diluted EPS	<u>\$(17,861,982)</u>	<u>\$(15,841,129)</u>	<u>2,562,466</u>	<u>\$ (6.97)</u>	<u>\$ (6.18)</u>

The Corporation should presume that the entire amount of the bonus to employees will be settled in shares and the resulting potential shares should 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 on the balance sheet date. Such dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees in their meeting in the following year.

## 22. DISCLOSURE FOR FINANCIAL INSTRUMENTS

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

	December 31			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 1,403,493	\$ 1,403,493	\$ 919,507	\$ 919,507
Available-for-sale financial assets - current	9,692,954	9,692,954	1,624,876	1,624,876
Available-for-sale financial assets - noncurrent	2,650,993	2,650,993	3,320,867	3,320,867
Financial assets carried at cost - noncurrent	472,515	-	927,723	-
Cash surrender value of life insurance	28,294	28,294	19,361	19,361
Refundable deposits	5,889,027	5,889,027	6,615,710	6,615,710
<u>Liabilities</u>				
Hedging derivative liabilities - current	21,686	21,686	-	-
Hedging derivative liabilities - noncurrent	-	-	15,595	15,595
Long-term debts (including current portion)	40,539,958	40,539,958	43,478,880	43,478,880
Bonds payable (including current portion)	20,025,210	20,156,178	17,122,000	17,343,352
Obligations under capital lease (including current portion)	11,405,058	11,405,058	5,828,432	5,828,432

Place of transaction:

Place of Transaction	December 31			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial asset</u>				
Overseas (including foreign institutions in Taiwan)	\$ -	\$ -	\$ 7,086	\$ 7,086
<u>Financial liability</u>				
Overseas (including foreign institutions in Taiwan)	21,686	21,686	15,595	15,595



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

- 1) Cash and cash equivalents, notes receivable, accounts receivable, accounts receivable from related parties, other receivables, advances to shipping agents, short-term bank loans, payable to related parties, accrued expenses, payables to shipping agents and payables to shipping agents - related parties 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.

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

- 3) Financial assets carried at cost are investments in unlisted stocks which have 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 values of long-term loans, long-term commercial papers and obligations under capital lease are measured at the present values of expected cash flows which are discounted at the interest rate for bank loans with similar maturities.
- 5) Refundable deposits use carrying amounts to estimate their fair market values since the amounts refundable approximate the carrying amounts.
- 6) The fair value of bonds is market value.

c. The fair values of financial assets and financial liabilities, based on quoted prices or valuation technique, were as follows:

	Quoted Price		Estimated Price	
	December 31		December 31	
	2010	2009	2010	2009
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 813,280	\$ 882,327	\$ 590,213	\$ 37,180
Available-for-sale financial assets - current	9,692,954	1,624,876	-	-
Available-for-sale financial assets - noncurrent	2,650,993	3,320,867	-	-
<u>Liabilities</u>				
Hedging derivative liabilities - current	-	-	21,686	-
Hedging derivative liabilities - noncurrent	-	-	-	15,595
Bonds payable	20,156,178	17,343,352	-	-

d. Net gain (loss) on changes of the fair value determined by using valuation technique were \$(5,960) thousand and \$223,278 thousand for the years ended December 31, 2010 and 2009, respectively.

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

	December 31			
	2010		2009	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
<u>Risk of interest rate change</u>				
Fair value risk	\$ 2,841,766	\$ 25,427,316	\$ 2,906,645	\$ 16,293,622
Cash flow risk	16,044,618	47,590,973	10,379,022	50,990,867

f. Information about financial risks

1) Market risk

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

For the years ended December 31, 2010 and 2009, the interest rate swap contracts held by YMTC were for nontrading purposes, i.e., to hedge overall fluctuations on interest rates. YMTC uses interest rate swap contracts with gains or losses that offset the gains or losses on floating interest-bearing liabilities. Through these contracts, YMTC hedges most of the risks in the market. In addition, YMTC 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 YMTC.

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

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

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

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

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

3) Liquidity risk

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

The Group 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 Group 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 Group to material liquidity risks.

4) Cash flow risk on interest rate

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

g. Cash flow hedge

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

Hedged Items	Financial Instruments Designated	Designated Hedging Instruments				Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
		December 31					
		2010		2009			
		Notional Amount	Fair Value	Notional Amount	Fair Value		
Bonds with floating interest rate	Interest rate swap	\$(1,000,000)	\$ (21,686)	\$(1,000,000)	\$ (15,595)	June 18, 2004 - June 18, 2011	June 18, 2004 - June 18, 2011

h. Reclassifications

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

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

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

The carrying amounts and fair values of the reclassified financial assets (excluding those that had been derecognized) as at December 31, 2010 and 2009 were as follows:

	<b>December 31</b>			
	<b>2010</b>		<b>2009</b>	
	<b>Book Value</b>	<b>Fair Value</b>	<b>Book Value</b>	<b>Fair Value</b>
Available-for-sale financial assets	\$ 413,691	\$ 413,691	\$ 791,022	\$ 791,022

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized before December 31, 2010 and 2009, respectively) for the years ended December 31, 2010 and 2009 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	<b>Year Ended December 31</b>			
	<b>2010</b>		<b>2009</b>	
	<b>Gains (Losses) Recorded</b>	<b>Pro Forma Gains (Losses)</b>	<b>Gains (Losses) Recorded</b>	<b>Pro Forma Gains (Losses)</b>
Available-for-sale financial assets	\$ -	\$ (16,997)	\$ -	\$ 342,358

### 23. RELATED-PARTY TRANSACTIONS

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

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

<b>Related Party</b>	<b>Relationship with the Group</b>
Yang Ming (Vietnam) Corp.	Equity-method investee
Yang Ming (U.A.E) LLC.	Equity-method investee
Yang Ming Shipping (Egypt) Pvt. Ltd.	Equity-method investee
Corstor Ltd.	Equity-method investee
West Basin Container Terminal LLC	Equity-method investee
Yang Ming Cultural Foundation	YMTC's donation is equal to foundation's capital
Leader Container Transportation Co., Ltd.	The Company's supervisor is Jing Ming's Chairman
Marine Container Services South P. Ltd.	The Company is a major shareholder of Yang Ming Lind (India) Pvt. Ltd.
Marine Container Services India P. Ltd.	The Company is a major shareholder of Yang Ming Lind (India) Pvt. Ltd.
Bay Container Terminal PVT. Ltd.	The Company is a major shareholder of Yang Ming Lind (India) Pvt. Ltd.
Unicorn Enterprises	The Company is a major shareholder of Yang Ming Lind (India) Pvt. Ltd.
B.L.A. B.V.	The Company is a major shareholder of Yang Ming Lind (Belgium) Pvt. Ltd.
Taiwan Navigation Co., Ltd.	More than half of the directors are identical
Meng Yu Corp.	Substantive related party

- b. Except as disclosed in Note 8, 25, Schedules C and D, the following is a summary of significant related-party transactions:

	<b>2010</b>		<b>2009</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<u>For the year ended</u>				
Operating revenues				
Taiwan Navigation Co., Ltd.	\$ 102,940	-	\$ 60,235	-
West Basin Container Terminal LLC	8,577	-	8,955	-
Marine Container Services India P. Ltd.	1,526	-	-	-
Marine Container Service South P. Ltd.	57	-	17,283	-
Leader Container Transportation Co., Ltd.	-	-	266	-
	<u>\$ 113,100</u>	<u>-</u>	<u>\$ 86,739</u>	<u>-</u>
Operating costs				
West Basin Container Terminal LLC	\$ 2,411,123	2	\$ 2,010,122	2
Leader Container Transportation Co., Ltd.	470,445	1	348,169	-
Taiwan Navigation Co., Ltd.	183,323	-	96,697	-
Yang Ming (U.A.E.) LLC	63,224	-	-	-
Yang Ming (Vietnam) Corp.	46,554	-	34,197	-
Yang Ming Shipping (Egypt) S.A.E.	45,472	-	-	-
Marine Container Services India P. Ltd.	15,654	-	-	-
Marine Container Service South P. Ltd.	1,519	-	15,675	-
	<u>\$ 3,237,314</u>	<u>3</u>	<u>\$ 2,504,860</u>	<u>2</u>
Operating expenses				
Yang Ming Cultural Foundation	\$ 33,868	1	\$ 38,482	1
Marine Container Service South P. Ltd.	6,405	-	6,384	-
Unicon Enterprises	4,764	-	4,091	-
Bay Container Terminal PVT Ltd.	1,963	-	1,667	-
	<u>\$ 47,000</u>	<u>1</u>	<u>\$ 50,624</u>	<u>1</u>
Rent income				
Yang Ming Cultural Foundation	\$ 2,857	-	\$ 2,286	-
Interest income				
Yang Ming (U.A.E) LLC	\$ 27	-	-	-
<u>December 31</u>				
Notes receivable from related parties				
Leader Container Transportation Co., Ltd.	\$ 10	-	\$ 43	-
Accounts receivable from related parties				
Yang Ming (U.A.E) LLC	\$ 55,010	92	\$ -	-
Yang Ming (Vietnam) Corp.	3,890	7	130,196	99
West Basin Container Terminal LLC	661	1	890	1
Others	20	-	11	-
	<u>\$ 59,581</u>	<u>100</u>	<u>\$ 131,097</u>	<u>100</u>

	2010		2009	
	Amount	%	Amount	%
Other receivables from related parties (included in other current assets)				
Marine Container Services India P. Ltd.	\$ 16,136	47	\$ -	-
Yang Ming Line (Egypt) Pvt. Ltd.	14,279	42	-	-
Yang Ming (U.A.E) LLC	1,972	6	-	-
Marine Container Service South P. Ltd.	1,475	4	7,273	100
Taiwan Navigation Co., Ltd.	341	1	-	-
Leader Container Transportation Co., Ltd.	3	-	-	-
Yang Ming (Vietnam) Corp.	-	-	53	-
	<u>\$ 34,206</u>	<u>100</u>	<u>\$ 7,326</u>	<u>100</u>
Notes payable				
Leader Container Transportation Co., Ltd.	\$ 281	-	\$ 829	1
Payable to related parties				
Leader Container Transportation Co., Ltd.	\$ 91,001	47	\$ 49,414	75
West Basin Container Terminal LLC	54,054	28	-	-
Taiwan Navigation Co., Ltd.	43,156	23	16,072	25
Marine Container Services India P. Ltd.	2,865	1	-	-
Marine Container Services South P. Ltd.	1,161	1	-	-
Corstor Ltd.	1,158	-	-	-
Bay Container Terminal P. Ltd.	441	-	-	-
	<u>\$ 193,836</u>	<u>100</u>	<u>\$ 65,486</u>	<u>100</u>
Payable to shipping agents-related parties				
Yang Ming (U.A.E) LLC.	\$ 87,179	59	\$ -	-
Yang Ming (Vietnam) Corp.	38,193	26	92,985	100
Yang Ming Line (Egypt) Pvt. Ltd.	22,327	15	-	-
	<u>\$ 147,699</u>	<u>100</u>	<u>\$ 92,985</u>	<u>100</u>

The financing provided by the related parties were as follows:

	Maximum Balance for the Period	Ending Balance	Interest Rate	Interest Expense	Interest Payable	Pledged
<u>2010</u>						
Long-term debts						
B.L.A.B.V	<u>\$ 4,277</u>	<u>\$ -</u>	3.5%	<u>\$ -</u>	<u>\$ -</u>	None
<u>2009</u>						
Long-term debts						
Marine Container Services South P. Ltd.	<u>\$ 2,543</u>	<u>\$ -</u>	12%	<u>\$ 194</u>	<u>\$ -</u>	None

The payment and receipt of the fund were in accordance with “The Accounting Procedures of the Shipping Agents” or the business practices of the location of the related parties.

The transactions with related parties were conducted under contract terms.

In July 2010, YMTC disposed 900,000 shares of Kuang Ming Shipping Corp. to Meng Yu Corp. at \$30.6 per share, net value on June 30, 2010 and recognized gain of disposal for 4,858 thousand. The payment has been received.

- c. YMTC's compensation of directors, supervisors and management personnel:

	<b>Year Ended December 31</b>	
	<b>2010</b>	<b>2009</b>
Salaries	\$ 20,798	\$ 17,558
Incentives	6,316	4,292
Bonus	<u>2,538</u>	<u>683</u>
	<u>\$ 29,652</u>	<u>\$ 22,533</u>

#### **24. ASSETS PLEDGED OR MORTGAGED**

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

	<b>December 31</b>	
	<b>2010</b>	<b>2009</b>
Properties, net	\$ 56,289,076	\$ 51,848,981
Refundable deposits	5,492,735	6,514,645
Assets leased to others, net	1,417,467	1,426,501
Pledged time deposits (included in other assets - miscellaneous)	12,750	2,000
Restricted time deposit (included in other current assets)	300	10,000
Nonoperating assets, net	<u>-</u>	<u>89,230</u>
	<u>\$ 63,212,328</u>	<u>\$ 59,891,357</u>

#### **25. COMMITMENTS AND CONTINGENT LIABILITY**

In addition to those mentioned in Note 23 and Schedule D, commitments and contingent liability as of December 31, 2010 were as follows:

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

Kuang Ming Shipping Corp. signed a contract, "the charter party for collier in Pacific route", with Taiwan Power Company, Ltd. since June 2009. The contract provides YM Cultivation (a ship of Kuang Ming) as collier and will expire until June 2012. Kuang Ming has deposited \$10,000 thousand as the guarantee fund.

- b. Leases of office premises, ships, terminal and container yard of the Group under operating lease agreements that will expire on various dates until May 2030. The rental payments were based on monthly or quarterly, and the Corporation has deposited \$323,521 thousand as the guarantee fund. The total rental for the year ended December 31, 2010 was \$14,426,796 thousand, and future minimum rentals are as follows:

<b>Fiscal Year</b>	<b>Amount</b>
2011	\$ 12,458,850
2012	10,976,185
2013	9,860,396
2014	8,628,827
2015	8,279,547

Rentals after 2016 amount to \$29,225,342 thousand. The present value of those rentals, computed at an annual interest rate of 1.135%, is \$27,074,130 thousand.

On May 7, 2010, YM UK terminated and canceled time-charter contracts with Danaos Corporation signed in 2007. YM UK agreed to pay reimbursement US\$12,600 thousand (included in operating expenses and losses - compensation for the losses). The compensation has been paid off as of August 9, 2010.

- c. Leases of vessels, containers and chassis of the Group under capital lease agreements expiring on various dates until August 2028. The total rental and interests for the year ended December 31, 2010 were \$413,520 thousand (deducted from leases payable). Future minimum rentals are as follows:

<b>Fiscal Year</b>	<b>Amount</b>
2011	\$ 1,092,468
2012	1,101,935
2013	1,138,637
2014	1,152,860
2015	1,146,781

Rentals after 2016 amount to \$14,182,434 thousand. The present value of those rentals, computed at an annual interest rate of 1.135%, is \$12,054,344 thousand.

