

Yang Ming Marine Transport Corporation

**Financial Statements for the
Years Ended December 31, 2011 and 2010 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Yang Ming Marine Transport Corporation as of December 31, 2011 and 2010, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Yang Ming Line (Singapore) Pte. Ltd. and Yang Ming Line Holding Co. as of and for the years ended December 31, 2011 and 2010 in which the Corporation has long-term investments accounted for using equity method. The carrying values of these investments were 2.8% (NT\$2,436,761 thousand) and 2.1% (NT\$1,937,909 thousand) of the Corporation's total assets as of December 31, 2011 and 2010, respectively. The equity in these investees' net income (loss) was 4.0% (NT\$408,259 thousand) and 3.5% (NT\$451,843 thousand) of the Corporation's loss (income) before income tax in 2011 and 2010, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Yang Ming Marine Transport Corporation as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of Yang Ming Marine Transport Corporation and subsidiaries as of and for the years ended December 31, 2011 and 2010 and have issued a modified unqualified opinion thereon in our report dated March 26, 2012.

March 26, 2012

Notice to Readers

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

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

YANG MING MARINE TRANSPORT CORPORATION

BALANCE SHEETS

DECEMBER 31, 2011 AND 2010

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

ASSETS	2011		2010		LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 6,680,430	8	\$ 9,354,855	10	Shore-term debt (Note 14)	\$ 2,638,672	3	\$ -	-
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	250,169	-	632,841	1	Commercial paper payable (Note 15)	3,246,359	4	-	-
Available-for-sale financial assets - current (Notes 2 and 6)	157,904	-	8,479,668	9	Financial liabilities at fair value through profit or loss - current (Notes 2 and 5)	47,136	-	-	-
Derivative financial assets for hedging - current (Notes 2 and 25)	49,161	-	-	-	Derivative financial liabilities for hedging - current (Notes 2 and 25)	229	-	21,686	-
Accounts receivable, net of allowance for doubtful accounts of \$9,454 thousand and \$16,016 thousand at December 31, 2011 and 2010 (Notes 2 and 3)	397,964	1	605,455	1	Accounts payable (Note 17)	4,461,621	5	4,283,189	5
Accounts receivable from related parties (Notes 2, 3 and 26)	815,289	1	1,273,187	1	Income tax payable (Notes 2 and 22)	30,691	-	56,430	-
Other receivables (Notes 2, 5 and 6)	28,917	-	579,891	1	Accrued expenses (Note 18)	1,102,070	1	2,068,492	2
Other receivable from related parties (Notes 2, 20 and 26)	695,033	1	88,052	-	Accrued expenses - related parties (Note 26)	400,327	1	109,458	-
Shipping fuel, net (Notes 2 and 7)	5,818,535	7	4,374,606	5	Advances from customers	2,386,093	3	2,354,063	3
Prepaid expenses (Notes 13 and 26)	193,913	-	387,673	-	Current portion of long-term interest-bearing debts (Notes 2, 10, 16, 27 and 28)	4,502,191	5	14,617,839	15
Deferred income tax assets - current (Notes 2 and 22)	9,753	-	39,470	-	Payables on equipment	1,095,669	1	-	-
Advances to shipping agents (Note 26)	1,069,367	1	1,355,154	1	Payable to shipping agents	1,212,576	1	1,009,101	1
Other current assets	215,978	-	207,591	-	Payable to shipping agents - related parties (Note 26)	1,271,025	1	1,008,897	1
					Other current liabilities	465,923	1	50,094	-
Total current assets	16,382,413	19	27,378,443	29	Total current liabilities	22,860,582	26	25,579,249	27
LONG-TERM INVESTMENTS (Notes 2, 6, 8, 9 and 26)					LONG-TERM LIABILITIES				
Available-for-sale financial assets - noncurrent	2,225,347	3	2,632,207	3	Bonds payable (Notes 16 and 27)	14,436,490	16	8,945,210	9
Financial assets carried at cost - noncurrent	386,369	-	411,640	1	Long-term debt (Notes 16 and 27)	19,085,633	22	14,931,071	16
Investments accounted for using equity method	20,195,328	23	22,073,431	23	Obligations under capital leases - long-term portion (Notes 2, 10, 16 and 28)	573,532	1	635,268	1
Total long-term investments	22,807,044	26	25,117,278	27	Total long-term liabilities	34,095,655	39	24,511,549	26
PROPERTIES (Notes 2, 10, 13, 26 and 27)					RESERVE FOR LAND VALUE INCREMENT TAX (Note 19)	479,639	1	479,639	-
Cost					OTHER LIABILITIES				
Land	427,836	-	427,836	1	Accrued pension cost (Notes 2 and 20)	1,168,410	1	1,131,300	1
Buildings	770,528	1	749,213	1	Deferred income tax liabilities - noncurrent (Notes 2 and 22)	-	-	563,287	1
Containers and chassis	25,409,096	29	23,005,358	24	Others (Note 2)	58,667	-	53,643	-
Ships	6,075,923	7	6,529,880	7	Total other liabilities	1,227,077	1	1,748,230	2
Leased assets	2,732,756	3	2,868,206	3	Total liabilities	58,662,953	67	52,318,667	55
Leasehold improvements	146,272	-	146,272	-	CAPITAL STOCK - \$10 PAR VALUE				
Miscellaneous equipment	2,250,944	3	2,638,782	3	Authorized - 3,600,000 thousand shares				
Total cost	37,813,355	43	36,365,547	39	Issued - 2,818,713 thousand shares in 2011 and 2,562,466 thousand shares in 2010	28,187,131	32	25,624,665	27
Less: Accumulated depreciation	22,091,558	25	21,344,849	23	CAPITAL SURPLUS				
Less: Accumulated impairment	-	-	25,740	-	Additional paid-in capital	4,710,566	5	4,710,566	5
Construction in progress	3,723,337	4	-	-	Long-term investments	8,927	-	8,927	-
Net properties	19,445,134	22	14,994,958	16	Total capital surplus	4,719,493	5	4,719,493	5
INTANGIBLE ASSETS					RETAINED EARNINGS (ACCUMULATED LOSS)				
Computer software (Note 2)	19,949	-	28,246	-	Legal reserve	1,178,785	1	-	-
Deferred pension cost (Notes 2 and 20)	1,747	-	1,961	-	Special reserve	82,530	-	-	-
Total intangible assets	21,696	-	30,207	-	Unappropriated earnings (accumulated deficit)	(4,637,889)	(5)	11,787,853	13
OTHER ASSETS					Total retained earnings (accumulated loss)	(3,376,574)	(4)	11,787,853	13
Assets leased to others, net (Notes 2, 11 and 27)	3,929,802	4	3,962,947	4	OTHER EQUITY				
Nonoperating assets, net (Notes 2 and 12)	234,359	-	234,359	-	Cumulative translation adjustments	(158,441)	-	(469,051)	-
Advances on long-term rent agreements (Note 13)	694,422	1	819,309	1	Net loss not recognized as pension cost	(67,069)	-	(26,499)	-
Refundable deposits (Note 28)	322,695	-	323,874	-	Unrealized gain on financial instruments	42,923	-	413,020	-
Long-term receivables from related parties (Notes 9 and 26)	23,702,068	27	21,495,979	23	Total other equity	(182,587)	-	(82,530)	-
Deferred income tax assets - noncurrent (Notes 2 and 22)	466,780	1	-	-	Total stockholders' equity	29,347,463	33	42,049,481	45
Miscellaneous (Note 2)	4,003	-	10,794	-	TOTAL	\$ 88,010,416	100	\$ 94,368,148	100
Total other assets	29,354,129	33	26,847,262	28					
TOTAL	\$ 88,010,416	100	\$ 94,368,148	100					

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

(With Deloitte & Touche audit report dated March 26, 2012)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2011 AND 2010

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

	2011		2010	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 26)	\$ 98,029,207	100	\$ 111,918,885	100
OPERATING COSTS (Notes 2, 7, 23 and 26)	<u>107,527,409</u>	<u>110</u>	<u>96,670,568</u>	<u>87</u>
GROSS INCOME (LOSS)	<u>(9,498,202)</u>	<u>(10)</u>	<u>15,248,317</u>	<u>13</u>
OPERATING EXPENSES (Notes 23 and 26)				
Selling expenses	1,188,715	1	1,907,694	2
General and administrative expenses	<u>290,257</u>	<u>-</u>	<u>507,472</u>	<u>-</u>
Total operating expenses	<u>1,478,972</u>	<u>1</u>	<u>2,415,166</u>	<u>2</u>
OPERATING INCOME (LOSS)	<u>(10,977,174)</u>	<u>(11)</u>	<u>12,833,151</u>	<u>11</u>
NONOPERATING INCOME AND GAINS				
Gains on disposal of properties (Note 26)	1,109,707	1	168,531	-
Interest income (Note 26)	586,722	1	498,996	1
Gain on disposal of financial instruments, net (Notes 8 and 9)	372,744	-	281,343	1
Dividend income	160,015	-	163,352	-
Rent income (Note 26)	111,929	-	86,004	-
Exchange gain, net (Note 2)	13,206	-	-	-
Investment income recognized under equity method (Notes 2 and 9)	-	-	224,339	-
Valuation gain on financial assets, net (Notes 2 and 5)	-	-	76,161	-
Others (Note 26)	<u>235,052</u>	<u>-</u>	<u>157,360</u>	<u>-</u>
Total nonoperating income and gains	<u>2,589,375</u>	<u>2</u>	<u>1,656,086</u>	<u>2</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense	843,211	1	933,285	1
Investment loss recognized under equity method (Notes 2 and 9)	840,293	1	-	-
Valuation loss on financial liabilities, net (Notes 2 and 5)	47,136	-	86,174	-
Valuation loss on financial assets, net (Notes 6 and 8)	4,225	-	-	-
Exchange loss, net (Note 2)	-	-	497,383	-
Impairment loss (Notes 2 and 10)	-	-	36,686	-
Others (Note 23)	<u>83,461</u>	<u>-</u>	<u>123,165</u>	<u>-</u>
Total nonoperating expenses and losses	<u>1,818,326</u>	<u>2</u>	<u>1,676,693</u>	<u>1</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2011 AND 2010

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

	2011		2010	
	Amount	%	Amount	%
INCOME (LOSS) BEFORE INCOME TAX				
EXPENSE	\$ (10,206,125)	(11)	\$ 12,812,544	12
INCOME TAX EXPENSE (BENEFIT) (Notes 2 and 22)	<u>(807,247)</u>	<u>(1)</u>	<u>1,024,691</u>	<u>1</u>
NET INCOME (LOSS)	<u>\$ (9,398,878)</u>	<u>(10)</u>	<u>\$ 11,787,853</u>	<u>11</u>
	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS (LOSS) PER SHARE (Note 24)				
Basic	<u>\$ (3.62)</u>	<u>\$ (3.33)</u>	<u>\$ 4.55</u>	<u>\$ 4.18</u>
Diluted	<u>\$ (3.62)</u>	<u>\$ (3.33)</u>	<u>\$ 4.54</u>	<u>\$ 4.17</u>

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

(With Deloitte & Touche audit report dated March 26, 2012)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Dividend Per Share)