- d. The subsidiaries signed ship lease contracts under operating lease. Future rentals are as follows:

<b>Fiscal Year</b>	<b>Amount</b>
2011	\$ 1,679,493
2012	712,161
2013	623,738
2014	280,456
2015	35,259



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

Company Name	Nature of Relationship	Guarantee Amount (Thousands)	
Yang Ming (America) Corp.	Subsidiary	US\$	10,000
All Oceans Transportation Inc.	Subsidiary	US\$	20,000
Yang Ming (Liberia) Corp.	Subsidiary	US\$	644,170
Kuang Ming (Liberia) Corp.	Subsidiary	US\$	188,742
		JPY	6,912,000
Kao Ming Container Terminal Corp.	Subsidiary	NT\$	2,000,000
United Terminal Leasing LLC	Equity-method investee	US\$	14,565
West Basin Container Terminal LLC	Equity-method investee	US\$	24,800
Olympic Container Terminal LLC	Subsidiary	US\$	4,700

- f. Yang Ming Line Holding Co.'s guarantee of loan for West Basin Container Terminal LLC, an equity-method investee, amounted to US\$450 thousand.
- g. Yang Ming Line (B.V.I.) Holding Co., Ltd.'s guarantee of loan for Yang Ming (UK) Ltd. amounted to GBP203 thousand.
- h. AOT guarantee of loan for YMTC amounted to \$12,466,000 thousand and pledged ships as collateral.
- i. AOT and CSBC Corporation, Taiwan (formerly known as China Shipbuilding Corporation) entered into an agreement to construct 14 vessels for US\$1,349,874 thousand. The original contract price and modified contract price are US\$1,339,474 thousand and US\$10,400 thousand, respectively. As of December 31, 2010, AOT paid \$4,672,201 thousand.
- j. Kuang Ming Shipping Corp.'s guarantee of loan for Kuang Ming (Liberia) Corp. amounted to JPY4,716,000 thousand.
- k. Kuang Ming (Liberia) Corp. entered into an agreement with Tsuneishi Corporation, Japan and Universal Shipbuilding Corporation for JPY24,365,675 thousand. The original contract price and additional payment are JPY24,250,000 thousand and JPY115,675 thousand, respectively. As of December 31, 2010, Kuang Ming (Liberia) Corp. has paid JPY15,267,457 thousand.
- l. In order to construct and operate terminal and supporting facilities, Kao Ming Container Terminal Corp. entered into engineering and technical services contracts between 2007 and 2010. As of December 31, 2010, the payments of these contracts were as follows:

Project	Amount Paid (Excluding Tax)	Total Contract Amount (Including Tax)
Machinery and equipment	\$ 3,323,530	\$ 3,745,500
Terminal and administration building	1,053,827	1,363,836
Computer and software	136,870	206,414
Others	<u>15,378</u>	<u>24,530</u>
	<u>\$ 4,529,605</u>	<u>\$ 5,340,280</u>

## 26. ADDITIONAL DISCLOSURES

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

- a. Financing provided: Please see Schedule C attached;
- b. Endorsement/guarantee provided: Please see Schedule D attached;
- c. Marketable securities held: Please see Schedule E 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 F 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 G attached;
- i. Names, locations, and related information of investees on which the Corporation exercises significant influence: Please see Schedule H 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 I attached.
  - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None.
- l. Significant transactions between YMTC and its subsidiaries for the years ended December 31, 2010 and 2009: Please see Schedule J and K.

## 27. SEGMENT INFORMATION

### a. Department Information

	<b>2010</b>				
	<b>Marine Cargo Transportation Department</b>	<b>Tramp Department</b>	<b>Other Departments</b>	<b>Adjustment and Eliminations</b>	<b>Combined</b>
Sales to customers	\$ 124,427,948	\$ 2,598,262	\$ 3,523,557	\$ -	\$ 130,549,767
Intercompany sales	<u>19,460,931</u>	<u>46,988</u>	<u>1,101,874</u>	<u>(20,609,793)</u>	<u>-</u>
Total revenue	<u>\$ 143,888,879</u>	<u>\$ 2,645,250</u>	<u>\$ 4,625,431</u>	<u>\$ (20,609,793)</u>	<u>\$ 130,549,767</u>
Segment operating income	<u>\$ 15,394,080</u>	<u>\$ 577,078</u>	<u>\$ 303,832</u>	<u>\$ 72,535</u>	\$ 16,347,525
Investment income recognized under equity method					283,686
General income, net					(909,234)
General expenses					(1,112,154)
Interest expense					<u>(1,378,978)</u>
Income before income tax					<u>\$ 13,230,845</u>
Identifiable assets	<u>\$ 145,256,863</u>	<u>\$ 8,347,924</u>	<u>\$ 13,706,306</u>	<u>\$ (35,553,993)</u>	\$ 131,757,100
Investments accounted for using equity method					1,672,507
General assets					<u>375,191</u>
Total assets					<u>\$ 133,804,798</u>
Depreciation	<u>\$ 6,641,107</u>	<u>\$ 414,094</u>	<u>\$ 70,245</u>		
Capital expenditure	<u>\$ 1,509,486</u>	<u>\$ 3,398,792</u>	<u>\$ 4,237,931</u>		

  

	<b>2009</b>				
	<b>Marine Cargo Transportation Department</b>	<b>Tramp Department</b>	<b>Other Departments</b>	<b>Adjustment and Eliminations</b>	<b>Combined</b>
Sales to customers	\$ 83,280,497	\$ 3,625,012	\$ 1,987,272	\$ -	\$ 88,892,781
Intercompany sales	<u>17,835,660</u>	<u>13</u>	<u>996,230</u>	<u>(18,831,903)</u>	<u>-</u>
Total revenue	<u>\$ 101,116,157</u>	<u>\$ 3,625,025</u>	<u>\$ 2,983,502</u>	<u>\$ (18,831,903)</u>	<u>\$ 88,892,781</u>
Segment operating income	<u>\$ (18,022,005)</u>	<u>\$ 1,527,110</u>	<u>\$ 161,026</u>	<u>\$ (42,909)</u>	\$ (16,376,778)
Investment income recognized under equity method					331,015
General income, net					1,366,915
General expenses					(954,233)
Interest expense					<u>(1,139,624)</u>
Income before income tax					<u>\$ (16,772,705)</u>
Identifiable assets	<u>\$ 128,842,872</u>	<u>\$ 6,735,063</u>	<u>\$ 8,793,392</u>	<u>\$ (32,948,263)</u>	\$ 111,423,064
Investments accounted for using equity method					1,724,755
General assets					<u>673,744</u>
Total assets					<u>\$ 113,821,563</u>
Depreciation	<u>\$ 6,056,112</u>	<u>\$ 311,677</u>	<u>\$ 72,065</u>		
Capital expenditure	<u>\$ 7,881,924</u>	<u>\$ 371,666</u>	<u>\$ 4,263,313</u>		

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

c. Cargo transport revenues

Line Service	Year Ended December 31			
	2010		2009	
	Amount	%	Amount	%
Northwest European line	\$ 28,344,096	22	\$ 15,808,250	18
U.S. Eastern coast line	28,234,475	22	13,357,369	15
U.S. Western coast line	22,870,878	18	22,248,617	25
Asia line	21,781,572	17	14,948,524	17
Mediterranean line	17,097,060	13	9,060,617	10

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

## 28. OTHERS

The significant financial assets and liabilities denominated in foreign currencies were as follows.

	Year Ended December 31					
	2010			2009		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 297,968	29.14	\$ 8,682,801	\$ 280,976	32.03	\$ 8,999,647
GBP	39,031	45.1553	1,762,487	22,043	50.9582	1,135,535
EUR	12,311	38.9398	479,396	24,532	45.9774	1,127,924
RMB	90,757	4.4213	401,288	56,049	4.6918	262,893
JPY	1,089,117	0.3582	390,176	1,538,659	0.3477	535,048
THB	277,356	0.9705	269,181	1,683	0.9603	1,617
AUD	8,236	29.6907	244,523	58	28.6028	1,653
HKD	59,959	3.7486	224,864	17,907	4.1302	73,943
MYR	20,701	9.4503	195,721	9,645	9.3477	90,070
TRY	8,998	18.80	169,159	-	21.2119	-
INR	221,899	0.6500	144,246	52,546	0.6857	36,032
KRW	3,706,945	0.0260	96,436	2,697,643	0.0275	74,174
SGD	2,865	22.7124	65,175	6,165	22.8069	140,830
Nonmonetary items						
USD	2,180	29.14	63,534	10,599	32.03	339,495
GBP	146	45.1553	6,614	2,284	50.9582	116,391
EUR	56	38.9398	2,169	1,462	45.9774	67,207
Investments accounted for using equity method						
USD	33,730	29.14	982,895	31,367	32.03	1,004,681
RMB	72,793	4.4213	321,884	71,685	4.6918	336,172
AED	3,261	7.9338	25,891	-	-	-
EGP	5,009	5.0155	25,122	-	-	-
VND	8,039,094	0.0015	12,015	5,149,481	0.0017	8,928
GBP	165	45.1553	7,469	204	50.9582	10,533
<u>Financial liabilities</u>						
Monetary items						
USD	940,432	29.14	27,404,188	1,185,670	32.03	37,977,004
GBP	160,878	45.1553	7,264,519	78,066	50.9582	4,037,997
JPY	658,895	0.3582	236,049	642,092	0.3477	223,279
EUR	5,633	38.9398	219,344	13,364	45.9774	614,454

(Continued)

**Year Ended December 31**

	<b>2010</b>			<b>2009</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
RMB	\$ 38,448	4.4213	\$ 170,011	\$ 26,420	4.6918	\$ 123,901
HKD	33,896	3.7486	127,110	61,823	4.1302	255,181
KRW	4,646,640	0.0260	120,862	9,492,846	0.0275	261,061
AED	1,958	7.9338	86,938	-	-	-
SAR	9,693	7.7705	75,323	14,957	8.5371	127,688
MYR	7,530	9.4503	71,228	9,889	9.3477	92,373
TRY	2,823	18.80	53,073	4,473	21.2119	94,875
BDT	121,283	0.4129	50,077	127,461	0.4625	58,946
INR	72,401	0.6500	47,061	66,182	0.6857	45,383
THB	47,238	0.9705	45,845	40,455	0.9603	38,848

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES****OVERSEAS DEPOSITS  
DECEMBER 31, 2010**

<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	\$ 6	29.14	\$ 166
	JPY	258,347	0.3582	92,553
Hong Kong	USD	2,321	29.14	67,630
	HKD	4,071	3.7486	15,260
	RMB	10,003	4.4213	44,226
United States	USD	8,880	29.14	258,765
Belgium	EUR	370	38.9398	14,419
Indonesia	USD	25	29.14	729
Malaysia	USD	162	29.14	4,716
	MYR	12,280	9.4503	116,050
Britain	USD	232	29.14	6,761
	GBP	800	45.1553	36,122
Germany	USD	52	29.14	1,506
	EUR	894	38.9398	34,820
Philippines	USD	33	29.14	947
	PHP	5,842	0.6667	3,895
Singapore	USD	17	29.14	501
	SGD	1,514	22.7124	34,381
India	INR	108,510	0.6501	70,541
Thailand	THB	93,675	0.9705	90,913
Korea	USD	1,355	29.14	39,490
	KRW	1,237,167	0.0260	32,176
Canada	USD	23	29.14	673
	CAD	389	29.1546	11,333
Australia	USD	32	29.14	919
	AUD	930	29.6907	27,623

**SCHEDULE B****YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES****OVERSEAS DEPOSITS  
DECEMBER 31, 2009**

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

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## FINANCING PROVIDED

DECEMBER 31, 2010

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

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Year (Note I)	Ending Balance (Note I)	Interest Rate	Nature of Financing (Note A)	In the Last Two Years Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can Be Provided by the Financier
											Item	Value		
0	Yang Ming Marine Transport Corporation	Yang Ming (Liberia) Corp.	Other receivables	\$ 2,100,000 (Note J)	\$ 2,100,000 (Note K)	2.1434%	1	\$ 3,734,663	Repayment of loans	\$ -	-	\$ -	\$ 3,734,663 (Note C)	\$ 12,614,844 (Note B)
		All Oceans Transportation, Inc.	Other receivables	3,877,833 (Note L)	3,877,833 (Note M)	2.1434%	1	3,877,833	Obtain working capital	-	-	-	3,877,833 (Note C)	12,614,844 (Note B)
		Antwerp International Terminal NV	Other receivables	12,718 (EUR 327)	-	-	1	536,247 (EUR 13,771)	Obtain working capital	-	-	-	536,247 (Note C)	12,614,844 (Note B)
1	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming (U.A.E.) LLC.	Other receivables	1,947 (US\$ 67)	1,947 (US\$ 67)	1.54%	2	-	Obtain working capital	-	-	-	822,623 (Note E)	1,645,246 (Note D)
		Antwerp International Terminal NV	Other receivables	12,718 (EUR 327)	12,718 (EUR 327)	1.8910%	2	-	Obtain working capital	-	-	-	822,623 (Note E)	1,645,246 (Note D)
2	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	442,928 (US\$ 15,200) (Note N)	442,928 (US\$ 15,200) (Note N)	2.00%	2	-	Obtain working capital	-	-	-	472,068 (Note G)	524,520 (Note F)
3	Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Other receivables	24,928 (HK\$ 6,650) (Note O)	24,928 (HK\$ 6,650) (Note O)	0.50%	2	-	Repayment of loans	-	-	-	332,642 (Note H)	415,803 (Note D)

## Notes:

- A. Nature of Financing:  
1. Yang Ming Marine Transport Corporation (the "Corporation") has transactions with the borrower.  
2. The borrower needs short-term financing.
- B. The maximum financing amount is 40% of net assets of the Corporation. For borrowers with transactions with the Corporation, maximum financing is 30% of net assets of the Corporation. For borrowers with short-term financing need, the maximum is 10% of net assets of the Corporation.
- C. For borrowers with transactions with the Corporation, maximum financing is 10% of the net assets of the Corporation 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 5% of the net assets of the Corporation.
- D. Represents the lender's net asset value.
- E. Represents 50% of the lender's net asset value.
- F. Represents US\$18,000,000.
- G. Represents 90% of US\$18,000,000.
- H. Represent 80% of the lender's net asset value.
- I. United States dollars, Hong Kong dollars and European dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.14 and HK\$1=NT\$3.7486 and EUR1=NT\$38.9398 as of December 31, 2010. The maximum and ending balances showed were the amounts approved by the respective board of directors.
- J. The maximum balance of actual financing provided was \$1,487,174 thousand (US\$51,035 thousand) for the year ended December 31, 2010.
- K. The balance of actual financing provided as of December 31, 2010 was \$1,450,901 thousand (US\$49,791 thousand), net of credit balance of the Corporation long-term in Yang Ming (Liberia) Corp.
- L. The maximum balance of actual financing provided was \$495,981 thousand for the year ended December 31, 2010.
- M. The balance of actual financing provided as of December 31, 2010 was \$494,033 thousand.
- N. Both the maximum balance of actual financing provided in 2010 and the balance of actual financing provided as of December 31, 2010 were \$399,218 thousand (US\$13,700 thousand).
- O. Both the maximum balance of actual financing provided in 2010 and the balance of actual financing provided as of December 31, 2010 were \$22,508 thousand (HK\$6,004 thousand).



**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**ENDORSEMENT/GUARANTEE PROVIDED**

**DECEMBER 31, 2010**

**(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 O)	Ending Balance (Note O)	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	All Oceans Transportation, Inc.	Subsidiary	\$ 67,571,835 (Note B)	\$ 582,800 (US\$ 20,000)	\$ 582,800 (US\$ 20,000)	\$ -	1.39%	\$ 84,098,962 (Note A)
		Kuang Ming (Liberia) Corp.	Subsidiary	67,571,835 (Note B)	11,419,405 (US\$ 196,358 and JPY 15,906,000)	7,975,824 (US\$ 188,742 and JPY 6,912,000)	-	18.97%	84,098,962 (Note A)
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	67,571,835 (Note B)	145,700 (US\$ 5,000)	-	-	-	84,098,962 (Note A)
		Yang Ming (Liberia) Corp.	Subsidiary	67,571,835 (Note B)	18,771,114 (US\$ 644,170)	18,771,114 (US\$ 644,170)	-	44.64%	84,098,962 (Note A)
		Yang Ming (America) Corp.	Subsidiary	67,571,835 (Note B)	291,400 (US\$ 10,000)	291,400 (US\$ 10,000)	-	0.69%	84,098,962 (Note A)
		Kao Ming Container Terminal Corp.	Subsidiary	67,571,835 (Note B)	3,000,000	2,000,000	-	4.76%	84,098,962 (Note A)
		United Terminal Leasing LLC	Equity-method investee of subsidiary	67,571,835 (Note B)	444,624 (US\$ 15,258)	424,425 (US\$ 14,565)	-	1.01%	84,098,962 (Note A)
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	67,571,835 (Note B)	940,173 (US\$ 32,264)	722,672 (US\$ 24,800)	-	1.72%	84,098,962 (Note A)
		Olympic Container Terminal LLC	Subsidiary	67,571,835 (Note B)	136,958 (US\$ 4,700)	136,958 (US\$ 4,700)	-	0.33%	84,098,962 (Note A)
1	Yang Mine Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	419,616 (Note D)	16,756 (US\$ 575)	13,109 (US\$ 450)	-	4.48%	524,520 (Note C)
2	Yang Ming Line (Hong Kong) Ltd.	Karlman Properties Limited	Subsidiary	59,978 (Note F)	5,998 (HK\$ 1,600)	-	-	-	74,972 (Note E)
3	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	Subsidiary	2,412,910 (Note H)	32,286 (GBP 715)	9,148 (GBP 203)	-	0.02%	3,016,137 (Note G)
4	All Oceans Transportation, Inc.	Yang Ming Marine Transport Corporation	Parent	21,682,101 (Note J)	12,466,000	12,466,000	12,466,000 (Note P)	29.52%	27,102,626 (Note I)
5	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	7,803,710 (Note L)	1,689,271 (JPY 4,716,000)	1,689,271 (JPY 4,716,000)	-	4.00%	9,754,638 (Note K)

(Continued)

No.	Guarantor	Guaranteed Party		Maximum Amount of Guarantee to Individual Guaranteed Parties	Maximum Balance for the Year (Note O)	Ending Balance (Note O)	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						
6	Kuang Ming (Liberia) Corp.	Kuang Ming Shipping Corp.	Parent	\$ 3,639,196 (Note N)	\$ 1,586,693 (US\$ 6,000 and NT\$ 300,000 and JPY 3,104,000)	\$ -	\$ -	-	\$ 4,548,995 (Note M)

Notes:

- A. Represents 200% of the paid-in capital of Yang Ming Marine Transport Corporation (the "Corporation").  
B. Represents 80% of the amount mentioned in Note A.  
C. Represents US\$18,000 thousand.  
D. Represents 80% of the amount mentioned in Note C.  
E. Represents HK\$20,000 thousand.  
F. Represents 80% of the amount mentioned in Note E.  
G. Represents 100% of the paid-in capital of Yang Ming Line (B.V.I.) Holding Co., Ltd.  
H. Represents 80% of the amount mentioned in Note G.  
I. Represents 100% of asset of All Oceans Transportation, Inc.  
J. Represents 80% of the amount mentioned in Note I.  
K. Represents 200% of its latest audited or reviewed net asset value.  
L. Represents 80% of the amount mentioned in Note K.  
M. Represents 200% of its latest audited or reviewed net asset value.  
N. Represents 80% of the amount mentioned in Note M.  
O. United States dollars, Great British Pounds, Japanese yen and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.14, GBP1=NT\$45.1553, JPY1=0.3582 and HK\$1=NT\$3.7486 on December 31, 2010.  
P. Represents 14 ships used as guarantees, with carrying value of \$13,965,527 thousand as of December 31, 2010.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2010

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2010			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
Yang Ming Marine Transport Corporation	<u>Common stock</u>							
	Yang Ming Line (BVI) Holding Co., Ltd.	Subsidiary	Investments accounted for by the equity method	10,351	\$ 4,487,685	100.00	\$ 4,487,685	
	Kuang Ming Shipping Corp.	Subsidiary	Investments accounted for by the equity method	191,620,000	4,547,582	93.24	4,547,582	
	All Oceans Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	1,000	4,364,025	100.00	4,364,025	
	Kao Ming Container Terminal Corp.	Subsidiary	Investments accounted for by the equity method	410,000,000	4,022,887	100.00	4,022,887	
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	60,130,000	1,645,246	100.00	1,645,246	
	Ching Ming Investment Corp.	Subsidiary	Investments accounted for by the equity method	160,650,000	1,640,812	100.00	1,640,812	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	60,000,000	542,675	50.00	543,346	
	Yang Ming Line Holding Co.	Subsidiary	Investments accounted for by the equity method	13,500	292,663	100.00	292,663	
	Yunn Wang Investment Co., Ltd.	Equity-method investee	Investments accounted for by the equity method	5,211,474	199,640	49.75	199,640	
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	7,916,908	121,907	79.17	121,907	
	Jing Ming Transportation Co., Ltd.	Subsidiary	Investments accounted for by the equity method	8,615,923	117,695	50.98	117,695	
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments accounted for by the equity method	1,345	90,614	49.00	90,614	
	Yang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	(1,670,538)	100.00	(1,670,538)	Note D
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset carried at cost - noncurrent	41,000,000	406,640	9.76	-	
	United Stevedoring Corp.	-	Financial asset carried at cost - noncurrent	500,000	5,000	10.00	-	
	Antwerp International Terminal N.V.	-	Financial asset carried at cost - noncurrent	1,486,030	-	16.33	-	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	70,758,243	2,189,943	16.96	2,632,207	Note U
	Taiwan Fertilizer Co., Ltd.	-	Financial assets at fair value through profit or loss - current	18,000	2,652	-	1,962	
	China Steel Corp.	-	Available-for-sale financial assets - current	801,171	32,469	0.01	26,839	
	Greatek Electronics Inc.	-	Available-for-sale financial assets - current	482,698	15,239	0.09	14,674	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	1,805,275	103,604	0.02	93,333	
	Aten International Co., Ltd.	-	Available-for-sale financial assets - current	103,614	5,680	0.09	5,481	
	<u>Mutual fund</u>							
	BLK Liquidity First Fund (EUR)	-	Financial assets at fair value through profit or loss - current	55,696	2,169	-	2,169	
	BLK Liquidity First Fund (GBP)	-	Financial assets at fair value through profit or loss - current	149,479	6,614	-	6,614	
	Fuh Hwa Global Short-term Income Fund	-	Financial assets at fair value through profit or loss - current	2,998,711	30,000	-	31,883	
	Capital Sale Income Fund	-	Available-for-sale financial assets - current	18,107,858	280,000	-	280,007	
	Taishin Lucky Fund	-	Available-for-sale financial assets - current	32,821,806	350,021	-	350,110	
	Fu-Hwa Bond Fund	-	Available-for-sale financial assets - current	20,197,211	280,000	-	280,030	
	Fuh Hwa Global Short-term Income Fund	-	Available-for-sale financial assets - current	238,711,576	2,500,000	-	2,538,005	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2010				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Fuh-Hwa Yuli Bond Fund	-	Available-for-sale financial assets - current	11,626,093	\$ 150,059	-	\$ 150,390	
	Mega Diamond Bond Fund	-	Available-for-sale financial assets - current	67,584,604	807,783	-	809,860	
	Union Bond	-	Available-for-sale financial assets - current	66,106,497	835,851	-	836,664	
	IBT Ta-Chong Equity Fund	-	Available-for-sale financial assets - current	44,144,068	600,017	-	600,342	
	IBT 1699 Bond Fund	-	Available-for-sale financial assets - current	33,227,726	430,000	-	430,053	
	Hua Nan Kirin Bond Fund	-	Available-for-sale financial assets - current	66,953,391	770,000	-	770,460	
	PCA Well Pool Fund	-	Available-for-sale financial assets - current	17,658,214	230,000	-	230,007	
	ING Taiwan Bond Fund	-	Available-for-sale financial assets - current	2,240,300	35,028	-	35,047	
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets - current	32,093,182	470,002	-	470,043	
	Fubon Chi-Hsiang Money Market Corporate bonds	-	Available-for-sale financial assets - current	33,219,281	500,000	-	500,043	
	Deutsche Bank AG	-	Available-for-sale financial assets - current	200	60,740	-	58,280	
	Principle guaranteed notes	-	Financial assets at fair value through profit or loss - current	300	30,000	-	30,010	
	Chunghwa Telecom Digital Principle Guaranteed Notes	-	Financial assets at fair value through profit or loss - current	1,150	115,000	-	115,074	
	CAPITAL	-	Financial assets at fair value through profit or loss - current	1,450	145,000	-	145,059	
	Short Rate Linked Principal Guarantee Note	-	Financial assets at fair value through profit or loss - current	3,000	300,000	-	300,070	
	Yuanta Principal Guaranteed Notes	-	Financial assets at fair value through profit or loss - current					
Yang Ming Line (Singapore) Pte. Ltd.	<u>Common stock</u>							
	Yang Ming Shipping (B.V.I) Inc.	Subsidiary	Investments accounted for by the equity method	510	212,060	51.00	212,060	
	Yang Ming Line (Hong Kong) Ltd.	Subsidiary	Investments accounted for by the equity method	510,000	(75,520)	51.00	(75,520)	Note T
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	Investments accounted for by the equity method	300,000	(225)	60.00	(225)	Note D
	Yang Ming (Korea) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	60,000	26,287	60.00	26,287	
	Young-Carrier Co., Ltd.	Subsidiary	Investments accounted for by the equity method	910,000	305,050	91.00	305,050	
	Yangming (Japan) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	3,000	52,898	100.00	52,898	
	Yangming Shipping (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	36,161	100.00	36,161	
	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	Investments accounted for by the equity method	1,000,000	26,776	100.00	26,776	
	Sunbright Insurance Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	2,000,000	83,602	100.00	83,602	
	Yang Ming (Vietnam) Co., Ltd.	Equity-method investee	Investments accounted for by the equity method	(Note H)	12,015	49.00	12,015	
	Formosa International Development Corp.	Equity-method investee	Investments accounted for by the equity method	(Note G)	228,934	30.00	228,934	
	Yang Ming Anatolia Shipping Agency	Subsidiary	Investments accounted for by the equity method	50,000	41,570	50.00	41,570	
	Yang Ming (U.A.E) Ltd.	Equity-method investee	Investments accounted for by the equity method	(Note S)	25,891	49.00	25,891	
Yang Ming Shipping (B.V.I) Inc.	<u>Common stock</u>							
	Karlman Properties Limited	Subsidiary	Investments accounted for by the equity method	24,000,000	81,255	100.00	81,255	
Yangming (Japan) Co., Ltd.	<u>Common stock</u>							
	Manwa & Co., Ltd.	Subsidiary	Investments accounted for by the equity method	200	3,180	100.00	3,180	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2010			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
Yang Ming Line Holding Co.	<u>Other</u> Cash Surrender Value in Insurance	-	Financial asset carried at cost - noncurrent	-	\$ 28,294	-	\$ -	
	<u>Common stock</u> Yang Ming (America) Corp.	Subsidiary	Investments accounted for by the equity method	5,000	(28,337)	100.00	(28,337)	Note D
	Olympic Container Terminal LLC	Subsidiary	Investments accounted for by the equity method	(Note L)	(386,202)	100.00	(386,202)	Note D
	Triumph Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	(10,341)	100.00	(10,341)	Note D
	Topline Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	100	(934)	100.00	(934)	Note D
	Coastal Tarheel Express, Inc.	Subsidiary	Investments accounted for by the equity method	100	5,808	100.00	5,808	
	Transcont Intermodal Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	11,076	100.00	11,076	
	West Basin Container Terminal LLC	Equity-method investee	Investments accounted for by the equity method	(Note E)	646,577	40.00	646,577	
	United Terminal Leasing LLC	Equity-method investee	Investments accounted for by the equity method	(Note F)	114,361	40.00	114,361	
	Yang Ming Shipping (Canada) Ltd.	Subsidiary	Investments accounted for by the equity method	1,000	15,300	100.00	15,300	
Yang Ming Line (B.V.I) Holding Co., Ltd.	<u>Common stock</u> Yang Ming Line N.V.	Subsidiary	Investments accounted for by the equity method	1,500,000	(916,141)	100.00	(916,141)	Note D
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Subsidiary	Investments accounted for by the equity method	2,500	(918,666)	100.00	(918,666)	Note D
Yang Ming Line B.V.	<u>Common stock</u> Yang Ming (Belgium) N.V.	Subsidiary	Investments accounted for by the equity method	369	11,307	60.00	11,307	
	Yang Ming (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note I)	39,840	100.00	39,840	
	Yang Ming (Italy) S.p.A.	Subsidiary	Investments accounted for by the equity method	125,000	24,968	50.00	24,968	
	Yang Ming (UK) Ltd.	Subsidiary	Investments accounted for by the equity method	900,000	(1,119,112)	100.00	(1,119,112)	Note D
	Yang Ming Shipping Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note B)	106,206	100.00	106,206	
	Yang Ming Shpping (Egypt) S.A.E.	Equity-method investee	Investments accounted for by the equity method	24,500	25,122	49.00	25,122	
Yang Ming (Italy) S.p.A.	<u>Common stock</u> Yang Ming (Naples) S.r.l	Subsidiary	Investments accounted for by the equity method	(Note K)	1,958	60.00	1,958	
Yang Ming (UK) Ltd.	<u>Common stock</u> Corstor Ltd.	Equity-method investee	Investments accounted for by the equity method	(Note C)	7,469	50.00	7,469	
	Yes Logistics (UK) Limited	Subsidiary	Investments accounted for by the equity method	200	(3,526)	100.00	(3,526)	Note D
Kuang Ming Shipping Corp.	<u>Common stock</u> Kuang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	2,274,497	100.00	2,274,497	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2010			Market Value or Net Asset Value (Note A)	Note	
				Shares/Units	Carrying Value	% of Ownership			
Yes Logistics Corp.	<u>Common stock</u> Yes Yangming Logistics (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	5,600,000	\$ 44,872	100.00	\$ 44,872		
	Yes Logistics Corp. (U.S.A.)	Subsidiary	Investments accounted for by the equity method	5,460,000	105,046	100.00	105,046		
	Chang Ming Logistics Co., Ltd.	Equity-method investee	Investments accounted for by the equity method	(Note O)	321,884	49.00	321,884		
	B2B Com Holdings Ltd.	-	Financial asset carried at cost - noncurrent	800,000	5,042	9.88	-		
	United Raw Material Solutions Inc.	-	Financial asset carried at cost - noncurrent	295,325	2,953	2.76	-		
	<u>Mutual fund</u> Fuh Hwa Bond Fund	-	Financial assets at fair value through profit or loss - current	940,590	13,041	-	13,041		
	Mega Diamond Bond Fund	-	Financial assets at fair value through profit or loss - current	2,509,887	30,076	-	30,076		
	Fuh Hwa You Li Money Market	-	Financial assets at fair value through profit or loss - current	387,147	5,008	-	5,008		
	IBT 1699 Bond Fund	-	Financial assets at fair value through profit or loss - current	1,470,948	19,038	-	19,038		
	Prudential Fin Glbl Fix In Sel	-	Financial assets at fair value through profit or loss - current	199,478	3,028	-	3,028		
	Hua Nan Phoenix Money Market	-	Financial assets at fair value through profit or loss - current	704,000	11,001	-	11,001		
	Jih Sun Bond Fund	-	Financial assets at fair value through profit or loss - current	1,273,551	18,044	-	18,044		
	TIIM Bond Fund	-	Financial assets at fair value through profit or loss - current	2,145,583	31,074	-	31,074		
	The RSIT Enhanced Money Market	-	Financial assets at fair value through profit or loss - current	1,049,201	12,037	-	12,037		
	The RSIT Forever Money Market	-	Financial assets at fair value through profit or loss - current	138	2	-	2		
	ING Taiwan Select Money Market	-	Financial assets at fair value through profit or loss - current	255,903	3,010	-	3,010		
	Hua Nan Kirin Bond Fund	-	Financial assets at fair value through profit or loss - current	434,511	5,000	-	5,000		
	Schroders New Era Money Market	-	Financial assets at fair value through profit or loss - current	445,097	5,010	-	5,010		
	Yes Yangming Logistics (Singapore) Pte. Ltd.	<u>Common stock</u> Burger Yes B.V.	Subsidiary	Investments accounted for by the equity method	9,000	3,563	50.00	3,563	
		Yes Logistics (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note P)	5,372	100.00	5,372	
Yes Logistics Company, Ltd.		Subsidiary	Investments accounted for by the equity method	29,000,000	33,594	100.00	33,594		
Yes Logistics Corp. (U.S.A.)	<u>Common stock</u> YES Logistics Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note J)	7,734	100.00	7,734		
	Golden Logistics USA Corporation	Subsidiary	Investments accounted for by the equity method	100	(1,873)	100.00	(1,873)	Note D	
	Golden Logistics Corp.	Subsidiary	Investments accounted for by the equity method	(Note M)	71,846	100.00	71,846		
Golden Logistics Corp.	<u>Common stock</u> Golden Logistics (Qingdao) Corp.	Subsidiary	Investments accounted for by the equity method	(Note R)	10,974	60.00	10,974		
	Star Logistics (Qingdao) Corp.	Subsidiary	Investments accounted for by the equity method	(Note Q)	8,845	60.00	8,845		