	Capital Stock		Capital Surplus (Notes 2 and 21)			Retained Earnings (Accumulated Loss) (Notes 2 and 21)			Other Items of Stockholders' Equity (Notes 2 and 21)			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 or Loss on Financial Instruments	
BALANCE, JANUARY 1, 2010	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	\$ 31,760,310
Compensation of 2009 deficit												
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	-	-	-	-
Net income for the year ended December 31, 2010	-	-	-	-	-	-	-	11,787,853	-	-	-	11,787,853
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	(711,013)	-	-	(711,013)
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)
Changes 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
BALANCE, DECEMBER 31, 2010	2,562,466	25,624,665	4,710,566	-	8,927	-	-	11,787,853	(469,051)	(26,499)	413,020	42,049,481
Appropriations of 2010 earnings												
Legal reserve	-	-	-	-	-	1,178,785	-	(1,178,785)	-	-	-	-
Special reserve	-	-	-	-	-	-	82,530	(82,530)	-	-	-	-
Cash dividends - \$1.25 per share	-	-	-	-	-	-	-	(3,203,083)	-	-	-	(3,203,083)
Stock dividends - \$1 per share	256,247	2,562,466	-	-	-	-	-	(2,562,466)	-	-	-	-
Net loss for the year ended December 31, 2011	-	-	-	-	-	-	-	(9,398,878)	-	-	-	(9,398,878)
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	293,739	-	-	293,739
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	418	(35,976)	(35,558)
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(401,038)	(401,038)
Changes in unrealized gain on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	-	-	66,931	66,931
Changes in unrealized loss on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	-	(40,988)	-	(40,988)
Effect of changes on sale long-term equity-method investments	-	-	-	-	-	-	-	-	16,871	-	(14)	16,857
BALANCE, DECEMBER 31, 2011	<u>2,818,713</u>	<u>\$ 28,187,131</u>	<u>\$ 4,710,566</u>	<u>\$ -</u>	<u>\$ 8,927</u>	<u>\$ 1,178,785</u>	<u>\$ 82,530</u>	<u>\$ (4,637,889)</u>	<u>\$ (158,441)</u>	<u>\$ (67,069)</u>	<u>\$ 42,923</u>	<u>\$ 29,347,463</u>

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

(With Deloitte & Touche audit report dated March 26, 2012)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (9,398,878)	\$ 11,787,853
Depreciation	3,129,433	3,355,738
Amortization	19,097	25,070
Unrealized exchange loss (gain)	28,203	(77,937)
Reversal of doubtful accounts	(8,119)	(3,144)
Provision for (reversal of) allowance for loss on shipping fuel	(44,854)	33,334
Gain on disposal of financial instruments, net	(372,744)	(281,343)
Gain on disposal of properties, net	(1,109,707)	(168,531)
Provision for (repayment of) pension cost	(22,817)	49,749
Valuation loss (gain) on financial assets	4,225	(76,161)
Valuation loss on financial liabilities	47,136	86,174
Impairment loss on properties and other assets	-	36,686
Investment loss (income) recognized under equity-method	840,293	(224,339)
Cash dividends received from equity-method investee	541,229	1,117,223
Deferred income tax	(960,692)	582,446
Changes in operating assets and liabilities		
Financial instruments held for trading	665,297	(240,950)
Accounts receivable	213,776	32,584
Accounts receivable from related parties	457,898	172,300
Other receivable from related parties	(587,828)	910,809
Shipping fuel	(1,399,075)	(1,021,953)
Prepaid expenses	140,366	104,478
Advances to shipping agents	285,787	(39,202)
Other current assets	(8,273)	(18,209)
Accrued expenses	(1,117,975)	189,992
Accrued expenses - related parties	290,869	43,939
Income tax payable	(25,739)	56,430
Advances from customers	32,030	590,098
Accounts payable	329,985	1,445,513
Payable to shipping agents	203,475	(70,858)
Payable to shipping agents - related parties	262,128	320,246
Other current liabilities	415,833	(23,786)
Advances on long-term rent agreements	<u>2,969</u>	<u>41,106</u>
Net cash (used in) provided by operating activities	<u>(7,146,672)</u>	<u>18,735,355</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(17,699,951)	(22,727,445)
Proceeds from disposal of available-for-sale financial assets	26,562,716	14,507,925
Proceeds from capital reduction of equity-method	-	237,507
Acquisition of investments accounted for using equity method	-	(2,341,460)
Proceeds from disposal of investments accounted for using equity method	436,834	360,133
Proceeds from disposal of financial assets carried at cost	-	477,081

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YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
Acquisition of properties	\$ (3,784,820)	\$ (703,083)
Acquisition of nonoperating assets	-	(5,074)
Acquisition of assets leased to others	(7,802)	-
Proceeds from disposal of properties	1,254,514	187,921
Increase in long-term receivable from related parties	(4,415,471)	(2,382,014)
Acquisition of computer software	(8,792)	(12,754)
Decrease in other assets	6,617	216,616
Decrease in refundable deposits	<u>1,179</u>	<u>53</u>
Net cash provided by (used in) investing activities	<u>2,345,024</u>	<u>(12,184,594)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from commercial paper	3,546,359	-
Payment for commercial paper	(2,140,000)	-
Increase in short-term debt	2,638,672	-
Proceeds from long-term debt	11,488,160	1,660,000
Repayment of long-term debt	(5,493,598)	(5,448,606)
Proceeds from issuance of bonds	6,451,280	4,985,210
Repayment of principal of bonds	(11,080,000)	(2,082,000)
Payments for obligations under capital leases	(85,587)	(29,113)
Increase (decrease) in other liabilities	5,020	(74,038)
Cash dividends paid	<u>(3,203,083)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>2,127,223</u>	<u>(988,547)</u>
NET INCREASE (DECREASE) IN CASH	(2,674,425)	5,562,214
CASH, BEGINNING OF YEAR	<u>9,354,855</u>	<u>3,792,641</u>
CASH, END OF YEAR	<u>\$ 6,680,430</u>	<u>\$ 9,354,855</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ 900,725</u>	<u>\$ 921,478</u>
Income tax paid	<u>\$ 194,733</u>	<u>\$ 389,821</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Reclassification of assets leased to others and nonoperating assets into properties	<u>\$ -</u>	<u>\$ 14,265</u>
Reclassification of properties into assets leased to others	<u>\$ 13,244</u>	<u>\$ -</u>
Reclassification of advances on long-term rent agreements into properties	<u>\$ 131,452</u>	<u>\$ -</u>
Reclassification of investment into deduction to long-term receivables from related parties	<u>\$ 1,252,252</u>	<u>\$ 1,670,538</u>
Current portion of long-term interest-bearing debts	<u>\$ 4,502,191</u>	<u>\$ 14,617,839</u>

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YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisition of properties	\$ 7,508,157	\$ 1,392,873
Decrease in long-term receivables from related parties	(2,627,668)	-
Increase in payables on equipment	(1,095,669)	-
Increase in obligations under capital lease	<u>-</u>	<u>(689,790)</u>
Cash paid	<u>\$ 3,784,820</u>	<u>\$ 703,083</u>
Proceeds from disposal of available-for-sale financial assets	\$ 26,008,003	\$ 15,062,638
Receivables from disposal of securities	<u>554,713</u>	<u>(554,713)</u>
Cash paid	<u>\$ 26,562,716</u>	<u>\$ 14,507,925</u>

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

(With Deloitte & Touche audit report dated March 26, 2012)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

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

1. ORGANIZATION AND OPERATIONS

Yang Ming Marine Transport Corporation (the "Corporation"), established in December 1972, was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Corporation simultaneous to the Corporation's listing of its shares of stock on the ROC Taiwan Stock Exchange. The MOTC owned 35.51% of the Corporation's outstanding capital stock at December 31, 2011 and 2010.

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

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

As of December 31, 2011 and 2010, the Corporation had 1,553 and 1,575 employees, respectively.

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 net assets of the spun-off department were \$4,000,716 thousand. The Corporation exchanged the net assets for 176,330 thousand of Kuang Ming Shipping Corp.'s newly issued shares at NT\$22.6888 per share.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the ROC.

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

Significant accounting policies are summarized as follows:

Foreign Currencies

Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

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 are recognized in profit or loss.

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

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

Accounting Estimates

Under above guidelines, law and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, evaluation of financial assets and liabilities, provision for losses on shipping fuel, depreciation of property, plant and equipment, impairment of assets, income tax, pension cost, loss on pending litigations, payables to shipping agents, bonuses to employees, directors and supervisors, etc. Actual results may differ from these estimates.

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 consumed within one year from the balance sheet date. All other assets such as property, plant and equipment and those not classified as current assets are noncurrent. 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.

Financial Assets and Liabilities at Fair Value through Profit or Loss

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

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

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

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

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

Available-for-sale Financial Assets

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

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

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

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

Hedge Accounting

Derivatives that are designated and effective as 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 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.

Financial Assets Carried at Cost

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

Impairment of Accounts Receivable

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

As discussed in Note 3 to the financial statements, the Corporation adopted the third-time revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." One of the main revisions is that impairment of receivables originated by the Corporation should be covered by SFAS No. 34. Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- Accounts receivable becoming overdue; or
- It is becoming probable that the debtor will enter bankruptcy or financial re-organization.

Accounts receivable that are assessed as not impaired individually are further assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of accounts receivable could include the Corporation's past experience of in the collection of payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collateral and guarantees, discounted at the receivable's original effective interest rate.

The carrying amount of the accounts receivable is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized as bad debt in profit or loss.

Impairment of Assets

If the recoverable amount of an asset (mainly property, plant and equipment, nonoperating assets, leased assets, computer software and investments accounted for using 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 in which the Corporation has significant influence but with no control, the carrying amount (including goodwill) of each investment is compared with its own recoverable amount for the purpose of impairment testing. Long-term equity investments over which the Corporation has control are evaluated for impairment using their cash-generating units on the basis consolidated financial statements. A reversal of an impairment loss on goodwill is disallowed.

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.

Investments Accounted for Using Equity Method

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

The cost of investment is allocated to the assets and liabilities of the investee (proportionate to the percentage of ownership) based on their fair values at the date of investment, and the excess of the investment cost over the fair value of the identifiable net assets of the investee is recognized as goodwill. Goodwill is not amortized. The excess of the fair value of the net identifiable assets of the investee over the investment cost is used to reduce the fair value of each of the noncurrent assets of the investee (except for financial assets other than investments accounted for using equity method, 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 Corporation's percentage of ownership in the investee; however, if the Corporation 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 Corporation's percentage of ownership in the investee. Profits from sales of products between equity-method investees are deferred to the extent of the Corporation's equity interests in these investees.

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

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

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, equipment and assets leased to others are capitalized as part of the cost of those assets. Major additions and improvements to property, plant, 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 Corporation at the lower of their fair value at the inception of the lease or the present value of the minimum lease payments; the corresponding liability is included in the balance sheet as obligations under capital leases. The interest included in lease payments is expensed when paid.

Depreciation is provided on a straight-line basis over estimated useful lives as follows: buildings, 53 to 56 years; containers and chassis, 6 to 10 years; ships, 20 to 25 years; dry dock, 2.5 years; leased assets, 5 to 9 years; leasehold improvements, 6 to 11 years; and miscellaneous equipment, 3 to 18 years. Properties still in use beyond their original estimated useful lives are further depreciated over their new estimated useful lives.

The related cost and accumulated depreciation of an item of property, plant, 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.

Computer Software

Computer software products acquired are initially recorded at cost and are amortized on a straight-line basis 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.

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.

Pension Cost

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

Unrealized Gain (Loss) on Sale and Leaseback

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

Provision for Onerous Contract

An 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 method is used for income taxes. Deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused loss carryforward and unused tax credits. 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.

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 consolidated tax returns. This election results in the adjustments of differences in income tax expense and deferred income taxes between the Corporation and its subsidiary and any related distribution or payments arising from the adjustments to the consolidated tax returns will be recorded as receivables from or payables to related parties on the financial statements. The Corporation will discontinue to file consolidated tax returns in 2011 since the Corporation became disqualified to apply according to the regulation.