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2010				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Kao Ming Container Terminal Corp.	<u>Mutual fund</u>							
	Mego Diamond Bond Fund	-	Available-for-sale financial assets - current	13,394,970	\$ 160,511	-	\$ 160,511	
	PCA Well Pool Fund	-	Available-for-sale financial assets - current	16,294,834	212,248	-	212,248	
	SinoPac Bond Fund	-	Available-for-sale financial assets - current	22,734,003	304,142	-	304,142	
	ING Taiwan Bond Fund	-	Available-for-sale financial assets - current	10,236,625	160,140	-	160,140	
Ching Ming Investment Corp.	<u>Common stock</u>							
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	2,083,092	31,751	20.83	31,751	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	55,630,977	503,005	46.36	503,005	
	SF Technology Venture Capital Investment Corp.	-	Financial asset carried at cost - noncurrent	1,121,629	3,337	7.24	-	
	United Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	3,840,000	16,752	9.04	-	
	Ascentek Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	784,000	7,896	2.14	-	
	China Technology Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	1,657,500	16,575	8.96	-	
	Kingmax Technology Corp.	-	Financial asset carried at cost - noncurrent	822,115	8,320	1.38	-	
	Apex Biotechnology Corp.	-	Financial assets at fair value through profit or loss - current	34,000	2,332	0.04	2,332	
	China Steel Corp.	-	Available-for-sale financial assets - current	532,990	17,855	-	17,855	
	TSRC Corp.	-	Financial assets at fair value through profit or loss - current	50,000	3,375	0.01	3,375	
	Delta Electronics, Inc.	-	Available-for-sale financial assets - current	15,821	2,254	-	2,254	
	Hon Hai Precision Ind Co, Ltd.	-	Available-for-sale financial assets - current	29,288	3,441	-	3,441	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	140,000	9,940	-	9,940	
	AU Optronics Corp.	-	Available-for-sale financial assets - current	670,778	20,325	0.01	20,325	
	Chunghwa Telecom Co., Ltd.	-	Financial assets at fair value through profit or loss - current	115,000	8,522	-	8,522	
	Novatek Microelectronics Corp.	-	Available-for-sale financial assets - current	20,020	8,358	-	8,358	
	High Tech Computer Corp.	-	Financial assets at fair value through profit or loss - current	147,288	132,559	0.02	132,559	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial assets - noncurrent	505,000	18,786	0.12	18,786	
	The Ambassador Hotel, Ltd.	-	Financial assets at fair value through profit or loss - current	280,000	13,440	0.08	13,440	
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50,000	2,000	-	2,000	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	3,798,987	196,408	0.04	196,408	
	Mega Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	350,000	7,858	-	7,858	
	Largan Precision Co., Ltd.	-	Financial assets at fair value through profit or loss - current	10,000	7,250	0.01	7,250	
	Novatek Microelectronics Corp.	-	Financial assets at fair value through profit or loss - current	25,000	2,350	-	2,350	
	Young Fast Optoelectronics Co., Ltd.	-	Financial assets at fair value through profit or loss - current	20,000	5,570	0.01	5,570	
	Taiwan Prosperity Chemical Corp.	-	Financial assets at fair value through profit or loss - current	25,000	2,135	0.01	2,135	
	Coretronic Corp.	-	Available-for-sale financial assets - current	10,000	477	-	477	
	Soft-World International Corp.	-	Financial assets at fair value through profit or loss - current	57,320	7,996	0.04	7,996	
	Radiant Opto-Electronics Corp.	-	Available-for-sale financial assets - current	33,467	1,941	0.01	1,941	
	Powertech Technology Inc.	-	Financial assets at fair value through profit or loss - current	130,000	12,610	0.02	12,610	
Taiwan Surface Mounting Technology Corp.	-	Available-for-sale financial assets - current	30,632	2,083	0.01	2,083		
Formosa Petrochemical Corp.	-	Available-for-sale financial assets - current	11,200	1,108	-	1,108		
Phison Electronics Corp.	-	Financial assets at fair value through profit or loss - current	74,000	12,062	0.04	12,062		
Apple Inc.	-	Financial assets at fair value through profit or loss - current	100	940	-	940		

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2010				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Berkshire Hathaway B	-	Financial assets at fair value through profit or loss - current	1,500	\$ 3,502	-	\$ 3,502	
	Monsanto Co.	-	Financial assets at fair value through profit or loss - current	400	812	-	812	
	<u>Mutual fund</u>							
	JF (Taiwan) Japan Brilliance	-	Available-for-sale financial assets - current	1,000,000	7,740	-	7,740	
	PineBridge Global Medallion Fund of Funds	-	Available-for-sale financial assets - current	1,330,274	16,389	-	16,389	
	IBT North American Income Trust Fund	-	Available-for-sale financial assets - current	500,000	6,035	-	6,035	
	Franklin Templeton Developing Markets Fund	-	Available-for-sale financial assets - current	2,254	1,678	-	1,678	
	Fidelity Emerging Markets Fund	-	Available-for-sale financial assets - current	2,477	1,580	-	1,580	
	Fidelity European Growth Fund	-	Available-for-sale financial assets - current	8,990	9,318	-	9,318	
	Fidelity European Aggressive Fund	-	Available-for-sale financial assets - current	2,983	1,432	-	1,432	
	Hua Nan Global Infrastructure Fund	-	Available-for-sale financial assets - current	200,000	1,550	-	1,550	
	Capital Strategic Growth Fund	-	Available-for-sale financial assets - current	1,000,000	14,370	-	14,370	
	Allianz GIS RCM Little Dragon Fund	-	Available-for-sale financial assets - current	17,139	53,457	-	53,457	
	Fuh-Hwa Global Bond Fund	-	Financial assets at fair value through profit or loss - current	1,098,991	15,237	-	15,237	
	PCA Well Pool Fund	-	Financial assets at fair value through profit or loss - current	1,540,340	20,064	-	20,064	
	Capital Sale Income Fund	-	Financial assets at fair value through profit or loss - current	646,818	10,002	-	10,002	
	SinoPac Bond Fund	-	Financial assets at fair value through profit or loss - current	860,432	11,511	-	11,511	
	UPAMC James Bond Money Market	-	Financial assets at fair value through profit or loss - current	1,559,792	25,006	-	25,006	
	IBT 1699 Bond Fund	-	Financial assets at fair value through profit or loss - current	1,545,464	20,002	-	20,002	
	KBC Concord Taiwan Home Run Equity Fund	-	Available-for-sale financial assets - current	500,000	7,005	-	7,005	
	Prudential Financial Return Fund	-	Financial assets at fair value through profit or loss - current	352,014	5,238	-	5,238	
	PCA Umbrella Fund - Global Bond Fund of Fund	-	Financial assets at fair value through profit or loss - current	1,449,254	16,356	-	16,356	
	Yuanta India Fund	-	Financial assets at fair value through profit or loss - current	200,000	2,144	-	2,144	
	FSITC China Century Fund	-	Financial assets at fair value through profit or loss - current	500,000	4,665	-	4,665	
	Capital Chinese Golden Age Equity Fund	-	Financial assets at fair value through profit or loss - current	200,000	2,210	-	2,210	
	PCA Brazil Fund	-	Financial assets at fair value through profit or loss - current	1,869,715	17,444	-	17,444	
	PineBridge Global Multi-Strat Hi Yld	-	Financial assets at fair value through profit or loss - current	1,008,380	10,755	-	10,755	
	Fuh Hwa Global Commodity	-	Financial assets at fair value through profit or loss - current	140,227	1,551	-	1,551	
	Prudential Financial Latin America Fund	-	Financial assets at fair value through profit or loss - current	272,315	3,088	-	3,088	
	Cathay High Income Fund of Funds	-	Financial assets at fair value through profit or loss - current	1,074,233	11,102	-	11,102	
	PineBridge Global Emerging Market High Yield Bond Fund A	-	Financial assets at fair value through profit or loss - current	1,000,000	11,238	-	11,238	
	Allianz Global Investors Rising Asia Fund	-	Financial assets at fair value through profit or loss - current	200,000	2,470	-	2,470	
	Capital Multi-Income Allocation	-	Financial assets at fair value through profit or loss - current	1,709,867	20,621	-	20,621	
	Fuh Hwa Emerging Market Active Allc FoF	-	Financial assets at fair value through profit or loss - current	4,000,000	39,960	-	39,960	
	ING EMD & High Yield Bond Port Inc	-	Financial assets at fair value through profit or loss - current	2,000,000	19,766	-	19,766	

(Continued)



Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2010				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	PCA Global High Yield Bond A	-	Financial assets at fair value through profit or loss - current	1,000,000	\$ 10,025	-	\$ 10,025	
	UPAMC GREAT CHINA	-	Financial assets at fair value through profit or loss - current	212,985	2,988	-	2,988	
	PineBridge BRIIC Infrastructure Equity	-	Financial assets at fair value through profit or loss - current	500,000	5,075	-	5,075	
	Yuanta Greater China Small & Medium Cap	-	Financial assets at fair value through profit or loss - current	500,000	5,025	-	5,025	
	FSITC Innovation	-	Financial assets at fair value through profit or loss - current	200,200	2,134	-	2,134	
	Franklin Templeton SinoAm Nat Res Eq	-	Financial assets at fair value through profit or loss - current	171,553	2,052	-	2,052	
	Capital Strategic Income	-	Financial assets at fair value through profit or loss - current	1,000,000	9,970	-	9,970	
	Jih Sun MIT Mainstream	-	Financial assets at fair value through profit or loss - current	700,000	6,965	-	6,965	
	Cathay Global Resources	-	Financial assets at fair value through profit or loss - current	500,000	5,005	-	5,005	
	SinoPac Global Investment Grade Bond	-	Financial assets at fair value through profit or loss - current	5,017,809	50,309	-	50,309	
	Fuh Hwa Greater China Mid & Small Cap	-	Financial assets at fair value through profit or loss - current	1,000,000	10,050	-	10,050	

Notes:

- A. Market values were based on closing prices at December 31, 2010 or the net asset value of the fund on December 31, 2010, or, if market prices were unavailable, on the investees' net assets.
- B. This is equivalent to EUR818,000, and no shares were issued.
- C. This is equivalent to GBP500, and no shares were issued.
- D. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as a deduction in long-term other receivables - related parties liability.
- E. This is equivalent to US\$3,800,000, and no shares were issued.
- F. This is equivalent to US\$1,000,000, and no shares were issued.
- G. This is equivalent to US\$7,800,000, and no shares were issued.
- H. This is equivalent to US\$94,000, and no shares were issued.
- I. This is equivalent to EUR18,000, and no shares were issued.
- J. This is equivalent to EUR25,000, and no shares were issued.
- K. This is equivalent to EUR6,000, and no shares were issued.
- L. This is equivalent to US\$1,000,000, and no shares were issued.
- M. This is equivalent to US\$5,000,000, and no shares were issued.
- N. This is equivalent to EUR10,000, and no shares were issued.
- O. This is equivalent to US\$9,301,000, and no shares were issued.
- P. This is equivalent to EUR30,000, and no shares were issued.
- Q. This is equivalent to RMB2,960,000 and no shares were issued.
- R. This is equivalent to RMB3,000,000, and no shares were issued.
- S. This is equivalent to AED245,000, and no shares were issued.
- T. The loss of subsidiary was recognized in proportion to the Corporation'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.
- U. More than half of the directors are identical.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 YEAR ENDED DECEMBER 31, 2010  
 (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				Change of Investment Accounted for Using the Equity Method	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>															
	Kuang Ming Shipping Corp.	Investments accounted for by the equity method	-	Subsidiary	205,514,000	\$ 5,478,453	-	\$ -	13,894,000	\$ 360,133	\$ 336,422	\$ 22,377	\$ (594,449) (Note A)	191,620,000	\$ 4,547,582	
	Kao Ming Container Terminal Corp.	Investments accounted for by the equity method	-	Subsidiary	180,000,000	1,818,097	230,000,000	2,300,000	-	-	-	-	(95,210) (Note B)	410,000,000	4,022,887	
	New Century Infocomm Co., Ltd.	Financial asset carried at cost - noncurrent	New Century Infocomm Co., Ltd.	-	-	43,780,180	427,789	-	-	43,780,180	477,081	427,789	49,292	-	-	
	Formosa Plastics Corporation	Available-for-sale financial assets - current	-	-	1,762,290	109,526	-	-	1,762,290	127,064	109,526	17,538	-	-	-	
	<u>Mutual fund</u>															
	Franklin Templeton SinoAm Global Bd Acc	Financial assets at fair value through profit or loss - current	-	-	-	-	39,402,555	500,000	39,402,555	519,846	500,000	19,846	-	-	-	
	Capital Sale Income Fund	Available-for-sale financial assets - current	-	-	-	-	125,703,080	1,940,000	107,595,222	1,660,130	1,660,000	130	-	18,107,858	280,000	
	TIIM Bond Fund	Available-for-sale financial assets - current	-	-	-	-	13,843,705	200,000	13,843,705	200,098	200,000	98	-	-	-	
	Taishin Lucky Money Market	Available-for-sale financial assets - current	-	-	-	-	106,063,033	1,130,000	73,241,227	780,251	779,979	272	-	32,821,806	350,021	
	Fuh-Hwa Global Bond Fund	Available-for-sale financial assets - current	-	-	-	-	226,353,395	3,130,000	206,156,184	2,850,368	2,850,000	368	-	20,197,211	280,000	
	Fuh Hwa Global Short-term Income	Available-for-sale financial assets - current	-	-	-	-	238,711,576	2,500,000	-	-	-	-	-	238,711,576	2,500,000	
	Fuh Hwa You Li Money Market	Available-for-sale financial assets - current	-	-	-	-	20,842,183	269,000	9,216,090	119,000	118,941	59	-	11,626,093	150,059	
	Mega Diamond Bond	Available-for-sale financial assets - current	-	-	-	-	124,133,045	1,483,000	56,548,441	675,325	675,217	108	-	67,584,604	807,783	
	Union Bond	Available-for-sale financial assets - current	-	-	-	-	147,635,312	1,865,000	81,528,815	1,030,000	1,029,149	851	-	66,106,497	835,851	
	Jih Sun Bond	Available-for-sale financial assets - current	-	-	-	-	215,621,159	3,050,000	215,621,159	3,050,874	3,050,000	874	-	-	-	
	Polaris De-Bao Fund	Available-for-sale financial assets - current	-	-	-	-	25,241,535	290,000	25,241,535	290,020	290,000	20	-	-	-	
	Polaris De Li	Available-for-sale financial assets - current	-	-	-	-	18,580,453	290,000	18,580,453	290,017	290,000	17	-	-	-	
	IBT Ta-Chong Equity Fund	Available-for-sale financial assets - current	-	-	-	-	131,144,911	1,780,000	87,000,843	1,180,384	1,179,983	401	-	44,144,068	600,017	
	IBT 1699 Bond Fund	Available-for-sale financial assets - current	-	-	-	-	42,116,943	545,000	8,889,217	115,021	115,000	21	-	33,227,726	430,000	
	Hua Nan Kirin Money Market	Available-for-sale financial assets - current	-	-	-	-	92,200,201	1,060,000	25,246,810	290,240	290,000	240	-	66,953,391	770,000	
	PCA Global Bond Fund of Fund	Available-for-sale financial assets - current	-	-	-	-	19,738,600	230,000	19,738,600	222,426	230,000	(7,574)	-	-	-	
	PCA Well Pool Fund	Available-for-sale financial assets - current	-	-	-	-	17,658,214	230,000	-	-	-	-	-	17,658,214	230,000	
	Yuanta Wan Tai Bond	Available-for-sale financial assets - current	-	-	-	-	6,899,454	100,000	6,899,454	100,037	100,000	37	-	-	-	
	Allianz Gbl Inv All Seasons Ret Of Bond	Available-for-sale financial assets - current	-	-	-	-	26,694,744	330,000	26,694,744	325,793	330,000	(4,207)	-	-	-	
	ING Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	-	-	8,955,235	140,000	6,714,935	105,000	104,972	28	-	2,240,300	35,028	
	KGI Victory Money Market	Available-for-sale financial assets - current	-	-	-	-	44,977,781	500,000	44,977,781	500,036	500,000	36	-	-	-	
	FSITC Taiwan Bond	Available-for-sale financial assets - current	-	-	-	-	34,141,578	500,000	2,048,397	30,000	29,998	2	-	32,093,182	470,002	
	Fubon Chi-Hsiang Money Market	Available-for-sale financial assets - current	-	-	-	-	33,219,281	500,000	-	-	-	-	-	33,219,281	500,000	
	Energy Select SPDR (USD)	Available-for-sale financial assets - current	-	-	-	150,000	274,328	320,750	615,445	470,750	889,773	16,703	-	-	-	
	BGI Liquidity First Funds (EUR)	Financial assets at fair value through profit or loss - current	-	-	-	1,461,732	67,207	107,096,145	4,507,861	108,502,181	4,572,899	4,572,899	-	-	55,696	2,169
	BGI Liquidity First Funds (GBP)	Financial assets at fair value through profit or loss - current	-	-	-	2,284,050	116,391	24,030,449	1,174,304	26,168,021	1,284,081	1,284,081	-	-	146,479	6,614
	<u>Principle guaranteed notes</u>															
CAPITAL	Financial assets at fair value through profit or loss - current	-	-	-	-	-	-	115,074	-	-	-	-	-	-	115,074	
Yuanta Principal Guaranteed Notes	Financial assets at fair value through profit or loss - current	-	-	-	-	-	-	300,070	-	-	-	-	-	-	300,070	
Short Rate Linked Principal Guarantee Note	Financial assets at fair value through profit or loss - current	-	-	-	-	-	-	145,059	-	-	-	-	-	-	145,059	
Kao Ming Container Terminal Corp.	<u>Mutual fund</u>															
	PCA Well Pool Fund	Available-for-sale financial assets - current	-	-	1,975,740	25,614	36,144,936	470,000	21,825,842	283,681	283,561	120	-	16,294,834	212,053 (Note C)	
	ING Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	4,401,143	68,624	17,279,442	270,000	11,443,960	178,645	178,603	42	-	10,236,625	160,021 (Note C)	
SinoPac Bond Fund	Available-for-sale financial assets - current	-	-	22,501,744	300,000	18,698,159	250,000	18,465,900	246,383	246,193	190	-	22,734,003	303,807 (Note C)		
Ching Ming Investment Corp.	<u>Mutual fund</u>															
	Fuh-Hwa Global Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	10,081,244	139,547	8,982,253	124,386	124,317	69	-	1,098,991	15,230 (Note C)	
	PCA Well Pool Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,486,193	149,323	9,945,853	129,301	129,262	39	-	1,540,340	20,061 (Note C)	
SinoPac Bond Fund	Financial assets at fair value through profit or loss - current	-	-	4,225,014	56,305	5,923,735	79,180	9,288,317	124,113	123,975	138	-	860,432	11,510 (Note C)		

Notes:

- A. Represents the investment income recognized under equity method \$551,073 thousand, cumulative translation adjustment \$(205,307) thousand, unrealized gain on financial instruments \$5 thousand and cash dividends received on equity-method investee \$(940,220) thousand.  
 B. Represents the investment loss recognized under equity method \$(96,156) thousand and unrealized gain on financial instruments \$946 thousand.  
 C. Carrying value is original acquisition amount.

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2010  
(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	\$ 20,522,826 (Note E)	-	\$ -	-	\$ -	\$ -
	Yang Ming (Liberia) Corp.	A	800,330 (Note F)	-	-	-	-	-
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	172,823 (Note G)	-	-	-	-	-
	Young-Carrier Company Limited	A	709,149	-	-	-	673,693	-
	Yang Ming Italy S.p.A.	A	148,496	-	-	-	148,496	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	B	7,157,576 (Note H)	-	-	-	-	-
Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	B	161,757	-	-	-	-	-
Young-Carrier Company Limited	Yang Ming Marine Transport Corporation	C	438,110	-	-	-	438,110	-
Yang Ming Line (Hong Kong) Ltd.	Yang Ming Marine Transport Corporation	C	137,523	-	-	-	137,523	-
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	C	1,449,806 (Note I)	-	-	-	-	-
Yes Logistics Corp.	Yes Logistics Company, Ltd.	D	108,849	-	-	-	-	-
Yang Ming (America) Corp.	Olympic Container Terminal LLC	B	399,422 (Note J)	-	-	-	-	-
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	D	1,930,837 (Note K)	-	-	-	-	-

Notes:

- A. Subsidiary of the Corporation.
- B. The same parent company.
- C. Parent company.
- D. Ultimate parent company.
- E. Payment made for All Oceans Transportation Inc., interest receivable, dividends receivable and proceeds from sale of ships.
- F. Payment made for Yang Ming (Liberia) Corp., financing providing and proceeds from sale of ships. Has deducted the credit balance of the Corporation's long-term in Yang Ming (Liberia) Corp.
- G. Dividends receivable.
- H. Temporary payments, interest receivable and proceeds from sale of ships.
- I. Interest receivable and proceeds from sale of ships.
- J. Accounts receivable and financing providing.
- K. Proceeds from sale of ships.
- L. Collections between related parties have been made according to "Agency Accounting Procedure" by the Corporation and local business conventions.

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE**  
**YEAR ENDED DECEMBER 31, 2010**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note	
				December 31, 2010	December 31, 2009	Shares	Percentage of Ownership	Carrying Value				
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	\$ 3,272,005	\$ 3,272,005	10,351	100.00	\$ 4,487,685	\$ 1,163,320	\$ 1,163,320	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	1,645,246	158,626	158,626	Subsidiary	
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,500,013	160,650,000	100.00	1,640,812	128,125	128,125	Subsidiary	
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	4,364,025	(530,585)	(530,585)	Subsidiary	
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	593,404	551,944	60,000,000	50.00	542,675	63,981	30,935	Subsidiary	
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	3,863,737	4,143,884	191,620,000	93.24	4,547,582	558,633	551,073	Subsidiary	
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	79,273	316,780	7,916,908	79.17	121,907	21,019	16,640	Subsidiary	
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	117,695	17,683	9,015	Subsidiary	
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	292,663	293,217	293,217	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	90,614	69,503	34,057	Equity-method investee	
Yang Ming (Liberia) Corp.	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,378	3,378	1	100.00	(1,670,538) (Note M)	(1,544,692)	(1,544,692)	Subsidiary	
	Yuan Wang Investment Co., Ltd.	Taipei, Taiwan	Investment	179,810	179,810	5,211,474	49.75	199,640	21,636	10,764	Equity-method investee	
	Kao Ming Container Terminal Corp.	Kaohsiung, Taiwan	Terminal operation and stevedoring	4,100,000	1,800,000	410,000,000	100.00	4,022,887	(96,156)	(96,156)	Subsidiary	
	Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	24,988	39,500	2,083,092	20.83	31,751	16,841	-	Subsidiary
		Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	548,286	493,111	55,630,977	46.36	503,005	61,235	-	Subsidiary
	Yang Ming Line Holding Co.	Yang Ming (America) Corp.	New Jersey, U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	(28,337) (Note E)	231,927	-	Subsidiary
		Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	31,530	31,530	(Note R)	100.00	(386,202) (Note E)	9,374	-	Subsidiary
		Triumph Logistics, Inc.	U.S.A.	Container transportation	1,699	1,699	200	100.00	(10,341) (Note E)	(7,499)	-	Subsidiary
		Topline Transportation Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	(934) (Note E)	(2,650)	-	Subsidiary
		Coastal Tarheel Express Inc.	U.S.A.	Container transportation	2,430	2,430	100	100.00	5,808	(1,564)	-	Subsidiary
Transcont Intermodal Logistics, Inc.		U.S.A.	Inland forwarding agency	2,444	2,444	200	100.00	11,076	5,042	-	Subsidiary	
West Basin Container Terminal LLC		Los Angeles, USA	Terminal operation and stevedoring	132,050	132,050	(Note F)	40.00	646,577	294,943	-	Equity-method investee	
United Terminal Leasing LLC		Los Angeles, USA	Terminal operation and machine lease	34,750	34,750	(Note G)	40.00	114,361	78,543	-	Equity-method investee	
Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100.00	15,300	7,104	-	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	(916,141) (Note E)	965,534	-	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	(918,666) (Note E)	965,689	-	Subsidiary	
Yang Ming Line B.V.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,651	1,651	369	60.00	11,307	21,717	-	Subsidiary	
	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	820	540	(Note I)	100.00	39,840	41,409	-	Subsidiary	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2010	December 31, 2009	Shares	Percentage of Ownership	Carrying Value			
	Yang Ming (Italy) S.p.A.	Genova, Italy	Shipping agency	\$ 4,319	\$ 4,319	125,000	50.00	\$ 24,968	\$ 9,486	\$ -	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100.00	106,206	15,337	-	Subsidiary
	Yang Ming (UK) Ltd.	London, U.K.	Shipping agency, forwarding agency and shipping managers	42,408	42,408	900,000	100.00	(1,119,112)	892,425	-	Subsidiary
	Yang Ming Shipping (Egypt) S.A.E.	Egypt	Shipping agency, forwarding agency and shipping managers	14,149	-	24,500	49.00	25,122	28,826	-	Equity-method investee
Yang Ming (UK) Ltd.	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	25	25	(Note C)	50.00	7,469	6,065	-	Equity-method investee
	Yes Logistic UK Limited	U.K.	Forwarding agency	-	-	200	100.00	(3,526)	-	-	Subsidiary
								(Note E)			
Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	Naples, Italy	Forwarding agency	238	238	(Note K)	60.00	1,958	1,374	-	Subsidiary
Yang Ming Line (Singapore) Pte Ltd.	Yang Ming Shipping (B.V.I) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51.00	212,060	(13,998)	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(75,520)	6,965	-	Subsidiary
								(Note P)			
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	(225)	(21,624)	-	Subsidiary
								(Note E)			
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	26,287	13,094	-	Subsidiary
	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	3,229	3,229	910,000	91.00	305,050	3,294	-	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	52,898	10,045	-	Subsidiary
	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	36,161	8,903	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	26,776	5,023	-	Subsidiary
	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	32,440	32,440	2,000,000	100.00	83,602	26,507	-	Subsidiary
	Yang Ming (Vietnam) Company Limited	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note J)	49.00	12,015	9,489	-	Equity-method investee
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	254,358	254,358	(Note O)	30.00	228,934	121,927	-	Equity-method investee
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	41,570	76,580	-	Subsidiary
	Yang Ming (U.A.E.) LLC.	U.A.E.	Shipping agency, forwarding agency and shipping managers	2,140	-	(Note T)	49.00	25,891	52,860	-	Equity-method investee
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	3,180	14	-	Subsidiary
Yang Ming Shipping (B.V.I) Inc.	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	81,255	621	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Monrovia, Republic of Liberia	Forwarding agency	1,060,904	1,060,904	1	100.00	2,274,497	630,618	-	Subsidiary
Yes Logistics Corp.	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	128,571	14,428	5,600,000	100.00	44,872	6,537	-	Subsidiary
	Yes Logistics Corp. (USA)	Auckland, USA	Shipping agency, forwarding agency and shipping managers	179,750	179,750	5,460,000	100.00	105,046	29,065	-	Subsidiary
	Chang Ming Logistics Company Limited	Chongqing, China	Terminal operation and stevedoring	304,326	304,326	(Note D)	49.00	321,884	10,579	-	Equity-method investee
Yes Yangming Logistics (Singapore) Pte. Ltd.	Burger Yes B.V.	Netherlands	Forwarding agency	7,587	7,587	9,000	50.00	3,563	124	-	Subsidiary
	Yes Logistics (Netherlands) B. V.	Netherlands	Forwarding agency	1,224	1,224	(Note N)	100.00	5,372	3,186	-	Subsidiary
	Yes Logistics Company Ltd..	Hong Kong	Forwarding agency	114,417	4,304	29,000,000	100.00	33,594	3,694	-	Subsidiary
Yes Logistics Corp. (USA)	Golden Logistics Corp.	Shanghai, China	Forwarding agency	164,329	164,329	(Note L)	100.00	71,846	16,871	-	Subsidiary
	Golden Logistics USA Corporation	USA	Container transportation	328	328	100	100.00	(1,873)	(1,030)	-	Subsidiary
								(Note E)			
	YES Logistics Europe GmbH	Hamburg, Germany	Forwarding agency	1,158	1,158	(Note H)	100.00	7,734	5,753	-	Subsidiary
Golden Logistics Corp.	Golden Logistics (Qingdao) Corp.	Qingdao, China	Forwarding agency	12,498	12,498	(Note Q)	60.00	10,974	(341)	-	Subsidiary
	Star Logistics (Qingdao) Corp.	Qingdao, China	Forwarding agency	10,850	10,850	(Note S)	60.00	8,845	(813)	-	Subsidiary

(Continued)

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is equivalent to EUR818,000, and no shares were issued.
- C. This is equivalent to GBP500, and no shares were issued.
- D. This is equivalent to US\$9,301,000, and no shares were issued.
- E. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- F. This is equivalent to US\$3,800,000, and no shares were issued.
- G. This is equivalent to US\$1,000,000, and no shares were issued.
- H. Paid-in capital was equivalent to EUR25,000, and no shares were issued.
- I. Paid-in capital was equivalent to EUR18,000, 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. Recognized as deducted from long-term receivables - 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 investment is not charged against the Corporation.
- Q. This is equivalent to RMB3,000,000, and no shares were issued.
- R. This is equivalent to US\$1,000,000, and no shares were issued.
- S. This is equivalent to RMB2,960,000, and no shares were issued.
- T. This is equivalent to AED245,000, and no shares were issued.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA  
YEAR ENDED DECEMBER 31, 2010

(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 January 1, 2010	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2010	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Value as of December 31, 2010 (Note E)	Accumulated Inward Remittance of Earnings as of December 31, 2010
						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.	\$ 542,645 (US\$ 18,622,000)	\$ -	\$ -	\$ 542,645 (US\$ 18,622,000)	12.00%	\$ -	(Note F)	\$ -
Yes Logistics Corp.	Golden Logistics Corp. (Note B)	Shipping agency	US\$ 5,000,000	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	145,700 (US\$ 5,000,000)	-	-	145,700 (US\$ 5,000,000)	96.36%	16,769	\$ 69,231	-
	Chang Ming Logistics Company Limited (Note C)	Terminal operation and stevedoring	RMB 144,800,000	Investee's direct investment in Mainland China.	271,031 (US\$ 9,301,000)	-	-	271,031 (US\$ 9,301,000)	47.22%	4,995	310,167	-

Company Name	Accumulated Investment in Mainland China as of December 31, 2010	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Yang Ming Marine Transportation Corporation	\$ 542,645 (US\$ 18,622,000)	\$ 542,645 (US\$ 18,622,000)	\$ 25,229,689
Yes Logistics Corp.	416,731 (US\$ 14,301,000)	416,731 (US\$ 14,301,000)	652,930 (Note E)

## 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. 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.
- 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 April 11, 2005, August 22, 2006, November 29, 2006 and December 2, 2008.
- D. Calculated by the % ownership of direct or indirect investment.
- E. It represents 60% (\$1,088,216 thousand) of the net assets of Yes Logistics Corp. as of December 31, 2010.
- F. Impairment loss was recognized in 2007.
- G. United States dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.14.