Revenue Recognition

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

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

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

Reclassifications

Certain accounts in the financial statements as of and for the year ended December 31, 2010 have been reclassified to conform to the presentation of financial statements as of and for the year ended December 31, 2011.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Financial Instruments

On January 1, 2011, the Corporation adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." The main revisions included loans and receivables originated by the Corporation under SFAS No. 34. This accounting change did not have significant influence on the financial statements.

Operating Segments

On January 1, 2011, the Corporation adopted the newly issued SFAS No. 41, "Operating Segments." The statement requires that segment information be disclosed based on the information about the components of the Corporation that management uses to make operating decisions. SFAS No. 41 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Corporation's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20, "Segment Reporting." SFAS No. 41 only changed the way the Corporation discloses information of the segments. The Corporation considered the cost of restating the segment information as of and for the year ended December 31, 2010 to be so high that the Corporation decided not to restate it.

4. CASH

	<u>December 31</u>	
	2011	2010
Petty cash and cash on hand	\$ 2,050	\$ 2,023
Checking accounts and demand deposits	5,301,677	5,506,905
Time deposits: Interest - 0.29% to 1.80% in 2011 and 0.35% to 4.90% in 2010	<u>1,376,703</u>	<u>3,845,927</u>
	<u>\$ 6,680,430</u>	<u>\$ 9,354,855</u>

As of December 31, 2011 and 2010, the Corporation had no time deposits with maturity of over one year.

The overseas deposits as of December 31, 2011 and 2010 are summarized in the accompanying Schedule A and Schedule B.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial Instruments at FVTPL

	<u>December 31</u>	
	2011	2010
<u>Financial assets held for trading</u>		
Mutual fund	\$ 181,673	\$ 40,666
Forward exchange contracts	51,743	-
Crude oil swap and oil swap option	15,484	-
Quoted stocks	1,269	1,962
Principal guaranteed notes	<u>-</u>	<u>590,213</u>
	<u>\$ 250,169</u>	<u>\$ 632,841</u>
<u>Financial liabilities held for trading</u>		
Forward exchange contracts	<u>\$ 47,136</u>	<u>\$ -</u>

Principal guaranteed notes were held to link to TTT50, Chughwa Telecom and interest was at rate range of commercial paper. The contract had been repaid by February 2011.

Foreign exchange forward contracts were held mainly to hedge the exchange rate risks on 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 for the years ended December 31, 2011 and 2010 entered into by the Corporation were based on forecasted cash flows, and the risk of the transaction can be controlled by the Corporation.

Outstanding forward contracts as of December 31, 2011 were as follows:

	Currency	Duration	Contract Amount (In Thousands)	Fair Value (In Thousands)
<u>December 31, 2011</u>				
Buy	USD/NTD	February 2012	USD32,500/NTD936,000	\$ 51,743
Sell	USD/NTD	February 2012	USD32,500/NTD936,000	(47,136)

Outstanding forward contracts as of December 31, 2010 had been settled.

The Corporation's purpose for trading crude oil swap and oil swap option was to reduce the cost burden from oil price increase. The Corporation entered into crude oil swap and oil swap option contracts. The amounts of the contracts ranged from US\$2,495 thousand to US\$12,628 thousand and from US\$2,100 thousand to US\$11,992 thousand every month for the years ended December 31, 2011 and 2010, respectively.

The terms of the derivatives mentioned above did not qualify as effective hedging instruments; thus, hedge accounting was not applied.

Outstanding crude oil swap and oil swap option contracts as of December 31, 2011 were as follows:

	Due Date	Notional Amount	Unsettled Amount	
			Contract Amount	Fair Value
<u>December 31, 2011</u>				
Crude oil swap and oil swap option	2012.03.31	US\$104,384 thousand	US\$9,832 thousand	\$ 15,484

Outstanding crude oil swap and oil swap option contracts as of December 31, 2010 had been settled.

Net gains from financial assets held for trading were \$287,534 thousand and \$193,974 thousand for the years ended December 31, 2011 and 2010, respectively.

Net losses from financial liabilities held for trading were \$47,136 thousand and \$86,174 thousand for the years ended December 31, 2011 and 2010, respectively.

As of December 31, 2011 and 2010, the receivables from disposal of securities were \$28,917 thousand and \$25,178 thousand, respectively, and were recognized as other receivables. The proceeds had been received.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2011</u>	<u>2010</u>
Domestic quoted stocks	\$ 2,322,671	\$ 2,772,534
Corporate bonds	60,580	58,280
Mutual funds	<u>-</u>	<u>8,281,061</u>
	2,383,251	11,111,875
Less: Current portion	<u>(157,904)</u>	<u>(8,479,668)</u>
	<u>\$ 2,225,347</u>	<u>\$ 2,632,207</u>

The Corporation recognized valuation loss on financial assets of \$43,391 thousand for the year ended December 31, 2011.

As of December 31, 2010, the receivables from disposal of securities were \$554,713 thousand and were recognized as other receivables. The proceeds had been received.

7. SHIPPING FUEL

	<u>December 31</u>	
	<u>2011</u>	<u>2010</u>
Shipping fuel	<u>\$ 5,818,535</u>	<u>\$ 4,374,606</u>

As of December 31, 2010, the allowance for inventory devaluation was \$44,854 thousand.

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2011 and 2010, was \$30,342,732 thousand and \$22,052,235 thousand, respectively. The cost of shipping fuel recognized as operating cost for the year ended December 31, 2011 included \$44,854 thousand reversal of write-downs of fuel price. The cost of shipping fuel recognized as operating cost for the year ended December 31, 2010 included \$33,334 thousand provision for loss on shipping fuel due to decline of fuel price.

8. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	<u>December 31</u>			
	<u>2011</u>		<u>2010</u>	
	<u>Carrying Value</u>	<u>% of Owner-ship</u>	<u>Carrying Value</u>	<u>% of Owner-ship</u>
Domestic unquoted common stocks				
Taipei Port Container Terminal Co., Ltd.	\$ 381,369	9.76	\$ 406,640	9.76
United Stevedoring Corporation	5,000	10.00	5,000	10.00
Overseas unquoted common stocks				
Antwerp International Terminal	<u>-</u>	14.02	<u>-</u>	16.33
	<u>\$ 386,369</u>		<u>\$ 411,640</u>	

The Corporation recognized valuation loss on financial assets of \$25,271 thousand and \$4,065 thousand for the years ended December 31, 2011 and 2010, respectively.

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

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.

9. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31			
	2011		2010	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Kao Ming Container Terminal Corp.	\$ 4,218,853	100.00	\$ 4,022,887	100.00
Kuang Ming Shipping Corp.	4,070,974	86.57	4,547,582	93.24
Yang Ming Line (B.V.I.) Holding Co., Ltd.	3,517,151	100.00	4,487,685	100.00
All Oceans Transportation, Inc.	3,420,972	100.00	4,364,025	100.00
Yang Ming Line (Singapore) Pte. Ltd.	1,887,746	100.00	1,645,246	100.00
Ching Ming Investment Co., Ltd.	1,464,818	100.00	1,640,812	100.00
Yes Logistics Corp.	583,656	50.00	542,675	50.00
Yang Ming Line Holding Co.	549,015	100.00	292,663	100.00
Yunn Wang Investment Co., Ltd.	172,322	49.75	199,640	49.75
Jing Ming Transportation Co., Ltd.	115,916	50.98	117,695	50.98
Honming Terminal & Stevedoring Co., Ltd.	115,640	79.17	121,907	79.17
Transyang Shipping Pte. Ltd.	78,265	49.00	90,614	49.00
Yang Ming (Liberia) Corp.	<u>(1,252,252)</u>	100.00	<u>(1,670,538)</u>	100.00
	18,943,076		20,402,893	
Add: Investment deducted from long-term receivables from related parties	<u>1,252,252</u>		<u>1,670,538</u>	
	<u>\$ 20,195,328</u>		<u>\$ 22,073,431</u>	

Movements of the difference between the cost of investments and the Corporation's share in investees' net assets for the year ended December 31, 2011 and 2010 were as follows:

	Non-amortizing Assets	
	2011	2010
Balance, beginning of year	\$ 671	\$ -
Additions	<u>-</u>	<u>671</u>
Balance, end of year	<u>\$ 671</u>	<u>\$ 671</u>

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

	Years Ended December 31	
	2011	2010
Yang Ming (Liberia) Corp.	\$ 483,894	\$ (1,544,692)
Yang Ming Line Holding Co.	245,229	293,217
Kuang Ming Shipping Corp.	242,189	551,073
Kao Ming Container Terminal Corp.	195,817	(96,156)
Yang Ming Line (Singapore) Pte. Ltd.	163,030	158,626
Yes Logistics Corp.	26,523	30,935
Transyang Shipping Pte. Ltd.	16,790	34,057
Yunn Wang Investment Co., Ltd.	10,721	10,764
Honming Terminal & Stevedoring Co., Ltd.	8,775	16,640
Jing Ming Transportation Co., Ltd.	5,458	9,015
Ching Ming Investment Co., Ltd.	(157,671)	128,125
All Oceans Transportation, Inc.	(943,053)	(530,585)
Yang Ming Line (B.V.I.) Holding Co., Ltd.	<u>(1,137,995)</u>	<u>1,163,320</u>
	<u>\$ (840,293)</u>	<u>\$ 224,339</u>

The Corporation committed to support the operation of Yang Ming (Liberia) Corp. and therefore the credit balance of \$1,252,252 thousand and \$1,670,538 thousand on this investment was reclassified as deduction of long-term receivables from related parties as of December 31, 2011 and 2010, respectively.

In order to engage in the building and operation of Kaohsiung harbor intercontinental container center, the Corporation founded a chartered subsidiary, Kao Ming Container Terminal Corp., which had a contract namely 'First stage of Kaohsiung harbor intercontinental container center construction and operation project' with MOTC Harbor Bureau. The contract commenced on September 28, 2007 and will last for 50 years including the construction and operation periods. MOTC Harbor Bureau approved Kao Ming Container Terminal Corp. to start its operation on January 5, 2011. The board of directors of the Corporation resolved to increase investments in Kao Ming Container Terminal Corp. within the capital disbursement of \$3,700,000 thousand, and the amount of capital increase was \$3,300,000 thousand as of December 31, 2011. Kao Ming Container Terminal Corp. secured a \$16,200,000 thousand syndicated bank loans on December 18, 2008, so as to fund the construction of Kaohsiung Intercontinental Container Terminal, and as of December 31, 2011 the banks have allotted \$5,940,000 thousand.

In order to improve the Group's entire operating efficiency, enhance the Group's financial structure and to facilitate initial public offering of Kuang Ming Shipping Corp., a subsidiary of the Corporation, the Corporation's board of directors resolved on June 18, 2010 to dispose partial interests of Kuang Ming Shipping Corp. held by the Corporation. The maximum disposal amount of stock will not exceed 61,500 thousand shares (approximately equal to 30% of Kuang Ming Shipping Corp's share capital), and disposal price will depend on Kuang Ming Shipping Corp's operating performance and the market price at the time.

For the years ended December 31, 2011 and 2010, the Corporation disposed of 13,700 thousand shares and 13,894 thousand shares to specified persons and employees (both approximately equal to 6.76% of Kuang Ming Shipping Corp's current share capital) at an average price of \$31.89 and \$25.97 per share, and recognized a disposal gain of \$83,501 thousand and \$22,377 thousand, respectively. As of December 31, 2011, the Corporation disposed of 27,594 thousand shares (approximately equal to 13.43% of Kuang Ming Shipping Corp's current share capital) at an average price of \$28.88 per share, and recognized disposal gain of \$105,878 thousand.

As required by the revised ROC SFAS No. 7 - "Consolidated Financial Statements" control is presumed to exist when the parent company owns, directly or indirectly through subsidiaries, more than half of the voting rights of an entity unless it can be clearly shown that such ownership does not constitute controlling interest. Thus, the consolidated financial statements as of and for the years ended December 31, 2011 and 2010 include the accounts of the Corporation and its direct and indirect subsidiaries. The Corporation did not have control over Transyang Shipping Pte. Ltd., and Yunn Wang Investment Co., Ltd., therefore the accounts of these companies were not included in the consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in the consolidation.

10. PROPERTIES

Year Ended December 31, 2011									
	Land	Buildings	Containers and Chassis	Ships	Leased Assets	Leasehold Improvements	Miscellaneous Equipment	Construction in Process	Total
Cost									
Beginning balance	\$ 427,836	\$ 749,213	\$ 23,005,358	\$ 6,529,880	\$ 2,868,206	\$ 146,272	\$ 2,638,782	\$ -	\$ 36,365,547
Addition	-	-	3,619,287	63,000	-	-	102,533	3,723,337	7,508,157
Disposal	-	-	(1,215,549)	(516,957)	(135,450)	-	(621,823)	-	(2,489,779)
Reclassification	-	21,315	-	-	-	-	131,452	-	152,767
Ending balance	<u>\$ 427,836</u>	<u>770,528</u>	<u>25,409,096</u>	<u>6,075,923</u>	<u>2,732,756</u>	<u>146,272</u>	<u>2,250,944</u>	<u>\$ 3,723,337</u>	<u>41,536,692</u>
Accumulated depreciation									
Beginning balance	-	159,983	15,592,907	1,706,532	2,143,723	133,284	1,608,420	-	21,344,849
Addition	-	15,001	1,843,525	898,343	96,852	3,627	200,522	-	3,057,870
Disposal	-	-	(1,208,259)	(482,266)	(135,450)	-	(493,257)	-	(2,319,232)
Reclassification	-	8,071	-	-	-	-	-	-	8,071
Ending balance	-	<u>183,055</u>	<u>16,228,173</u>	<u>2,122,609</u>	<u>2,105,125</u>	<u>136,911</u>	<u>1,315,685</u>	-	<u>22,091,558</u>
Accumulated impairment									
Beginning balance	-	-	-	-	-	-	-	25,740	25,740
Addition	-	-	-	-	-	-	(25,740)	-	(25,740)
Ending balance	-	-	-	-	-	-	-	-	-
		<u>\$ 587,473</u>	<u>\$ 9,180,923</u>	<u>\$ 3,953,314</u>	<u>\$ 627,631</u>	<u>\$ 9,361</u>	<u>\$ 935,259</u>		<u>\$ 19,445,134</u>

Year Ended December 31, 2010									
	Land	Buildings	Containers and Chassis	Ships	Leased Assets	Leasehold Improvements	Miscellaneous Equipment	Construction in Process	Total
Cost									
Beginning balance	\$ 427,836	\$ 729,397	\$ 22,906,639	\$ 6,453,650	\$ 2,178,416	\$ 146,272	\$ 2,693,215	\$ -	\$ 35,535,425
Addition	-	-	547,912	127,349	689,790	-	27,822	-	1,392,873
Disposal	-	-	(449,193)	(51,119)	-	-	(82,255)	-	(582,567)
Reclassification	-	19,816	-	-	-	-	-	-	19,816
Ending balance	<u>\$ 427,836</u>	<u>749,213</u>	<u>23,005,358</u>	<u>6,529,880</u>	<u>2,868,206</u>	<u>146,272</u>	<u>2,638,782</u>	<u>\$ -</u>	<u>36,365,547</u>
Accumulated depreciation									
Beginning balance	-	140,380	14,022,346	725,857	2,049,611	129,657	1,505,532	-	18,573,383
Addition	-	14,052	2,000,429	1,031,793	94,112	3,627	185,079	-	3,329,092
Disposal	-	-	(429,868)	(51,118)	-	-	(82,191)	-	(563,177)
Reclassification	-	5,551	-	-	-	-	-	-	5,551
Ending balance	-	<u>159,983</u>	<u>15,592,907</u>	<u>1,706,532</u>	<u>2,143,723</u>	<u>133,284</u>	<u>1,608,420</u>	-	<u>21,344,849</u>
Accumulated impairment									
Beginning balance	-	-	-	-	-	-	-	-	-
Addition	-	-	-	-	-	-	25,740	-	25,740
Ending balance	-	-	-	-	-	-	25,740	-	25,740
		<u>\$ 589,230</u>	<u>\$ 7,412,451</u>	<u>\$ 4,823,348</u>	<u>\$ 724,483</u>	<u>\$ 12,988</u>	<u>\$ 1,004,622</u>		<u>\$ 14,994,958</u>

The Corporation leases containers and chassis under capital lease agreements. The related information for future rentals is shown in Note 28. The terms of the leases were from nine years to ten years for containers. The annual rent payable on leased containers under the agreements is US\$4,337 thousand. The Corporation has the option to buy, at the end of the lease terms, all leased containers at a bargain purchase price of US\$1 per unit. The terms of the leased chassis were eight years. The annual rent payable on leased chassis is based on contract terms, and, at the end of the lease terms, the ownership of all the leased chassis will be transferred to the Corporation at no additional cost. The details of these leases as of December 31, 2011 and 2010 were as follows:

	December 31			
	2011		2010	
	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)
Total capital lease obligations (undiscounted)	\$ 26,499	\$ 802,647	\$ 30,772	\$ 896,680
Less: Unamortized interest expense	<u>4,700</u>	<u>142,362</u>	<u>6,143</u>	<u>179,011</u>
	<u>\$ 21,799</u>	<u>\$ 660,285</u>	<u>\$ 24,629</u>	<u>\$ 717,669</u>

11. ASSETS LEASED TO OTHERS, NET

	<u>December 31</u>	
	<u>2011</u>	<u>2010</u>
Cost		
Land	\$ 2,920,184	\$ 2,920,184
Buildings	<u>1,212,305</u>	<u>1,225,818</u>
	4,132,489	4,146,002
Accumulated depreciation - buildings	<u>202,687</u>	<u>183,055</u>
	<u>\$ 3,929,802</u>	<u>\$ 3,962,947</u>

Future rental payments receivable were summarized as follows:

Fiscal Year	Amount
2012	\$ 107,326
2013	82,615
2014	45,939
2015	36,489
2016	13,631

Rentals after 2017 amount to \$842 thousand. The present value of those rentals, computed at an annual interest rate of 1.355%, is \$787 thousand.

12. NONOPERATING ASSETS, NET

	<u>December 31</u>	
	<u>2011</u>	<u>2010</u>
Cost		
Land	\$ 234,359	\$ 234,359
Buildings	<u>1,585</u>	<u>1,746</u>
	235,944	236,105
Accumulated depreciation - buildings	<u>1,585</u>	<u>1,746</u>
	<u>\$ 234,359</u>	<u>\$ 234,359</u>

13. ADVANCES ON LONG-TERM RENT AGREEMENT

For the purpose of managing storage, processing, transfer and distribution of goods, the Corporation collaborated with MOTC Harbor Bureau in the construction and operation of the First and Second Logistics Centers of the Kaohsiung Third Container Center. The final review 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 commenced operation in 2008. The issue regarding the tenancy calculation had been arbitrated by the Arbitration Association of the Republic of China, and the Corporation reclassified the amount of \$131,452 thousand, which was part of the original investment of \$691,554 thousand, into miscellaneous equipment in properties. The amount of \$560,092 thousand was reclassified into advances on long-term rent agreement which are amortized over 28 years and 9 months.

	Current	Long-term	Total
<u>December 31, 2011</u>			
Advances on long-term rent agreement	\$ 31,572	\$ 694,422	\$ 725,994
<u>December 31, 2010</u>			
Advances on long-term rent agreement	\$ 41,106	\$ 819,309	\$ 860,415

14. SHORT-TERM DEBT

	December 31, 2011
Unsecured bank loans, interest rate 1.20% to 1.59%	\$ 2,450,000
Other short-term loans, interest rate 1.098% to 1.315%	<u>188,672</u>
	<u>\$ 2,638,672</u>

Other short-term loans were financed by Yang Ming Line (Singapore) Pte. Ltd. and Yang Ming Line (B.V.I.) holding Co., Ltd. in the amounts of \$99,957 thousand and \$88,715 thousand, respectively. Please refer to Schedule E for financing provided.

15. COMMERCIAL PAPER PAYABLE

	<u>December 31, 2011</u>	
	Interest Rate	Amount
Commercial paper payable	0.988%-1.088%	\$ 3,250,000
Less: Unamortized discount on commercial paper payable		<u>3,641</u>
		<u>\$ 3,246,359</u>

16. LONG-TERM INTEREST-BEARING DEBTS

	Current	Long-term	Total
<u>December 31, 2011</u>			
Long-term unsecured bank loans	\$ -	\$ 10,450,000	\$ 10,450,000
Long-term secured bank loans	3,455,438	8,635,633	12,091,071
Domestic unsecured bonds	960,000	3,000,000	3,960,000
Domestic secured bonds	-	11,436,490	11,436,490
Capital leases	<u>86,753</u>	<u>573,532</u>	<u>660,285</u>
	<u>\$ 4,502,191</u>	<u>\$ 34,095,655</u>	<u>\$ 38,597,846</u>

(Continued)

	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	3,455,438	12,091,071	15,546,509
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>82,401</u>	<u>635,268</u>	<u>717,669</u>
	<u>\$ 14,617,839</u>	<u>\$ 24,511,549</u>	<u>\$ 39,129,388</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. The balance of 2010 was repaid in advance in December 2011. Interest rate was 1.10% to 1.544% and 0.8% on December 31, 2011 and 2010, 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 1.2674% to 2.315% and 0.9789% to 2.1% on December 31, 2011 and 2010, 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.

Domestic Unsecured Bonds

On various dates, the Corporation 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 June 1, 2010, the bonds had 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. As of June 18, 2011, the bonds had been fully repaid.

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. As of June 18, 2011, the bonds had been fully repaid.

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. As of June 18, 2011, the bonds had been fully repaid.

October 2004 Bonds: Type A, B, D, E, G, H, I - Aggregate face value of \$500,000 thousand for each type and maturity from October 8 to October 20 in 2011; 3.30% annual interest. As of October 20, 2011, the bonds had been fully repaid.

Type C - Aggregate face value of \$800,000 thousand and maturity on October 12, 2011; 3.30% annual interest. As of October 20, 2011, the bonds had been fully repaid.

Type F - Aggregate face value of \$700,000 thousand and maturity on October 15, 2011; 3.30% annual interest. As of October 20, 2011, the bonds had been fully repaid.

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

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. As of October 23, 2011, the bonds had been fully repaid.

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 advance guarantee on the date of issuance and every year thereafter. The guarantee payments are recognized as costs of the corporate bond issuance and are amortized over the issuance period. As of December 31, 2011 and 2010 unamortized cost of issuance both amounted to \$14,790 thousand.

On December 27, 2011 the Corporation issued five-year domestic secured bonds with an aggregate face value of \$6,500,000 thousand.