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

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

**YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

2010

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			% to Consolidated Asset/Revenue
				Financial Statement Accounts	Amount (Note B)	Payment Terms	
0	YMTC	Yangming-ERO	1	Payables to related parties	\$ 56,435	Conducted as agreed terms	-
				Accounts receivable from related parties	43,459	Conducted as agreed terms	-
				Operating costs	373,328	Conducted as agreed terms	-
		Yangming-UK	1	Accounts receivable from related parties	14,650	Conducted as agreed terms	-
				Payables to related parties	-	Conducted as agreed terms	-
				Other receivable from related parties	6,161	Conducted as agreed terms	-
				Advances to shipping agents	86,678	Conducted as agreed terms	-
				Operating revenues	1,320,715	Conducted as agreed terms	1%
				Operating costs	7,584,771	Conducted as agreed terms	6%
				Yes Logistics	1	Operating revenues	792,121
		Rent income	4,378			Conducted as agreed terms	-
		Other revenues	309			Conducted as agreed terms	-
		Operating costs	59,158			Conducted as agreed terms	-
		Other receivable from related parties	2,649			Conducted as agreed terms	-
		Payables to related parties	2,575			Conducted as agreed terms	-
		Kuang Ming	1			Operating revenues	59,002
				Rent income	3,658	Conducted as agreed terms	-
				Operating expenses	1,080	Conducted as agreed terms	-
				Other receivable from related parties	23,757	Conducted as agreed terms	-
		AOT	1	Operating costs	1,346,292	Conducted as agreed terms	1%
				Interest revenues	420,391	Conducted as agreed terms	-
				Long-term other receivable from related parties	20,522,826	Conducted as agreed terms	15%
		Honming	1	Operating costs	176,500	Conducted as agreed terms	-
				Jing Ming	1	Operating revenues	354
		Yang Ming-America	1	Operating costs		881,239	Conducted as agreed terms
				Other revenues	425	Conducted as agreed terms	-
				Other receivable from related parties	121	Conducted as agreed terms	-
				Payables to related parties	59,728	Conducted as agreed terms	-
				Operating costs	1,261,710	Conducted as agreed terms	1%
				Accounts receivable from related parties	6,889	Conducted as agreed terms	-
Advances to shipping agents	683,618			Conducted as agreed terms	-		
Olympic Container Terminal LLC	1	Operating costs	562,553	Conducted as agreed terms	-		
Yangming-Japan	1	Operating costs	262,810	Conducted as agreed terms	-		
		Accounts receivable from related parties	582	Conducted as agreed terms	-		
Young-Carrier Company Ltd.	1	Payables to related parties	14,274	Conducted as agreed terms	-		
		Operating costs	586,614	Conducted as agreed terms	-		
		Accounts receivable from related parties	709,149	Conducted as agreed terms	-		
		Payables to related parties	438,110	Conducted as agreed terms	-		

(Continued)



Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		YML-HK	1	Operating costs	\$ 122,908	Conducted as agreed terms	-
				Accounts receivable from related parties	71,022	Conducted as agreed terms	-
				Payables to related parties	137,523	Conducted as agreed terms	-
		YMS-Singapore	1	Operating costs	84,344	Conducted as agreed terms	-
				Payables to related parties	12,836	Conducted as agreed terms	-
		YML-M	1	Operating costs	36,575	Conducted as agreed terms	-
				Accounts receivable from related parties	22,861	Conducted as agreed terms	-
				Payables to related parties	5,812	Conducted as agreed terms	-
		YML-India	1	Operating costs	9,038	Conducted as agreed terms	-
				Accounts receivable from related parties	22,064	Conducted as agreed terms	-
				Payables to related parties	15,957	Conducted as agreed terms	-
		Yang Ming-Korea	1	Operating costs	117,876	Conducted as agreed terms	-
				Accounts receivable from related parties	46,209	Conducted as agreed terms	-
				Payables to related parties	56,572	Conducted as agreed terms	-
		YMS-BVI	1	Operating costs	152,141	Conducted as agreed terms	-
		Yang Ming-Liberia	1	Operating costs	1,811,703	Conducted as agreed terms	1.4%
				Interest revenues	38,748	Conducted as agreed terms	-
				Long-term other receivable from related parties	800,330	Conducted as agreed terms	-
		YML-BVI	1	Long-term other receivable from related parties	172,823	Conducted as agreed terms	-
		Ching Ming	1	Rent income	862	Conducted as agreed terms	-
		Yang Ming-Italy	1	Operating costs	133,993	Conducted as agreed terms	-
				Accounts receivable from related parties	148,496	Conducted as agreed terms	-
				Payable to shipping agents	46,270	Conducted as agreed terms	-
		Yang Ming-Belgium	1	Operating costs	67,773	Conducted as agreed terms	-
				Accounts receivable from related parties	20,453	Conducted as agreed terms	-
				Payables to related parties	22,965	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	1	Operating costs	143,505	Conducted as agreed terms	-
				Other revenues	10,080	Conducted as agreed terms	-
				Accounts receivable from related parties	18,668	Conducted as agreed terms	-
				Payables to related parties	27,608	Conducted as agreed terms	-
		Kuang Ming (Liberia) Corp.	1	Operating revenues	165,184	Conducted as agreed terms	-
				Other receivable from related parties	15,139	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	1	Accounts receivable from related parties	49,713	Conducted as agreed terms	-
				Payables to related parties	30,186	Conducted as agreed terms	-
				Operating costs	82,912	Conducted as agreed terms	-
		Yang Ming Shipping (Canada) Ltd.	1	Accounts receivable from related parties	36,114	Conducted as agreed terms	-
				Payable to shipping agents	136	Conducted as agreed terms	-
				Operating costs	50,747	Conducted as agreed terms	-
		Yang Ming Line B.V.	1	Other receivable from related parties	25,606	Conducted as agreed terms	-
				Payables to related parties	3,999	Conducted as agreed terms	-
				Operating revenues	3,624	Conducted as agreed terms	-
		Yang Ming (Naples) S.r.l.	1	Operating costs	44,508	Conducted as agreed terms	-
				Prepaid expenses	6,899	Conducted as agreed terms	-
		Kao Ming Container Terminal Corp.	1	Operating revenues	143	Conducted as agreed terms	-
				Other revenues	4,829	Conducted as agreed terms	-
1	Kuang Ming	YMTC	2	Operating costs	58,222	Conducted as agreed terms	-
				Operating revenues	1,080	Conducted as agreed terms	-
				Administration expenses	3,685	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		Kuang Ming (Liberia) Corp.	3	Payables to related parties	\$ 23,757	Conducted as agreed terms	-
				Accounts receivable from related parties	1,449,807	Conducted as agreed terms	1%
				Payables to related parties	22,164	Conducted as agreed terms	-
				Operating costs	47,748	Conducted as agreed terms	-
				Interest revenues	53,115	Conducted as agreed terms	-
				Other revenues	7,003	Conducted as agreed terms	-
		Yang Ming (Naples) S.r.l.	3	Accounts receivable from related parties	312	Conducted as agreed terms	-
				Operating costs	1,014	Conducted as agreed terms	-
		Yangming-Japan	3	Payables to related parties	2,785	Conducted as agreed terms	-
				Other revenues	35	Conducted as agreed terms	-
2	AOT	YMTC	2	Operating revenues	1,346,292	Conducted as agreed terms	1%
				Interest expenses	420,391	Conducted as agreed terms	-
				Payables to related parties	20,522,826	Conducted as agreed terms	15%
		Yangming-UK	3	Operating revenues	33,729	Conducted as agreed terms	-
		Kuang Ming (Liberia) Corp.	3	Operating revenues	170,965	Conducted as agreed terms	-
				Accounts receivable from related parties	392	Conducted as agreed terms	-
		Yang Ming-Liberia	3	Interest revenues	152,611	Conducted as agreed terms	-
				Long-term receivables from related parties	7,823,240	Conducted as agreed terms	5.8%
		Yang Ming (Naples) S.r.l.	3	Receivables from related parties	1,620	Conducted as agreed terms	-
				Operating costs	20,970	Conducted as agreed terms	-
3	Honming	YMTC	2	Operating revenues	176,500	Conducted as agreed terms	-
4	Jing Ming	YMTC	2	Operating costs	354	Conducted as agreed terms	-
				Operating revenues	881,239	Conducted as agreed terms	-
				Administration expenses	425	Conducted as agreed terms	-
				Accounts receivable from related parties	59,728	Conducted as agreed terms	-
				Payables to related parties	121	Conducted as agreed terms	-
		Yes Logistics	3	Accounts receivable from related parties	1,893	Conducted as agreed terms	-
				Operating revenues	7,444	Conducted as agreed terms	-
		Kao Ming Container Terminal Corp.	3	Operating revenues	358	Conducted as agreed terms	-
5	Yang Ming-America	YMTC	2	Operating revenues	1,261,710	Conducted as agreed terms	1%
				Payables to related parties	690,507	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	287,047	Conducted as agreed terms	-
				Accounts receivable from related parties	322,264	Conducted as agreed terms	-
				Payables to related parties	21,292	Conducted as agreed terms	-
		Yes Logistics Corp. (U.S.A.)	3	Accounts receivable from related parties	251	Conducted as agreed terms	-
				Other revenues	9,979	Conducted as agreed terms	-
		Yes Logistics	3	Accounts receivable from related parties	134	Conducted as agreed terms	-
		Olympic Container Terminal LLC	3	Accounts receivable from related parties	399,422	Conducted as agreed terms	-
				Interest revenues	8,636	Conducted as agreed terms	-
		Triumph Logistics, Inc.	3	Accounts receivable from related parties	16,139	Conducted as agreed terms	-
		Topline Transportation, Inc.	3	Accounts receivable from related parties	3,263	Conducted as agreed terms	-
		Coastal Tarheel Express, Inc.	3	Accounts receivable from related parties	10,193	Conducted as agreed terms	-
		Transcont Intermodal Logistics, Inc.	3	Accounts receivable from related parties	5,974	Conducted as agreed terms	-
				Operating revenues	1,195	Conducted as agreed terms	-
				Operating costs	615	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		Yang Ming Shipping (Canada) Ltd.	3	Accounts receivable from related parties	\$ 4,662	Conducted as agreed terms	-
				Operating costs	50,747	Conducted as agreed terms	-
		Yangming-ERO	3	Payables to related parties	4,720	Conducted as agreed terms	-
				Other revenues	7,480	Conducted as agreed terms	-
6	Olympic Container Terminal LLC	YMTC	2	Operating revenues	562,553	Conducted as agreed terms	-
		Yang Ming-America	3	Payables to related parties	399,422	Conducted as agreed terms	-
				Administration expenses	8,636	Conducted as agreed terms	-
7	Yangming-Japan	YMTC	2	Operating revenues	262,810	Conducted as agreed terms	-
				Payables to related parties	582	Conducted as agreed terms	-
		Yangming-UK	3	Accounts receivable from related parties	14,274	Conducted as agreed terms	-
				Operating revenues	3,559	Conducted as agreed terms	-
				Payables to related parties	1,999	Conducted as agreed terms	-
		Manwa & Co., Ltd.	3	Accounts receivable from related parties	1,485	Conducted as agreed terms	-
				Receivables from related parties	118	Conducted as agreed terms	-
		Kuang Ming	3	Operating revenues	472	Conducted as agreed terms	-
				Accounts receivable from related parties	2,785	Conducted as agreed terms	-
				Operating costs	35	Conducted as agreed terms	-
		Kuang Ming (Liberia) Corp.	3	Accounts receivable from related parties	578	Conducted as agreed terms	-
				Operating costs	49	Conducted as agreed terms	-
8	Young-Carrier Company Ltd.	YMTC	2	Operating revenues	586,614	Conducted as agreed terms	-
				Payables to related parties	709,149	Conducted as agreed terms	-
		Yangming-UK	3	Accounts receivable from related parties	438,110	Conducted as agreed terms	-
				Operating revenues	81,348	Conducted as agreed terms	-
				Payables to related parties	94,872	Conducted as agreed terms	-
		Yang Ming Line (Singapore) Pte. Ltd.	3	Accounts receivable from related parties	150,729	Conducted as agreed terms	-
				Accounts receivable from related parties	6,737	Conducted as agreed terms	-
				Administration expenses	28,885	Conducted as agreed terms	-
9	Yangming-UK	YMTC	2	Payables to related parties	20,811	Conducted as agreed terms	-
				Advances from shipping agents	86,678	Conducted as agreed terms	-
				Operating costs	1,319,715	Conducted as agreed terms	1%
		Yang Ming-America	3	Operating revenues	7,584,771	Conducted as agreed terms	5.8%
				Operating costs	287,047	Conducted as agreed terms	-
				Payables to related parties	322,264	Conducted as agreed terms	-
		Yes Logistics	3	Accounts receivable from related parties	21,292	Conducted as agreed terms	-
				Accounts receivable from related parties	385	Conducted as agreed terms	-
		Golden Logistics Corp.	3	Operating revenues	2,600	Conducted as agreed terms	-
				Accounts receivable from related parties	11	Conducted as agreed terms	-
		YML-BVI	3	Operating revenues	5	Conducted as agreed terms	-
				Payables to related parties	1,930,837	Conducted as agreed terms	1.4%
		Yangming-Japan	3	Operating costs	476,582	Conducted as agreed terms	-
				Operating costs	3,559	Conducted as agreed terms	-
				Accounts receivable from related parties	1,999	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	3	Payables to related parties	1,485	Conducted as agreed terms	-
				Payables to related parties	150,729	Conducted as agreed terms	-
				Accounts receivable from related parties	94,872	Conducted as agreed terms	-
				Operating costs	81,348	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		YML-HK	3	Operating costs	\$ 9,046	Conducted as agreed terms	-
				Accounts receivable from related parties	5,331	Conducted as agreed terms	-
				Payables to related parties	15,055	Conducted as agreed terms	-
		YMS-Singapore	3	Operating costs	11,047	Conducted as agreed terms	-
				Accounts receivable from related parties	398	Conducted as agreed terms	-
				Payables to related parties	2,487	Conducted as agreed terms	-
		YML-M	3	Operating costs	15,720	Conducted as agreed terms	-
				Accounts receivable from related parties	4,746	Conducted as agreed terms	-
				Payables to related parties	8,736	Conducted as agreed terms	-
		YML-India	3	Operating costs	27,942	Conducted as agreed terms	-
				Accounts receivable from related parties	21,260	Conducted as agreed terms	-
				Payables to related parties	73,315	Conducted as agreed terms	-
		Yangming-ERO	3	Payables to related parties	467	Conducted as agreed terms	-
				Accounts receivable from related parties	31	Conducted as agreed terms	-
				Operating costs	921	Conducted as agreed terms	-
		Yang Ming-Korea	3	Operating costs	37,326	Conducted as agreed terms	-
				Accounts receivable from related parties	12,975	Conducted as agreed terms	-
				Payables to related parties	28,154	Conducted as agreed terms	-
		Yang Ming-Italy	3	Operating costs	742	Conducted as agreed terms	-
				Accounts receivable from related parties	11,649	Conducted as agreed terms	-
				Payables to related parties	1,878	Conducted as agreed terms	-
		Yang Ming (Naples) S.r.l.	3	Accounts receivable from related parties	4,122	Conducted as agreed terms	-
				Operating costs	9,788	Conducted as agreed terms	-
		Yang Ming-Belgium	3	Operating costs	8	Conducted as agreed terms	-
				Payables to related parties	4	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	3	Payables to related parties	63	Conducted as agreed terms	-
				Accounts receivable from related parties	5	Conducted as agreed terms	-
				Operating costs	21	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	3	Operating costs	200	Conducted as agreed terms	-
				Accounts receivable from related parties	293	Conducted as agreed terms	-
		AOT	3	Operating costs	33,729	Conducted as agreed terms	-
		Yang Ming-Liberia	3	Operating costs	366,893	Conducted as agreed terms	-
10	YML-HK	YMTC	2	Operating revenues	122,908	Conducted as agreed terms	-
				Payables to related parties	71,022	Conducted as agreed terms	-
				Accounts receivable from related parties	137,523	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	9,046	Conducted as agreed terms	-
				Payables to related parties	5,331	Conducted as agreed terms	-
				Accounts receivable from related parties	15,055	Conducted as agreed terms	-
		YMS-BVI	3	Payables to related parties	162,009	Conducted as agreed terms	-
				Other revenues	54,679	Conducted as agreed terms	-
		Karlman Properties Limited	3	Accounts receivable from related parties	750	Conducted as agreed terms	-
				Administration expenses	9,736	Conducted as agreed terms	-
		Yes Logistics Company, Ltd.		Accounts receivable from related parties	801	Conducted as agreed terms	-
				Other revenues	1,966	Conducted as agreed terms	-
11	YMS-Singapore	YMTC	2	Operating revenues	84,344	Conducted as agreed terms	-
				Accounts receivable from related parties	12,836	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	11,047	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
				Payables to related parties	\$ 398	Conducted as agreed terms	-
				Accounts receivable from related parties	2,487	Conducted as agreed terms	-
12	YML-M	YMTC	2	Operating revenues	36,575	Conducted as agreed terms	-
				Payables to related parties	22,861	Conducted as agreed terms	-
				Accounts receivable from related parties	5,812	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	15,720	Conducted as agreed terms	-
				Payables to related parties	4,746	Conducted as agreed terms	-
				Accounts receivable from related parties	8,736	Conducted as agreed terms	-
13	Yes Logistics	YMTC	2	Operating costs	792,121	Conducted as agreed terms	-
				Administration expenses	4,687	Conducted as agreed terms	-
				Operating revenues	59,158	Conducted as agreed terms	-
				Payables to related parties	2,649	Conducted as agreed terms	-
				Receivables from related parties	2,575	Conducted as agreed terms	-
		Jing Ming	3	Payables to related parties	1,893	Conducted as agreed terms	-
				Operating costs	7,444	Conducted as agreed terms	-
		Golden Logistics (Qingdao) Corp.	3	Accounts receivable from related parties	1	Conducted as agreed terms	-
				Payables to related parties	1,008	Conducted as agreed terms	-
				Operating costs	441	Conducted as agreed terms	-
				Operating revenues	8	Conducted as agreed terms	-
		Star Logistics (Qingdao) Corp.	3	Operating revenues	1	Conducted as agreed terms	-
		Yangming-UK	3	Payables to related parties	385	Conducted as agreed terms	-
				Operating costs	2,600	Conducted as agreed terms	-
		Yang Ming-America	3	Payables to related parties	134	Conducted as agreed terms	-
		YML-India	3	Payables to related parties	383	Conducted as agreed terms	-
				Operating costs	29,232	Conducted as agreed terms	-
		Manwa & Co., Ltd.	3	Receivables from related parties	2	Conducted as agreed terms	-
		Golden Logistics Corp.	3	Payables to related parties	64,964	Conducted as agreed terms	-
				Operating costs	386,975	Conducted as agreed terms	-
				Operating revenues	115,449	Conducted as agreed terms	-
		YES Logistics Europe GmbH	3	Accounts receivable from related parties	5,084	Conducted as agreed terms	-
				Payables to related parties	18,176	Conducted as agreed terms	-
				Operating costs	97,257	Conducted as agreed terms	-
				Operating revenues	2,199	Conducted as agreed terms	-
		Yes Logistics (Netherlands) B.V.		Accounts receivable from related parties	351	Conducted as agreed terms	-
				Payables to related parties	375	Conducted as agreed terms	-
		Yes Yangming Logistics (Singapore) Pte. Ltd.	3	Accounts receivable from related parties	1,287	Conducted as agreed terms	-
		Yes Logistics Corp. (U.S.A.)	3	Accounts receivable from related parties	6,717	Conducted as agreed terms	-
				Payables to related parties	22,380	Conducted as agreed terms	-
				Operating costs	155,231	Conducted as agreed terms	-
				Operating revenues	3,864	Conducted as agreed terms	-
		Burger Yes B.V.	3	Payables to related parties	7,406	Conducted as agreed terms	-
				Operating costs	35,647	Conducted as agreed terms	-
				Operating revenues	3,749	Conducted as agreed terms	-
		Yes Logistics Company, Ltd.	3	Accounts receivable from related parties	98,319	Conducted as agreed terms	-
				Payables to related parties	7,455	Conducted as agreed terms	-
				Operating costs	31,075	Conducted as agreed terms	-
				Operating revenues	20,744	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
14	YML-BVI	YMTC	2	Long-term payables to related parties	\$ 172,823	Conducted as agreed terms	-
			3	Accounts receivable from related parties	2,142	Conducted as agreed terms	-
		Yangming-UK	3	Accounts receivable from related parties	8,547	Conducted as agreed terms	-
			3	Payables to related parties	6,907	Conducted as agreed terms	-
		Yangming-UK	3	Accounts receivable from related parties	1,930,837	Conducted as agreed terms	1.4%
			3	Operating revenues	476,582	Conducted as agreed terms	-
15	Ching Ming	YMTC	2	Administration expenses	862	Conducted as agreed terms	-
16	YML-India	YMTC	2	Operating revenues	9,038	Conducted as agreed terms	-
			2	Accounts receivable from related parties	15,957	Conducted as agreed terms	-
			2	Payables to related parties	22,064	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	27,942	Conducted as agreed terms	-
			3	Payables to related parties	21,260	Conducted as agreed terms	-
			3	Accounts receivable from related parties	73,315	Conducted as agreed terms	-
		Golden Logistics Corp.	3	Other revenues	498	Conducted as agreed terms	-