The bond features and terms are as follows:

- December 2011 Bonds:
- Type A - Aggregate face value: \$1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type B - Aggregate face value of \$500,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type C - Aggregate face value: \$1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type D - Aggregate face value: \$1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type E - Aggregate face value: \$1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type F - Aggregate face value: \$1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type G - Aggregate face value of \$500,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type H - Aggregate face value of \$500,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.

Guarantees:

- Type A: Guaranteed by Taiwan Bank.
- Type B: Guaranteed by Mega International Commercial Bank.
- Type C: Guaranteed by Taipei Fubon Financial Bank.
- Type D: Guaranteed by Taiwan Cooperative Commercial Bank.
- Type E: Guaranteed by First Commercial Bank.
- Type F: Guaranteed by Chang Hwa Bank.
- Type G: Guaranteed by Hua Nan Commercial Bank.
- Type H: Guaranteed by Shin Kong 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 costs of the corporate bond issuance and are amortized over the issuance period. As of December 31, 2011, unamortized cost of issuance amounted to \$48,720 thousand.

Commercial Paper

The Corporation signed a three-year 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 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% on December 31, 2010, and outstanding loans amounted to \$1,840,000 thousand.

Obligations under Capital Leases

Obligations under capital leases are summarized in Note 10.

Unsecured Private Bonds

In order to expand working capital and improve financial operation, on March 6, 2012, the Corporation issued the first unsecured private bonds with an aggregate face value of \$5,544,000 thousand. March 2012 bonds: Type A - Aggregate face value of \$1,759,000 thousand and maturity on March 6, 2016; 2.08% annual interest. Type B - Aggregate face value of \$3,785,000 thousand and maturity on March 6, 2017; 2.18% annual interest.

In order to expand working capital and improve financial operation, the board resolved to issue the second unsecured private bonds with an aggregate face value of \$4,350,000 thousand. Type A - Aggregate face value of \$1,550,000 thousand and four-year maturity; 2.08% annual interest. Type B - Aggregate face value of \$2,800,000 thousand and five-year maturity; 2.18% annual interest.

17. ACCOUNTS PAYABLE

	December 31	
	2011	2010
Fuel	\$ 3,460,359	\$ 3,072,129
Space hire	<u>1,001,262</u>	<u>1,211,060</u>
	<u>\$ 4,461,621</u>	<u>\$ 4,283,189</u>

18. ACCRUED EXPENSES

	<u>December 31</u>	
	<u>2011</u>	<u>2010</u>
Container lease	\$ 543,377	\$ 470,357
Salary and bonus	134,496	948,121
Interest	86,255	143,769
Maintenance	86,050	54,481
Vessel charter hire	697	204,169
Others	<u>251,195</u>	<u>247,595</u>
	<u>\$ 1,102,070</u>	<u>\$ 2,068,492</u>

19. RESERVE FOR LAND VALUE INCREMENT TAX

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

20. PENSION PLAN

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

- a. The pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributed amounts equal to 3% of salaries every month; starting from September 2010, the Corporation contributed amounts equal to 13% of salaries to the pension fund; starting from September 2011, the Corporation contributed amounts equal to 3% of salaries every month. The pension fund is administered by the pension fund monitoring committee and deposited in the committee's name in the Bank of Taiwan.

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

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

1) Pension cost

	2011	2010
Services cost	\$ 57,140	\$ 94,225
Interest cost	46,803	45,845
Projected return on plan assets	(12,226)	(8,456)
Unrecognized net transition obligation amortization	(328)	(328)
Unrecognized prior cost amortization	(1,544)	(1,544)
Unrecognized net loss	<u>19,683</u>	<u>20,671</u>
	109,528	150,413
Accounts receivable-related parties	<u>(19,153)</u>	<u>(21,678)</u>
Pension cost	<u>\$ 90,375</u>	<u>\$ 128,735</u>

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

	December 31	
	2011	2010
Benefit obligation		
Vested benefit obligation (VBO)	\$ 1,082,752	\$ 927,572
Non-vested benefit obligation	<u>637,469</u>	<u>655,407</u>
Accumulated benefit obligation (ABO)	1,720,221	1,582,979
Additional benefit based on future salaries	<u>533,505</u>	<u>509,708</u>
Projected benefit obligation	2,253,726	2,092,687
Fair value of plan assets	<u>(641,529)</u>	<u>(573,286)</u>
Plan funded status	1,612,197	1,519,401
Unrecognized net transition asset	362	690
Unrecognized prior service cost	29,930	31,474
Unrecognized pension cost	(540,760)	(446,172)
Additional minimum pension liability	<u>66,681</u>	<u>25,907</u>
Accrued pension cost	<u>\$ 1,168,410</u>	<u>\$ 1,131,300</u>
Vested benefit	<u>\$ 1,478,610</u>	<u>\$ 1,311,091</u>

3) Actuarial assumptions

Discount rate	2.00%	2.25%
Future salary increase rate	2.50%	2.50%
Expected rate of return on plan assets	2.00%	2.00%

4) Contributions to the fund

	Years Ended December 31	
	2011	2010
4) Contributions to the fund	<u>\$ 67,785</u>	<u>\$ 33,650</u>
5) Payments from the fund	<u>\$ 4,789</u>	<u>\$ 39,097</u>

5) Payments from the fund

- b. Pension plan is a defined contribution scheme under the Labor Pension Act for onshore employees and shipping crew. Starting on July 1, 2005, the Corporation makes monthly contributions to the employees' individual pension accounts in the Bureau of Labor Insurance at 6% of employees' salaries every month. The pension cost under the defined contribution plan was \$47,685 thousand and \$44,073 thousand for the years ended December 31, 2011 and 2010, respectively.
- c. In an effort to encourage employee retirement, hence improve the human resource structure and enhance vitality within organization, the Corporation calculates favorable retirement benefits according to the retirement policies. The Corporation recognized pension cost of \$5,372 thousand and \$32,063 thousand for the years ended December 31, 2011 and 2010, respectively.

21. STOCKHOLDERS' EQUITY

a. Global depositary receipts

On November 14, 1996, the Corporation issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 per unit. The holders of the GDRs may not exchange them for the Corporation's stocks. However, starting February 14, 1997, the holders of the GDR may request the depository bank to sell the shares represented by the GDRs. As of December 31 2011, there were 5,330,595 units outstanding, representing 53,306,040 shares, 1.89% of total issued shares.

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

b. Capital surplus

Under the Corporation Law, capital surplus can only be used to offset a deficit. However, the capital surplus from shares 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. Under the revised Company Law issued on January 4, 2012, the aforementioned capital surplus also may be distributed in cash. The capital surplus from long-term investments may not be used for any purpose.

c. Appropriation of earnings and dividend policy

The Corporation's Articles of Incorporation 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.

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

The Corporation did not accrue bonus to employees and remuneration to directors and supervisors because of the losses for the year ended December 31, 2011. The bonus to employees for the year ended December 31, 2010 was accrued in the amount of \$156,886 thousand based on historical experience. 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 amount subsequently resolved by the shareholders differs from the proposed amount, the difference is 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 reversed to the extent of the decrease in the net debit balance.

Under the Company Law, legal reserve should be appropriated until the accumulated reserve reaches the Corporation's paid-in capital. This reserve may be used to offset a deficit. Under the revised Company Law issued on January 4, 2012, when the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

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.

The stockholders resolved to appropriate the 2010 earnings on June 24, 2011, as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal capital reserve	\$ 1,178,785	
Special reserve	82,530	
Cash dividends	3,203,083	\$1.25
Stock dividends	2,562,466	1.00

The bonus to employees of \$156,886 thousand for 2010 was approved in the stockholders' meeting on June 24, 2011. The approved amount of the bonus to employees was not different from that in the financial statements for the year ended December 31, 2010.

The shareholders' meeting held on June 24, 2011 also resolved to distribute stock dividends out of undistributed earnings in the amount of \$2,562,466 thousand. The above capital increase was approved by the Financial Supervisory Commission of Executive Yuan on August 3, 2011. The revision of registration of the capital increase was approved by the Ministry of Economic Affairs, ROC on October 6, 2011.

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 the deficit from 2009. In addition a deficit of \$8,138,687 thousand had been offset by the following:

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>

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, 2011 and 2010, movements of unrealized gain or loss on financial instruments were as follows:

	Available- for-sale Financial Assets	Equity- method Investments	Gain (Loss) on Cash Flow Hedges	Total
<u>2011</u>				
Balance, beginning of year	\$ 424,440	\$ 6,578	\$ (17,998)	\$ 413,020
Recognized in shareholders' equity	(377,113)	(35,976)	66,931	(346,158)
Transferred to profit or loss	<u>(23,925)</u>	<u>(14)</u>	<u>-</u>	<u>(23,939)</u>
Balance, end of year	<u>\$ 23,402</u>	<u>\$ (29,412)</u>	<u>\$ 48,933</u>	<u>\$ 42,923</u>
<u>2010</u>				
Balance, beginning of year	\$ 1,148,278	\$ 65,103	\$ (12,476)	\$ 1,200,905
Recognized in shareholders' equity	(672,117)	(58,523)	(5,522)	(736,162)
Transferred to profit or loss	<u>(51,721)</u>	<u>(2)</u>	<u>-</u>	<u>(51,723)</u>
Balance, end of year	<u>\$ 424,440</u>	<u>\$ 6,578</u>	<u>\$ (17,998)</u>	<u>\$ 413,020</u>

22. 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", the Corporation and its subsidiary can file a joint tax return once the Corporation 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 since 2009. The Corporation held less than 90% of the shares of Kuan Ming Shipping Corp. and will terminate to file a joint tax return starting from 2011.

- a. A reconciliation of income tax expense (benefit) based on income (loss) before income tax at the statutory rate of 17% and income tax expense (benefit) was as follows:

	Years Ended December 31	
	2011	2010
Income tax expense (benefit) at the statutory rate	\$ (1,735,041)	\$ 2,178,132
Tax effect of adjusting items:		
Permanent differences	(84,585)	(144,309)
Temporary differences	132,825	40,766
Loss carryforwards provided (used)	<u>1,686,801</u>	<u>(2,074,589)</u>
Income tax payable - current	<u>\$ -</u>	<u>\$ -</u>

b. Tax expense (benefit) was as follows:

	Years Ended December 31	
	2011	2010
Income tax payable - current	\$ -	\$ -
Overseas income tax	163,203	245,676
Deferred income tax expenses		
Temporary differences	(86,885)	(42,181)
Loss carryforwards	(1,773,807)	2,050,725
Effect of tax law changes on deferred income tax	-	17,397
Adjustment to valuation allowance	900,000	(1,443,495)
Adjustment to prior years' taxes	<u>(9,758)</u>	<u>196,569</u>
	<u>\$ (807,247)</u>	<u>\$ 1,024,691</u>

In May 2010, 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 20% to 17%, effective January 1, 2010.