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Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
0	YMTC	Yangming-ERO	1	Payables to related parties	\$ 19,309	Conducted as agreed terms	-
				Accounts receivable from related parties	33,020	Conducted as agreed terms	-
				Operating costs	277,194	Conducted as agreed terms	-
		Yangming-UK	1	Advances to shipping agents	7,710	Conducted as agreed terms	-
				Accounts receivable from related parties	42,041	Conducted as agreed terms	-
				Payables to related parties	738	Conducted as agreed terms	-
				Other receivable from related parties	688,000	Conducted as agreed terms	1%
				Advances to shipping agents	40,189	Conducted as agreed terms	-
				Prepaid expenses	132,950	Conducted as agreed terms	-
				Operating revenues	1,293,439	Conducted as agreed terms	1%
		Yes Logistics	1	Operating costs	5,300,267	Conducted as agreed terms	6%
				Operating revenues	516,782	Conducted as agreed terms	1%
				Rent income	4,030	Conducted as agreed terms	-
				Operating costs	59,865	Conducted as agreed terms	-
				Other receivable from related parties	10,785	Conducted as agreed terms	-
		Kuang Ming	1	Payables to related parties	1,024	Conducted as agreed terms	-
				Operating revenues	56,827	Conducted as agreed terms	-
				Rent income	1,673	Conducted as agreed terms	-
		AOT	1	Other receivable from related parties	228,173	Conducted as agreed terms	-
				Operating costs	2,531,541	Conducted as agreed terms	3%
				Interest revenues	576,732	Conducted as agreed terms	1%
Other receivable from related parties	18,758			Conducted as agreed terms	-		
Long-term receivables from related parties	19,724,282			Conducted as agreed terms	17%		

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		Honming	1	Operating costs	\$ 177,000	Conducted as agreed terms	-
		Jing Ming	1	Operating costs	722,476	Conducted as agreed terms	1%
				Other receivable from related parties	372	Conducted as agreed terms	-
				Payables to related parties	43,647	Conducted as agreed terms	-
		Yang Ming-America	1	Operating costs	1,245,992	Conducted as agreed terms	1%
				Accounts receivable from related parties	24,404	Conducted as agreed terms	-
				Other receivable from related parties	2,143	Conducted as agreed terms	-
				Advances to shipping agents	790,608	Conducted as agreed terms	1%
		Olympic Container Terminal LLC	1	Operating costs	508,197	Conducted as agreed terms	1%
		Yangming-Japan	1	Operating costs	139,662	Conducted as agreed terms	-
				Accounts receivable from related parties	45,887	Conducted as agreed terms	-
				Payables to related parties	75,763	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	1	Operating costs	383,853	Conducted as agreed terms	-
				Accounts receivable from related parties	786,286	Conducted as agreed terms	1%
				Payables to related parties	161,961	Conducted as agreed terms	-
		YML-HK	1	Operating costs	217,136	Conducted as agreed terms	-
				Accounts receivable from related parties	50,786	Conducted as agreed terms	-
				Payables to related parties	54,452	Conducted as agreed terms	-
		YMS-Singapore	1	Operating costs	37,315	Conducted as agreed terms	-
				Accounts receivable from related parties	6,018	Conducted as agreed terms	-
				Payables to related parties	29,943	Conducted as agreed terms	-
				Advances to shipping agents	591	Conducted as agreed terms	-
		YML-M	1	Operating costs	37,315	Conducted as agreed terms	-
				Accounts receivable from related parties	14,608	Conducted as agreed terms	-
				Other receivable from related parties	64	Conducted as agreed terms	-
				Payables to related parties	18,165	Conducted as agreed terms	-
		YML-India	1	Operating costs	8,348	Conducted as agreed terms	-
				Accounts receivable from related parties	22,369	Conducted as agreed terms	-
				Payables to related parties	37,050	Conducted as agreed terms	-
		Yang Ming-Korea	1	Operating costs	111,111	Conducted as agreed terms	-
				Accounts receivable from related parties	33,613	Conducted as agreed terms	-
				Payables to related parties	79,836	Conducted as agreed terms	-
		YMS-BVI	1	Operating costs	69,658	Conducted as agreed terms	-
		Yang Ming-Liberia	1	Operating costs	1,922,960	Conducted as agreed terms	2%
				Interest revenues	57,308	Conducted as agreed terms	-
				Long-term receivables from related parties	605,018	Conducted as agreed terms	1%
		YML-BVI	1	Long-term receivables from related parties	188,672	Conducted as agreed terms	-
		Ching Ming	1	Rent income	368	Conducted as agreed terms	-
		Yang Ming-Italy	1	Operating costs	36,118	Conducted as agreed terms	-
				Accounts receivable from related parties	170,938	Conducted as agreed terms	-
				Advances to shipping agents	3,397	Conducted as agreed terms	-
		Yang Ming-Belgium	1	Operating costs	37,692	Conducted as agreed terms	-
				Accounts receivable from related parties	29,631	Conducted as agreed terms	-
				Payables to related parties	34,008	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	1	Operating costs	107,854	Conducted as agreed terms	-
				Accounts receivable from related parties	6,955	Conducted as agreed terms	-
				Payables to related parties	46,640	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		Kuang Ming (Liberia) Corp.	1	Operating revenues	\$ 176,011	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	1	Other receivable from related parties	10,197	Conducted as agreed terms	-
				Accounts receivable from related parties	35,732	Conducted as agreed terms	-
		Yang Ming Shipping (Canada) Ltd.	1	Payables to related parties	38,579	Conducted as agreed terms	-
				Operating costs	96,776	Conducted as agreed terms	-
		Yang Ming Line B.V.	1	Accounts receivable from related parties	18,457	Conducted as agreed terms	-
				Advances to shipping agents	2,586	Conducted as agreed terms	-
			1	Other receivable from related parties	1,060	Conducted as agreed terms	-
				Payables to related parties	4,046	Conducted as agreed terms	-
		Sunbright Insurance Pte. Ltd.	1	Refundable deposits	310,866	Conducted as agreed terms	-
				Operating costs	39,226	Conducted as agreed terms	-
				Prepaid expenses	7,874	Conducted as agreed terms	-
1	Kuang Ming	YMTC	2	Operating costs	56,827	Conducted as agreed terms	-
				Administration expenses	1,673	Conducted as agreed terms	-
		Yang Ming-Liberia	3	Payables to related parties	228,173	Conducted as agreed terms	-
				Interest revenues	14,434	Conducted as agreed terms	-
2	AOT	YMTC	2	Operating revenues	2,531,541	Conducted as agreed terms	3%
				Interest expenses	576,732	Conducted as agreed terms	-
				Payables to related parties	19,743,040	Conducted as agreed terms	2%
		Yangming-UK	3	Operating revenues	513,393	Conducted as agreed terms	1%
		KMS-Panama	3	Interest expenses	846	Conducted as agreed terms	-
		Kuang Ming (Liberia) Corp.	3	Operating revenues	178,299	Conducted as agreed terms	-
		Yang Ming-Liberia	3	Interest revenues	98,900	Conducted as agreed terms	-
				Long-term receivables from related parties	6,988,209	Conducted as agreed terms	6%
		Sunbright Insurance Pte. Ltd.	3	Payables to related parties	5,503	Conducted as agreed terms	-
				Accounts receivable from related parties	7,213	Conducted as agreed terms	-
				Operating costs	49,866	Conducted as agreed terms	-
3	Honming	YMTC	2	Operating revenues	177,000	Conducted as agreed terms	-
4	Jing Ming	YMTC	2	Operating revenues	722,476	Conducted as agreed terms	1%
				Accounts receivable from related parties	43,647	Conducted as agreed terms	-
				Payables to related parties	372	Conducted as agreed terms	-
		Yes Logistics	3	Operating revenues	2,593	Conducted as agreed terms	-
				Accounts receivable from related parties	562	Conducted as agreed terms	-
5	Yang Ming-America	YMTC	2	Operating revenues	1,245,992	Conducted as agreed terms	1%
				Payables to related parties	817,155	Conducted as agreed terms	1%
		Yangming-UK	3	Operating revenues	18,806	Conducted as agreed terms	-
				Accounts receivable from related parties	39,349	Conducted as agreed terms	-
				Payables to related parties	41,271	Conducted as agreed terms	-
		Yes Logistics	3	Payables to related parties	9,088	Conducted as agreed terms	-
				Accounts receivable from related parties	772	Conducted as agreed terms	-
				Operating revenues	1,019	Conducted as agreed terms	-
				Operating costs	54,608	Conducted as agreed terms	-

(Continued)



Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
6	Olympic Container Terminal LLC	YMTC	2	Operating revenues	\$ 508,197	Conducted as agreed terms	-
7	Yangming-Japan	YMTC	2	Operating revenues	139,662	Conducted as agreed terms	-
				Payables to related parties	45,887	Conducted as agreed terms	-
				Accounts receivable from related parties	75,763	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	8,442	Conducted as agreed terms	-
				Payables to related parties	973	Conducted as agreed terms	-
				Accounts receivable from related parties	7,642	Conducted as agreed terms	-
		Yes Logistics	3	Operating costs	302,680	Conducted as agreed terms	-
				Payables to related parties	29,423	Conducted as agreed terms	-
8	Young-Carrier Company Ltd.	YMTC	2	Operating revenues	383,853	Conducted as agreed terms	-
				Payables to related parties	786,286	Conducted as agreed terms	1%
				Accounts receivable from related parties	161,961	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	57,805	Conducted as agreed terms	-
				Payables to related parties	136,715	Conducted as agreed terms	-
				Accounts receivable from related parties	110,603	Conducted as agreed terms	-
		Yang Ming Line (Singapore) Pte. Ltd.	3	Accounts receivable from related parties	7,837	Conducted as agreed terms	-
				Administration expenses	32,341	Conducted as agreed terms	-
9	Yangming-UK	YMTC	2	Payables to related parties	903,180	Conducted as agreed terms	1%
				Accounts receivable from related parties	738	Conducted as agreed terms	-
				Operating costs	1,293,439	Conducted as agreed terms	1%
				Operating revenues	5,300,267	Conducted as agreed terms	6%
		Yang Ming-America	3	Operating costs	18,806	Conducted as agreed terms	-
				Payables to related parties	39,349	Conducted as agreed terms	-
				Accounts receivable from related parties	41,271	Conducted as agreed terms	-
		Yangming-Japan	3	Operating costs	8,442	Conducted as agreed terms	-
				Accounts receivable from related parties	973	Conducted as agreed terms	-
				Payables to related parties	7,642	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	3	Operating costs	57,805	Conducted as agreed terms	-
				Accounts receivable from related parties	136,715	Conducted as agreed terms	-
				Payables to related parties	110,603	Conducted as agreed terms	-
		YML-HK	3	Operating costs	23,901	Conducted as agreed terms	-
				Accounts receivable from related parties	8,138	Conducted as agreed terms	-
				Payables to related parties	28,547	Conducted as agreed terms	-
		YMS-Singapore	3	Operating costs	18,267	Conducted as agreed terms	-
				Accounts receivable from related parties	686	Conducted as agreed terms	-
				Payables to related parties	7,295	Conducted as agreed terms	-
		YML-M	3	Operating costs	8,729	Conducted as agreed terms	-
				Accounts receivable from related parties	2,682	Conducted as agreed terms	-
				Payables to related parties	10,857	Conducted as agreed terms	-
		YML-India	3	Operating costs	24,613	Conducted as agreed terms	-
				Accounts receivable from related parties	18,105	Conducted as agreed terms	-
				Payables to related parties	109,074	Conducted as agreed terms	-
		Yangming-ERO	3	Payables to related parties	6,961	Conducted as agreed terms	-
				Operating costs	33,920	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		Yang Ming-Korea	3	Operating costs	\$ 5,025	Conducted as agreed terms	-
				Accounts receivable from related parties	11,652	Conducted as agreed terms	-
				Payables to related parties	2,840	Conducted as agreed terms	-
		Yang Ming-Italy	3	Operating costs	61,533	Conducted as agreed terms	-
				Accounts receivable from related parties	6	Conducted as agreed terms	-
				Payables to related parties	34,080	Conducted as agreed terms	-
		Sunbright Insurance Pte. Ltd.	3	Payables to related parties	1,547	Conducted as agreed terms	-
				Accounts receivable from related parties	2,028	Conducted as agreed terms	-
				Operating costs	6,616	Conducted as agreed terms	-
		Yang Ming-Belgium	3	Operating costs	213	Conducted as agreed terms	-
				Accounts receivable from related parties	77	Conducted as agreed terms	-
				Payables to related parties	24	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	3	Operating costs	1,490	Conducted as agreed terms	-
				Accounts receivable from related parties	145	Conducted as agreed terms	-
				Payables to related parties	3,913	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	3	Operating costs	217	Conducted as agreed terms	-
				Accounts receivable from related parties	482	Conducted as agreed terms	-
				Payables to related parties	17	Conducted as agreed terms	-
		AOT	3	Operating costs	513,393	Conducted as agreed terms	1%
		Yang Ming-Liberia	3	Operating costs	187,884	Conducted as agreed terms	-
10	YML-HK	YMTC	2	Operating revenues	217,136	Conducted as agreed terms	-
				Payables to related parties	50,786	Conducted as agreed terms	-
				Accounts receivable from related parties	54,452	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	23,901	Conducted as agreed terms	-
				Payables to related parties	8,138	Conducted as agreed terms	-
				Accounts receivable from related parties	28,547	Conducted as agreed terms	-
11	YMS-Singapore	YMTC	2	Operating revenues	37,315	Conducted as agreed terms	-
				Payables to related parties	6,618	Conducted as agreed terms	-
				Accounts receivable from related parties	29,943	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	18,267	Conducted as agreed terms	-
				Payables to related parties	686	Conducted as agreed terms	-
				Accounts receivable from related parties	7,295	Conducted as agreed terms	-
12	KMS-Panama	AOT	3	Interest revenues	846	Conducted as agreed terms	-
13	YML-M	YMTC	2	Operating revenues	37,315	Conducted as agreed terms	-
				Payables to related parties	14,672	Conducted as agreed terms	-
				Accounts receivable from related parties	18,165	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	8,729	Conducted as agreed terms	-
				Payables to related parties	2,682	Conducted as agreed terms	-
				Accounts receivable from related parties	10,857	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
14	Yes Logistics	YMTC	2	Operating costs	\$ 516,782	Conducted as agreed terms	1%
				Administration expenses	4,030	Conducted as agreed terms	-
				Operating revenues	59,865	Conducted as agreed terms	-
				Payables to related parties	10,785	Conducted as agreed terms	-
		Yangming-Japan	3	Accounts receivable from related parties	1,024	Conducted as agreed terms	-
				Operating revenues	302,680	Conducted as agreed terms	-
				Accounts receivable from related parties	29,423	Conducted as agreed terms	-
							-
		Yang Ming (Netherlands) B.V.	3	Payables to related parties	454	Conducted as agreed terms	-
		Yang Ming-Korea	3	Payables to related parties	297	Conducted as agreed terms	-
		Jing Ming	3	Operating costs	2,593	Conducted as agreed terms	-
		Yang Ming-America	3	Payables to related parties	562	Conducted as agreed terms	-
				Accounts receivable from related parties	9,088	Conducted as agreed terms	-
				Payables to related parties	722	Conducted as agreed terms	-
Operating costs	1,019			Conducted as agreed terms	-		
YML-India	3	Operating revenues	54,608	Conducted as agreed terms	-		
		Payables to related parties	1,446	Conducted as agreed terms	-		
		Accounts receivable from related parties	133	Conducted as agreed terms	-		
15	YML-BVI	YMTC	2	Long-term payables to related parties	188,672	Conducted as agreed terms	-
16	Ching Ming	YMTC	2	Administration expenses	368	Conducted as agreed terms	-
17	YML-India	YMTC	2	Operating revenues	8,348	Conducted as agreed terms	-
				Accounts receivable from related parties	37,050	Conducted as agreed terms	-
				Payables to related parties	22,369	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	24,613	Conducted as agreed terms	-
				Payables to related parties	18,105	Conducted as agreed terms	-
		Yes Logistics	3	Accounts receivable from related parties	109,074	Conducted as agreed terms	-
				Payables to related parties	133	Conducted as agreed terms	-
		Accounts receivable from related parties	1,446	Conducted as agreed terms	-		
18	Yangming-ERO	YMTC	2	Accounts receivable from related parties	19,309	Conducted as agreed terms	-
				Payables to related parties	40,730	Conducted as agreed terms	-
				Operating revenues	277,194	Conducted as agreed terms	-
		Yangming-UK	3	Accounts receivable from related parties	6,961	Conducted as agreed terms	-
				Operating revenues	33,920	Conducted as agreed terms	-
							-
19	Yang Ming-Liberia	YMTC	2	Operating revenues	1,922,960	Conducted as agreed terms	2%
				Interest expenses	57,308	Conducted as agreed terms	-
				Long-term payables to related parties	605,018	Conducted as agreed terms	1%
		AOT	3	Interest expenses	98,900	Conducted as agreed terms	-
				Long-term payables to related parties	6,988,209	Conducted as agreed terms	6%
		Kuang Ming	3	Interest expenses	14,434	Conducted as agreed terms	-
				Payables to related parties	10,545	Conducted as agreed terms	-
				Other receivable from related parties	13,821	Conducted as agreed terms	-
		Sunbright Insurance Pte. Ltd.	3	Operating costs	32,672	Conducted as agreed terms	-
				Operating revenues	187,884	Conducted as agreed terms	-
		Yangming-UK	3				-
					-		
					-		

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
20	Yang Ming-Korea	YMTC	2	Operating revenues	\$ 111,111	Conducted as agreed terms	-
				Payables to related parties	33,613	Conducted as agreed terms	-
				Accounts receivable from related parties	79,836	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	5,025	Conducted as agreed terms	-
				Payables to related parties	11,652	Conducted as agreed terms	-
				Accounts receivable from related parties	2,840	Conducted as agreed terms	-
		Yes Logistics	3	Accounts receivable from related parties	297	Conducted as agreed terms	-
21	YMS-BVI	YMTC	2	Operating revenues	69,658	Conducted as agreed terms	-
22	Yang Ming-Italy	YMTC	2	Operating revenues	36,118	Conducted as agreed terms	-
				Payables to related parties	174,335	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	61,533	Conducted as agreed terms	-
				Payables to related parties	6	Conducted as agreed terms	-
				Accounts receivable from related parties	34,080	Conducted as agreed terms	-
23	Yang Ming-Belgium	YMTC	2	Operating revenues	37,692	Conducted as agreed terms	-
				Payables to related parties	29,631	Conducted as agreed terms	-
				Accounts receivable from related parties	34,008	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	213	Conducted as agreed terms	-
				Payables to related parties	77	Conducted as agreed terms	-
				Accounts receivable from related parties	24	Conducted as agreed terms	-
24	Yang Ming (Netherlands) B.V.	YMTC	2	Operating revenues	107,854	Conducted as agreed terms	-
				Payables to related parties	6,955	Conducted as agreed terms	-
				Accounts receivable from related parties	46,640	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	1,490	Conducted as agreed terms	-
				Accounts receivable from related parties	3,913	Conducted as agreed terms	-
				Payables to related parties	145	Conducted as agreed terms	-
		Yes Logistics	3	Accounts receivable from related parties	454	Conducted as agreed terms	-
25	Yang Ming Anatolia Shipping Agency S.A.	YMTC	2	Operating revenues	96,776	Conducted as agreed terms	-
				Accounts receivable from related parties	38,579	Conducted as agreed terms	-
				Payables to related parties	35,732	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	217	Conducted as agreed terms	-
				Accounts receivable from related parties	17	Conducted as agreed terms	-
				Payables to related parties	482	Conducted as agreed terms	-
26	Kuang Ming (Liberia) Corp.	YMTC	2	Other payables to related parties	10,197	Conducted as agreed terms	-
				Operating costs	176,011	Conducted as agreed terms	-
		AOT	3	Operating costs	178,299	Conducted as agreed terms	-
27	Kao Ming Container Terminal Corp.	Sunbright Insurance Pte. Ltd.	3	Other receivable from related parties	15,831	Conducted as agreed terms	-
				Operating costs	13,033	Conducted as agreed terms	-
28	Yang Ming Line (Singapore) Pte. Ltd.	Young-Carrier Company Ltd.	3	Payables to related parties	7,837	Conducted as agreed terms	-
				Rent Revenue	32,341	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
29	Yang Ming Shipping (Canada) Ltd.	YMTC	2	Payables to related parties	\$ 21,043	Conducted as agreed terms	-
30	Yang Ming Line B.V.	YMTC	2	Accounts receivable from related parties	4,046	Conducted as agreed terms	-
				Payables to related parties	1,060	Conducted as agreed terms	-
				Guarantee deposits received	310,866	Conducted as agreed terms	-
31	Sunbright Insurance Pte. Ltd.	YMTC	2	Operating revenues	39,226	Conducted as agreed terms	-
				Receipts revenues	7,874	Conducted as agreed terms	-
		AOT	3	Operating revenues	49,866	Conducted as agreed terms	-
				Accounts receivable from related parties	5,503	Conducted as agreed terms	-
				Payables to related parties	7,213	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	6,616	Conducted as agreed terms	-
				Accounts receivable from related parties	1,547	Conducted as agreed terms	-
				Payables to related parties	2,028	Conducted as agreed terms	-
		Yang Ming-Liberia	3	Operating revenues	32,672	Conducted as agreed terms	-
				Accounts receivable from related parties	10,545	Conducted as agreed terms	-
				Payables to related parties	13,821	Conducted as agreed terms	-
		Kao Ming Container Terminal Corp.		Payables to related parties	15,831	Conducted as agreed terms	-
				Operating revenues	13,033	Conducted as agreed terms	-

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

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

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

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

GEOGRAPHIC AREA INFORMATION  
YEARS ENDED DECEMBER 31, 2010 AND 2009  
(In Thousands of New Taiwan Dollars)

	2010						2009							
	Domestic Area	Asia	Africa	Europe	America	Adjustment and Eliminations	Combined (Note A)	Domestic Area	Asia	Africa	Europe	America	Adjustment and Eliminations	Combined (Note A)
Sales to customers	\$ 113,480,719	\$ 485,290	\$ 2,212,866	\$ 14,053,177	\$ 317,715	\$ -	\$ 130,549,767	\$ 76,614,983	\$ 311,122	\$ 2,131,147	\$ 9,533,092	\$ 302,437	\$ -	\$ 88,892,781
Intercompany sales (Note B)	<u>3,448,994</u>	<u>1,850,211</u>	<u>3,891,924</u>	<u>8,981,101</u>	<u>2,437,563</u>	<u>(20,609,793)</u>	<u>-</u>	<u>2,363,751</u>	<u>1,837,126</u>	<u>5,554,616</u>	<u>7,026,421</u>	<u>2,228,696</u>	<u>(19,010,610)</u>	<u>-</u>
Total revenues	<u>\$ 116,929,713</u>	<u>\$ 2,335,501</u>	<u>\$ 6,104,790</u>	<u>\$ 23,034,278</u>	<u>\$ 2,755,278</u>	<u>\$ (20,609,793)</u>	<u>\$ 130,549,767</u>	<u>\$ 78,978,734</u>	<u>\$ 2,148,248</u>	<u>\$ 7,685,763</u>	<u>\$ 16,559,513</u>	<u>\$ 2,531,133</u>	<u>\$ (19,010,610)</u>	<u>\$ 88,892,781</u>
Segment operating income (Note C)	<u>\$ 13,664,458</u>	<u>\$ (72,469)</u>	<u>\$ 3,796</u>	<u>\$ 1,994,047</u>	<u>\$ 685,158</u>	<u>\$ 72,535</u>	\$ 16,347,525	<u>\$ (16,139,447)</u>	<u>\$ (164,852)</u>	<u>\$ 864,739</u>	<u>\$ (915,810)</u>	<u>\$ 21,501</u>	<u>\$ (42,909)</u>	\$ (16,376,778)
Investment income recognized under equity method							283,686							331,015
General income, net							(909,234)							1,366,915
General expenses							(1,112,154)							(954,233)
Interest expense							<u>(1,378,978)</u>							<u>(1,139,624)</u>
Income (loss) before income tax							<u>\$ 13,230,845</u>							<u>\$ (16,772,705)</u>
Identifiable assets (Note D)	<u>\$ 89,623,133</u>	<u>\$ 4,161,181</u>	<u>\$ 54,097,171</u>	<u>\$ 18,825,576</u>	<u>\$ 604,032</u>	<u>\$ (35,553,993)</u>	\$ 131,757,100	<u>\$ 69,234,729</u>	<u>\$ 3,582,140</u>	<u>\$ 56,384,957</u>	<u>\$ 14,336,790</u>	<u>\$ 832,711</u>	<u>\$ (32,948,263)</u>	\$ 111,423,064
Investments in shares of stock							1,672,507							1,724,755
General assets							<u>375,191</u>							<u>673,744</u>
Total assets							<u>\$ 133,804,798</u>							<u>\$ 113,821,563</u>

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