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

	December 31	
	2011	2010
Current		
Deferred income tax assets		
Unrealized exchange loss	\$ 6,954	\$ 28,864
Unrealized shipping fuel valuation losses	-	7,625
Others	<u>2,799</u>	<u>2,981</u>
	<u>\$ 9,753</u>	<u>\$ 39,470</u>
Noncurrent		
Deferred income tax assets		
Loss carryforwards	\$ 2,154,776	\$ 381,083
Deferred pension cost	128,107	122,664
Unrealized impairment loss on financial assets	10,026	10,026
Unrealized impairment loss on long-term leases for chartered-in vessels	-	35,347
Impairment loss on properties and miscellaneous equipment	<u>-</u>	<u>6,236</u>
	2,292,909	555,356
Less: Valuation allowance	<u>(1,150,000)</u>	<u>(250,000)</u>
	<u>1,142,909</u>	<u>305,356</u>
Deferred income tax liabilities		
Investment income recognized on overseas equity-method investments	(629,613)	(828,871)
Differences in estimated service lives of ships	(46,516)	-
Unrealized gain on financial instruments	<u>-</u>	<u>(39,772)</u>
	<u>(676,129)</u>	<u>(868,643)</u>
	<u>\$ 466,780</u>	<u>\$ (563,287)</u>

Loss carryforwards as of December 31, 2011 comprised of:

Unused Amount	Expiry Year
\$ 2,752,795	2019
9,922,357	2021

The tax returns through 2009 had been assessed by the tax authorities.

d. Information about integrated income tax was as follows:

	December 31	
	2011	2010
Unappropriated earnings generated before July 1, 1998	<u>\$ 1,303,718</u>	<u>\$ 1,264,774</u>
Unappropriated earnings generated on and after July 1, 1998	<u>\$ -</u>	<u>\$ -</u>

The actual creditable ratio for distribution of earnings of 2010 was 11.06%.

There was deficit and operating loss in 2011; thus, no ICA ratio was calculated for 2011.

23. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Year Ended December 31, 2011			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 752,583	\$ 693,084	\$ -	\$ 1,445,667
Insurance	44,832	70,837	-	115,669
Pension	67,070	76,362	-	143,432
Others	<u>83,117</u>	<u>121,046</u>	<u>-</u>	<u>204,163</u>
	<u>\$ 947,602</u>	<u>\$ 961,329</u>	<u>\$ -</u>	<u>\$ 1,908,931</u>
Depreciation	\$ 3,038,220	\$ 63,510	\$ 27,703	\$ 3,129,433
Amortization	-	17,088	2,009	19,097
	Year Ended December 31, 2010			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 932,179	\$ 1,584,576	\$ -	\$ 2,516,755
Insurance	39,573	67,985	-	107,558
Pension	76,206	128,665	-	204,871
Others	<u>83,056</u>	<u>126,889</u>	<u>-</u>	<u>209,945</u>
	<u>\$ 1,131,014</u>	<u>\$ 1,908,115</u>	<u>\$ -</u>	<u>\$ 3,039,129</u>
Depreciation	\$ 3,262,079	\$ 65,786	\$ 27,873	\$ 3,355,738
Amortization	2,795	19,706	2,569	25,070

24. EARNINGS PER SHARE

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

	<u>Amount (Numerator)</u>		<u>Shares (Denominator) (In Thousand Shares)</u>	<u>EPS (NT\$)</u>	
	<u>Before Income Tax</u>	<u>Net Income (Loss)</u>		<u>Income Before Income Tax</u>	<u>Net Income (Loss)</u>
<u>Year ended December 31, 2011</u>					
Basic EPS	\$(10,206,125)	\$ (9,398,878)	2,818,713	<u>\$ (3.62)</u>	<u>\$ (3.33)</u>
Impact of dilutive potential common shares					
Bonus to employees	<u>-</u>	<u>-</u>	<u>-</u>		
Diluted EPS	<u>\$(10,206,125)</u>	<u>\$ (9,398,878)</u>	<u>2,818,713</u>	<u>\$ (3.62)</u>	<u>\$ (3.33)</u>
<u>Year ended December 31, 2010</u>					
Basic EPS	\$ 12,812,544	\$ 11,787,853	2,818,713	<u>\$ 4.55</u>	<u>\$ 4.18</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>2,825,046</u>	<u>\$ 4.54</u>	<u>\$ 4.17</u>

The Corporation should presume that the entire amount of 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 entire amount of the bonus by the closing price of the shares at 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. The Corporation did not consider the bonus to employees' potential shares in the calculation of diluted EPS for the year ended December 31, 2011 due to its anti-dilutive effect.

The number of shares had been retroactively adjusted for stock dividends; thus, basic EPS and diluted EPS for 2010 went down to \$4.18 and \$4.17 from \$4.60 and \$4.59.

25. DISCLOSURE FOR FINANCIAL INSTRUMENTS

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

	<u>December 31</u>			
	<u>2011</u>		<u>2010</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 250,169	\$ 250,169	\$ 632,841	\$ 632,841
Available-for-sale financial assets - current	157,904	157,904	8,479,668	8,479,668
Derivative financial assets for hedging - current	49,161	49,161	-	-
Available-for-sale financial assets - noncurrent	2,225,347	2,225,347	2,632,207	2,632,207

(Continued)

	December 31			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets carried at cost - noncurrent	\$ 386,369	\$ -	\$ 411,640	\$ -
Refundable deposits	322,695	322,695	323,874	323,874
Long-term receivables from related parties	23,702,068	23,702,068	21,495,979	21,495,979
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	47,136	47,136	-	-
Derivative financial liabilities for hedging - current	229	229	21,686	21,686
Long-term debt	22,541,071	22,541,071	18,386,509	18,386,509
Bonds payable	15,396,490	15,524,167	20,025,210	20,156,178
Obligations under capital lease	660,285	660,285	717,669	717,669
				(Concluded)

Place of transaction:

	December 31			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial asset</u>				
Domestic	\$ -	\$ -	\$ 590,213	\$ 590,213
Overseas (including foreign institutions in Taiwan)	116,388	116,388	-	-
<u>Financial liability</u>				
Domestic	47,365	47,365	-	-
Overseas (including foreign institutions in Taiwan)	-	-	21,686	21,686

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

- 1) Cash, accounts receivable, accounts receivable from related parties, other receivable, other receivable from related parties, advances to shipping agents, short-term debt, commercial paper payable, accrued expenses, accrued expenses - related parties, accounts payable, 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 amounts because of the short maturities of these instruments.
- 2) Fair values of financial instruments designated as at FVTPL and available-for-sale financial assets are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments. These estimation and assumptions are available to the Corporation.

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

- 3) Financial assets carried at cost are investments in unlisted shares 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 other receivables - related parties, long-term bank loans and obligations under capital leases are measured at the present values of expected cash flows which are discounted at the interest rate of 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. Fair values of financial assets and financial liabilities, based on quoted prices or valuation techniques, were as follows:

	Market Price		Valuation Techniques	
	December 31		December 31	
	2011	2010	2011	2010
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 182,943	\$ 42,628	\$ 67,227	\$ 590,213
Available-for-sale financial assets - current	157,904	8,479,668	-	-
Available-for-sale financial assets - noncurrent	2,225,347	2,632,207	-	-
Derivative financial assets for hedging - current	-	-	49,161	-
<u>Liabilities</u>				
Derivative financial liabilities for hedging - current	-	-	229	21,686
Financial liabilities at fair value through profit or loss - current	-	-	47,136	-
Bonds payable	15,524,167	20,156,178	-	-

- d. Net gain (loss) on changes in fair value determined using valuation technique was \$19,877 thousand and \$(5,960) thousand for the years ended December 31, 2011 and 2010, respectively.
- e. Financial assets and liabilities affected by interest rate were as follows:

	December 31			
	2011		2010	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
<u>Risk of interest rate change</u>				
Fair value risk	\$ 1,398,051	\$ 21,941,805	\$ 1,284,079	\$ 19,742,878
Cash flow risk	5,201,301	22,541,072	7,948,267	19,386,510

f. Information about financial risks

1) Market risk

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

For the years ended December 31, 2011 and 2010, the interest rate swap contracts held by the Corporation were for nontrading purposes, i.e., to hedge overall fluctuations on interest rates. The Corporation uses interest rate swap contracts with gains or losses that offset the gains or losses on floating interest-bearing liabilities. Through these contracts, the Corporation hedges most of the risks in the market. In addition, the Corporation evaluates the hedging effectiveness of the contracts periodically.

The contract will be settled at net or nominal amounts. Thus the change in fair value of this contract due to change in market interest rate should not cause additional risk for the Corporation. As of June 30, 2011, the interest rate swap contracts had been settled.

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

The Corporation uses stock price-linked and interest rate-linked principal guaranteed notes to earn higher investment income. The Corporation chooses commodities highly correlated to stock prices and commercial paper interest rates. The Corporation arranges to receive more than original investment amounts on the settlement date, thus market risk is not significant.

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

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

The Corporation's purpose for foreign currency derivative trading is to manage the exchange rate risk of foreign currency. By engaging in forward exchange, when exchange rate is lower than strike price, the Corporation can sell foreign currency at a higher price or rely on premiums to offset a portion of exchange loss; when exchange rate is higher than strike 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 Corporation's monetary assets and liabilities is mainly controlled by natural hedge. With symmetrical and diversified assets and liabilities of each foreign currency, the currency evaluation effect of the aforesaid position could be broadly offset mutually.

2) Credit risk

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

3) Liquidity risk

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

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

4) Cash flow risk on interest rate

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

g. Cash flow hedge

The Corporation uses interest rate swap and oil swap contracts to hedge future cash flows.

As of December 31, 2011, the interest rate swap contracts had been settled.

As of December 31, 2011, the interest rate swap contracts were as follows:

Hedged Items	Designated Hedging Instruments			Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
	Instruments Designated	Contract Amount	Unsettled Amount		
Bonds with floating interest rate	Interest rate swap	\$(1,000,000)	\$(1,000,000)	\$ (21,686)	June 18, 2004 - June 18, 2011

The Corporation entered into crude oil swap and oil swap option contracts. The contracts were settled in the amounts that ranged from US\$1,722 thousand to US\$1,845 thousand every month for the year ended December 31, 2011.

As of December 31, 2011, the crude oil swap and oil swap option contracts were as follows:

Hedged Items	Designated Hedging Instruments			Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
	Instruments Designated	Contract Amount	Unsettled Amount		
Oil forecast transaction	Oil swap	US\$ 80,700 thousand	US\$ 64,323 thousand	\$ 48,932	February 1, 2011 - December 31, 2012

h. Reclassifications

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

	Before Reclassification	After Reclassification
Financial assets at fair value through profit or loss - current	\$ 1,098,188	\$ 345,176
Available-for-sale financial assets - current	<u>313,882</u>	<u>1,066,894</u>
	<u>\$ 1,412,070</u>	<u>\$ 1,412,070</u>

In view of the Corporation's intention of not selling the abovementioned 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 of December 31, 2011 and 2010 were as follows:

	Years Ended December 31			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Available-for-sale financial assets	\$ 97,324	\$ 97,324	\$ 140,327	\$ 140,327

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized before December 31, 2011 and 2010) for the years ended December 31, 2011 and 2010 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	Years Ended December 31			
	2011		2010	
	Gains (Losses) Recorded	Pro Forma Gains (Losses)	Gains (Losses) Recorded	Pro Forma Gains (Losses)
Available-for-sale financial assets	\$ (43,391)	\$ (37,668)	\$ -	\$ (14,055)

26. RELATED-PARTY TRANSACTIONS

The significant transactions with related parties for the years ended December 31, 2011 and 2010 and the related balances, in addition to those mentioned in Notes 9, 14, 16 and 28 and Schedules E and F, are summarized in the accompanying schedules C and D.

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

The transactions with related parties were conducted under contract terms.

Compensation of directors, supervisors and management personnel:

	Years Ended December 31	
	2011	2010
Salaries	\$ 26,874	\$ 20,798
Incentives	17,930	6,316
Bonus	<u>-</u>	<u>2,538</u>
	<u>\$ 44,804</u>	<u>\$ 29,652</u>

27. ASSETS PLEDGED OR MORTGAGED

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

	December 31	
	2011	2010
Properties, net	\$ 5,822,187	\$ 6,954,006
Assets leased to others, net	<u>1,408,434</u>	<u>1,417,467</u>
	<u>\$ 7,230,621</u>	<u>\$ 8,371,473</u>

28. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Note 26 and Schedule F, commitments and contingent liability as of December 31, 2011 were as follows:

- a. Obligations to provide crew to two ships of Chinese Petroleum Corporation under contracts expiring on various dates in early November 2012. The daily compensation under the contracts is \$144 thousand for the crew.
- b. Leases of office premises, ships, containers and container yard under operating lease agreements that will expire on various dates until May 2030. The total rental expense for the year ended December 31, 2011 was \$8,962,653 thousand. Refundable deposit made under the lease contract was \$321,486 thousand, and future minimum rentals are as follows:

Fiscal Year	Amount
2012	\$ 6,444,569
2013	3,577,432
2014	3,207,904
2015	3,015,869
2016	2,777,950

Rentals after 2017 amount to \$1,994,277 thousand. The present value of those rentals, computed at an annual interest rate of 1.355%, is \$1,824,852 thousand.

The shareholders had met and resolved to spin off its tramp business department into a subsidiary, Kuang Ming (Liberia) Corp., including the obligations on the lease contracts in the tramp business department. Kuang Ming (Liberia) Corp.'s lease contracts were not included in the future minimum rentals summary.

- c. Leases of containers and chassis under capital lease agreements expiring on various dates until February 2018. Rental for the year ended December 31, 2011 was about \$85,587 thousand (deducted from leases payable). Future minimum rentals are as follows:

Fiscal Year	Amount
2012	\$ 125,471
2013	125,166
2014	125,166
2015	125,166
2016	125,171

Rentals after 2017 amount to \$161,857 thousand. The present value of those rentals, computed at an annual interest rate of 1.355%, is \$151,323 thousand.

- d. The Corporation transferred from All Oceans Transportation five ship construction contracts amounting to US\$581,195 thousand which were signed with CSBC Corporation, Taiwan. As of December 27, 2011, All Oceans has paid \$2,629,315 thousand.
- e. Guarantees of shipbuilding agreements, and loans obtained for operating needs of 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\$ 5,000
All Oceans Transportation, Inc.	Subsidiary	US\$ 220,455
Yang Ming (Liberia) Corp.	Subsidiary	US\$ 644,170
Kuang Ming (Liberia) Corp.	Subsidiary	US\$ 178,522 and JPY 6,912,000
Kao Ming Container Terminal Corp.	Subsidiary	NT\$ 1,500,000
United Terminal Leasing LLC	Indirect equity-method investee	US\$ 10,673
West Basin Container Terminal LLC	Indirect equity-method investee	US\$ 24,800
Olympic Container Terminal LLC	Subsidiary	US\$ 5,000

29. ADDITIONAL DISCLOSURES

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

- a. Financing provided: Please see Schedule E attached;
- b. Endorsement/guarantee provided: Please see Schedule F attached;
- c. Marketable securities held: Please see Schedule G attached;
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Schedule H attached;
- e. Acquisition of individual real estate properties at costs of at least NT\$100 million or 20% of the paid-in capital: None;
- f. Disposal of individual real estate properties at prices of at least NT\$100 million or 20% of the paid-in capital: None;

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

30. OPERATING SEGMENT FINANCIAL INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The Corporation's reportable segments under SFAS No. 41 are marine cargo transportation department, tramp business department, wharf business department and other departments. The Corporation has disclosed operating segment financial information in its consolidated financial report. The Corporation decided not to restate the segment information for the year ended December 31, 2010 due to high cost of doing the restatement.

31. OTHERS

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

	December 31					
	2011			2010		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 333,970	30.29	\$ 10,115,952	\$ 286,522	29.14	\$ 8,349,254
JPY	1,118,344	0.3901	436,304	581,172	0.3582	208,204
GBP	5,801	46.6920	270,870	3,111	45.1553	140,463
RMB	43,754	4.8120	210,543	44,240	4.4213	195,597
EUR	5,114	39.1044	199,986	2,870	38.9398	111,760
THB	117,069	0.9585	112,216	277,356	0.9705	269,181
HKD	25,656	3.8989	100,028	7,874	3.7486	29,516
INR	81,500	0.5679	46,285	122,108	0.6501	79,380
AED	4,987	8.2469	41,124	2,257	7.9338	17,904
MYR	4,271	9.5417	40,751	12,688	9.4503	119,903
AUD	1,103	30.7231	33,873	8,236	26.6907	244,523
Nonmonetary items						
USD	5,842	30.29	176,967	2,000	29.14	58,280
EUR	2,594	39.1044	101,424	56	38.9398	2,169
GBP	1,719	46.6920	80,249	146	45.1553	6,614

(Continued)

	December 31					
	2011			2010		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Investments accounted for using equity method						
USD	\$ 157,805	30.29	\$ 4,779,925	\$ 166,289	29.14	\$ 4,845,670
<u>Financial liabilities</u>						
Monetary items						
USD	252,938	30.29	7,661,481	225,003	29.14	6,556,586
RMB	108,651	4.8120	522,826	99,250	4.4213	438,815
JPY	1,097,692	0.3901	428,247	611,294	0.3582	218,996
HKD	83,549	3.8989	325,746	41,043	3.7486	153,855
EUR	6,526	39.1044	255,209	3,496	38.9398	136,114
KRW	4,620,781	0.0261	120,747	3,196,815	0.0260	83,141
THB	90,483	0.9585	86,732	47,238	0.9705	45,845
SAR	6,023	8.0771	48,648	9,693	7.7705	75,323
AED	3,217	8.2469	26,526	10,958	7.9338	86,938
BDT	42,065	0.3702	15,571	121,282	0.4129	50,077
Nonmonetary items						
USD	8	30.29	229	-	-	-

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION**OVERSEAS DEPOSITS
DECEMBER 31, 2011**

Country	Currency	Foreign-currency Amount (Thousands)	New Taiwan Dollar Exchange Rate	New Taiwan Dollar Amount (Thousands)
Japan	USD	\$ 2	30.29	\$ 55
	JPY	729,741	0.3901	284,694
Hong Kong	USD	1,586	30.29	48,053
	HKD	21,297	3.8989	83,036
	RMB	19,374	4.8120	93,229
United States	USD	12,594	30.29	381,477
Belgium	EUR	120	39.1044	4,690
Indonesia	USD	2	30.29	58
Malaysia	USD	5	30.29	159
	MYR	2,904	9.5417	27,704
Great Britain	USD	80	30.29	2,437
	GBP	458	46.692	21,366
Germany	USD	1	30.29	38
	EUR	1,773	39.1044	69,323
Philippines	USD	32	30.29	984
	PHP	5,025	0.6909	3,472
Singapore	USD	20	30.29	618
	SGD	538	23.2785	12,513
India	INR	72,322	0.5679	41,073
Thailand	THB	112,182	0.9585	107,530
Korea	USD	1,630	30.29	49,368
	KRW	426,164	0.0261	11,136
Canada	USD	105	30.29	3,177
	CAD	16	29.6670	479
Australia	USD	10	30.29	289
	AUD	840	30.7231	25,804
Dubai	AED	3,969	8.2469	32,729

SCHEDULE B**YANG MING MARINE TRANSPORT CORPORATION****OVERSEAS DEPOSITS
DECEMBER 31, 2010**

Country	Currency	Foreign-currency Amount (Thousands)	New Taiwan Dollar Exchange Rate	New Taiwan Dollar Amount (Thousands)
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
Great 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

Related Party	Name of Relationship (See Notes Below)	Operating Revenues												Operating Costs				Operating Expenses		Nonoperating Income and Gains													
		Charter Hire		Agents' Income		Rent of Container		Cargo Transport Revenue		Ship Management		Other Operating Income		Haulage		Others		Others		Interest Income		Rental Income		Others		Purchase of Properties		Sale of Properties		Purchase (Sale) of Properties			
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
Olympic Container Terminal LLC	A	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 562,553	2	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Yang Ming (Korea) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	117,876	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Belgium) N.V.	A	-	-	-	-	-	-	-	-	-	-	-	-	67,773	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Netherlands) B.V.	A	-	-	-	-	-	-	-	-	-	-	-	-	143,505	1	-	-	-	-	-	-	10,080	8	-	-	-	-	-	-	-	-		
Yang Ming Shipping (B.V.I.) Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	152,141	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Anatolia Shipping Agency S.A.	A	-	-	-	-	-	-	-	-	-	-	-	-	82,912	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Kuang Ming (Liberia) Corp.	A	-	-	-	-	-	-	164,744	50	440	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Sunbright Insurance Pte. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	44,508	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Taiwan Navigation Co., Ltd.	C	102,933	22	-	-	-	-	-	-	-	-	-	-	183,323	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Cultural Foundation	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,868	16	-	-	-	-	2,857	3	-	-	-	-	-	-	-	-		
Kao Ming Container Terminal Corp.	A	-	-	-	-	-	-	-	-	143	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Shipping (Canada) Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	50,747	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (U.A.E.) L.L.C.	B	-	-	-	-	-	-	-	-	-	-	-	-	62,947	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Shipping (Egypt) S.A.E.	B	-	-	-	-	-	-	-	-	-	-	-	-	44,534	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Others	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(27,540) T		
		<u>\$ 475,741</u>	<u>100</u>	<u>\$ 142,771</u>	<u>99</u>	<u>\$ 746,622</u>	<u>100</u>	<u>\$ 756,163</u>	<u>1</u>	<u>\$ 285,104</u>	<u>85</u>	<u>\$ 37,675</u>	<u>1</u>	<u>\$ 10,443,503</u>	<u>44</u>	<u>\$ 8,257,271</u>	<u>23</u>	<u>\$ 34,948</u>	<u>17</u>	<u>\$ 459,139</u>	<u>92</u>	<u>\$ 11,755</u>	<u>13</u>	<u>\$ 15,643</u>	<u>11</u>								

- Notes:
- A. Subsidiary of the Corporation.
 - B. An equity-method investee of subsidiary of the Corporation.
 - C. More than half of the directors are identical.
 - D. The Corporation donated total paid-in fund of the institute.
 - E. An affiliate of the Corporation.
 - F. Lease of 5 ships for Yangming (U.K.) Ltd.
 - G. Yang Ming Marine Transport Corp., Kuang Ming Shipping Corp. and Kuang Ming (Liberia) Corp. signed a contract "management of ship operation" delegating to employ and manage sailors and also to operate and repair ships. Considering expanding operations, the Company decided to terminate the contract from May 1, 2011.
 - H. Lease of 20 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until September 2012; rent is payable monthly.
 - I. Lease of 17 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until September 2011; rent is payable monthly.
 - J. Lease of space from Yangming (U.K.) Ltd. under several agreements expiring on various dates until December 2011; rent is payable monthly.
 - K. Lease of space from Yangming (U.K.) Ltd. under several agreements expiring on various dates until December 2010; rent is payable monthly.
 - L. Lease of 12 ships from Yang Ming (Liberia) Corp. under an agreement expiring date on November 2012; rent is payable monthly.
 - M. Lease of 11 ships from Yang Ming (Liberia) Corp. under an agreement expiring until November 2011; rent is payable monthly.
 - N. In order to meet mid-term and long-term operation goals, the board meeting resolved to transfer All Oceans' construction in progress - 5 ships with book value to the Corporation on December 27, 2011.
 - O. Sale of properties to Jing Ming Transportation Co., Ltd. in 2011, and recognized a disposal gain of \$405 thousand.
 - P. Sale of properties to Kao Ming Container Terminal Corp. in 2011, and recognized a disposal gain of \$1,649 thousand.
 - Q. Sale of properties to Jing Ming Transportation Co., Ltd. in December of 2010, and recognized a disposal gain of \$135 thousand.
 - R. Sale of properties to Kao Ming Container Terminal Corp. in July of 2010, and recognized a disposal gain of \$223 thousand.
 - S. Acquisition of 4,748,900 shares of Yes Logistics Corp. in June of 2011 was at net asset value of 2009.
 - T. Sale of 900,000 shares of Kuang Ming Shipping Corp. in July of 2010 was at \$30.6 per share, net value on June 30, 2010, and recognized a disposal gain of \$4,858 thousand.
 - U. Other related parties, with which the Corporation had no transactions for the year ended December 31, 2011, are listed in Schedule K.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

RELATED-PARTY ACCOUNT BALANCES
DECEMBER 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (See Notes Below)	Accounts Receivables		Receivables from Related Parties		Total		Advances to Shipping Agents		Prepaid Expense		Long-term Receivable from Related Parties		Short-term Debts		Payables to Related Parties								
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Accrued Expense	Payables to Shipping Agents	Total				
																		Amount	%	Amount	%	Amount	%	
2011																								
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 519	-	\$ 519	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	
All Oceans Transportation, Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	20	-	20	-	-	-	-	-	-	20,353,666	E	86	-	-	-	-	-	-	-	-	
Jing Ming Transportation Co., Ltd.	A	-	-	31	-	31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Japan) Co., Ltd.	A	15,230	1	-	-	15,230	1	25,363	2	-	-	-	-	-	-	-	-	-	-	-	-	-		
Young - Carrier Company Ltd.	A	314,219	21	-	-	314,219	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69,456	4	
Yangming (UK) Ltd.	A	24,144	2	675,48	D 44	699,626	46	103,027	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Shipping Europe GmbH	A	46,351	3	-	-	46,351	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	122,384	7	
Yang Ming Line (Hong Kong) Ltd.	A	68,591	5	-	-	68,591	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	310,568	19	
Yangming Shipping (Singapore) Pte. Ltd.	A	1,144	-	-	-	1,144	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,123	1	
Yang Ming Line (M) Sdn. Bhd.	A	2,293	-	-	-	2,293	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,889	1	
Yang Ming (America) Corp.	A	25,947	2	-	-	25,947	2	502,418	47	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Netherlands) B.V.	A	20,051	1	-	-	20,051	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,193	2	
Yes Logistics Corp.	A	-	-	4,263	-	4,263	-	-	-	-	-	-	-	-	-	-	-	1,951	-	-	-	-	1,951	-
Yang Ming Italy S.p.A.	A	90,508	6	-	-	90,508	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,829	2	
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	88,715	3	-	-	-	-	-	-	-	
Yang Ming (Vietnam) Corp.	B	40,566	3	-	-	40,566	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,514	2	
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	3,348,402	H and I	14	-	-	-	-	-	-	-	-	
Yang Ming (Korea) Co., Ltd.	A	45,015	3	-	5	45,020	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,406	4	
Yang Ming (Belgium) N.V.	A	13,777	1	-	-	13,777	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,548	1	
Yang Ming Anatolia Shipping Agency	A	33,757	2	-	-	33,757	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,704	1	
Sunbright Insurance Pte. Ltd.	A	-	-	-	-	-	-	-	-	2,558	2	-	-	-	-	-	-	-	-	-	-	-	-	
Taiwan Navigation Co., Ltd.	C	-	-	130	-	130	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,335	1	
Yang Ming Line (India) Pvt. Ltd.	A	21,020	1	-	-	21,020	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,583	2	
Kao Ming Container Terminal Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	305,585	19	
Yang Ming Shipping (Canada) Ltd.	A	37,127	2	-	-	37,127	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,735	-	
Yang Ming Line B.V.	A	-	-	14,583	2	14,583	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming (U.A.E.) LLC	B	9,123	1	-	-	9,123	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,526	2	
Yang Ming Shipping (Egypt) S.A.E.	B	6,426	-	-	-	6,426	-	232,082	22	-	-	-	-	-	-	-	-	-	-	-	-	23,423	1	
Yang Ming Line (Singapore) Pte. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	99,957	4	-	-	-	-	-	-	-	
		\$ 815,289	54	\$ 695,033	46	\$ 1,510,322	100	\$ 862,890	81	\$ 2,558	2	\$ 23,702,068	100	\$ 188,672	7	\$ 400,327	24	\$ 1,271,025	76	\$ 1,671,352	100			
2010																								
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 23,757	2	\$ 23,757	2	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	
All Oceans Transportation, Inc.	A	-	-	-	-	-	-	-	-	-	-	-	20,522,826	F	95	-	-	-	-	-	-	-	-	
Jing Ming Transportation Co., Ltd.	A	-	-	121	-	121	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,728	5	
Yangming (Japan) Co., Ltd.	A	582	-	-	-	582	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,274	1	
Young-Carrier Company Limited	A	709,149	52	-	-	709,149	52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	438,110	40	
Yangming (UK) Ltd.	A	14,650	2	6,161	D	20,811	2	86,678	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Shipping Europe GmbH	A	43,459	3	-	-	43,459	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,435	5	
Yang Ming Line (Hong Kong) Ltd.	A	71,022	5	-	-	71,022	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	137,523	12	
Yangming Shipping (Singapore) Pte. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,836	1	
Yang Ming Line (M) Sdn. Bhd.	A	22,861	2	-	-	22,861	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,812	1	
Yang Ming (America) Co.	A	6,889	-	-	-	6,889	-	683,618	51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Netherlands) B.V.	A	18,668	1	-	-	18,668	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,608	2	
Yes Logistics Corp.	A	-	-	2,649	-	2,649	-	-	-	-	-	-	-	-	-	-	-	2,575	-	-	-	-	2,575	-
Yang Ming Italy S.p.A.	A	148,496	11	-	-	148,496	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,270	4	
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	172,823	G	1	-	-	-	-	-	-	-	-	
Yang Ming (Vietnam) Corp.	B	3,848	-	-	-	3,848	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,077	3	
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	800,330	H and I	4	-	-	-	-	-	-	-	-	
Yang Ming (Korea) Co., Ltd.	A	46,209	3	-	-	46,209	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,572	5	
Yang Ming (Belgium) N.V.	A	20,453	2	-	-	20,453	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,965	2	
Yang Ming Anatolia Shipping Agency	A	49,713	4	-	-	49,713	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,186	3	
Kuang Ming (Liberia) Corp.	A	-	-	15,139	1	15,139	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sunbright Insurance Pte. Ltd.	A	-	-	-	-	-	-	-	-	6,899	2	-	-	-	-	-	-	-	-	-	-	-	-	
Taiwan Navigation Co., Ltd.	C	-	-	340	-	340	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,156	5	
Yang Ming Line (India) Pvt. Ltd.	A	26,064	2	-	-	26,064	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,957	1	
Yang Ming Shipping (Canada) Ltd.	A	36,114	3	-	-	36,114	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	136	-	
Yang Ming Line B.V.	A	-	-	25,606	2	25,606	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,999	-	
Yang Ming (U.A.E.) L.L.C.	B	55,010	4	-	-	55,010	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	86,938	8	
Yang Ming Shipping (Egypt) S.A.E.	B	-	-	14,279	1	14,279	1	220,738	17	-	-	-	-	-	-	-	-	-	-	-	-	20,198	2	
		\$ 1,273,187	94	\$ 88,052	6	\$ 1,361,239	100	\$ 991,034	74	\$ 6,899	2	\$ 21,495,979	100	\$ -	-	\$ 109,458	10	\$ 1,008,897	90	\$ 1,118,355	100			

Notes: A. Subsidiary of the Corporation

B. An equity-method investee of subsidiary of the Corporation.

C. More than half of the directors are identical.

D. Represents freight expense paid and held on behalf of Yangming (UK) Ltd.

E. Including the amount of interests receivable, dividends receivable, financing provided and proceeds from disposal of ships (Schedule E).

F. Including payment on behalf of others, dividends receivable, financial provided and long-term accounts receivables from disposal of ships.

G. Dividends receivable.

H. Including the amount of proceeds from disposal of ships and financing provided. (Schedule E).

I. Has deducted the credit balance of the Corporation long-term in Yang Ming (Liberia) Corp.

(Continued)

J. Receivables from disposal of ships from All Oceans Transportation Inc. and from Yang Ming (Liberia) Corp. will be offset by rentals payable and the payment made for All Oceans Transportation Inc. periodically.

K. Other related parties, with which the Corporation had no transactions for the year ended December 31, 2011, are listed in Schedule J.

L. The Corporation originally signed contract to rent ships with Morning Star Ltd. Corp. by Yang Ming Line B.V. On December 18, 2011, the transaction was transferred to All Oceans Transportation. The Corporation draw the bill to pay Morning Star rent and deposit through Yang Ming Line B.V. and All Oceans Transportation. The deposit was \$310,086 thousand and \$310,866 thousand for the years ended December 31, 2011 and 2010, respectively. The rent was \$155,180 thousand and \$157,590 thousand for the years ended December 31, 2011 and 2010, respectively.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

FINANCING PROVIDED

DECEMBER 31, 2011

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

No.	Financier	Borrower	Financial Statement Account	Maximum Balance for the Year (Note C)	Ending Balance (Note C)	Interest Rate	Nature of Financing (Note A)	In the Last Five Years Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Borrower	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	\$ 7,000,000	\$ 7,000,000	1.9550%	1	\$ 9,675,457	Repayment of loans	\$ -	-	\$ -	\$ 8,804,239	\$ 14,673,732
		All Oceans Transportation, Inc.	Other receivables	10,300,000	7,673,732	1.9550%	1	14,035,714	Obtain working capital	-	-	-	8,804,239	14,673,732
1	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming (U.A.E.) LLC.	Other receivables	2,023	-	-	2	-	Obtain working capital	-	-	-	189,591	379,182
		Antwerp International Terminal NV	Other receivables	12,771	-	-	2	-	Obtain working capital	-	-	-	189,591	379,182
		Yang Ming Transportation Corp.	Other receivables	99,957	99,957	1.3150%	2	-	Obtain working capital	-	-	-	189,591	379,182
				(US\$ 67)	(US\$ 3,300)							(Note F)	(Note E)	
				(EUR 327)	(EUR 327)							(Note F)	(Note E)	
				(US\$ 3,300)	(US\$ 3,300)							(Note F)	(Note E)	
2	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	460,408	460,408	2.00%	2	-	Obtain working capital	-	-	-	490,698	545,220
				(US\$ 15,200)	(US\$ 15,200)							(Note H)	(Note G)	
3	Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Other receivables	46,591	20,664	0.50%	2	-	Repayment of loans	-	-	-	46,238	92,476
				(HK\$ 11,950)	(HK\$ 5,300)							(Note I)	(Note E)	
4	Yang Ming Line B.V.	Antwerp International Terminal NV	Other receivables	12,771	12,771	2.496%	2	-	Obtain working capital	-	-	-	13,309	17,745
				(EUR 327)	(EUR 327)							(Note K)	(Note J)	
5	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Transportation Corp.	Other receivables	88,715	88,715	1.0980%	2	-	Obtain working capital	-	-	-	1,107,221	2,214,442
				(GBP 1,900)	(GBP 1,900)							(Note F)	(Note E)	

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 60% of the net assets of the Corporation. For borrowers with transactions with the Corporation, maximum financing is 50% of the net assets of the Corporation. For borrowers with short-term financing need, the maximum is 10% of the net assets of the Corporation.

C. For borrowers with transactions with the Corporation, maximum financing is the lower of 15% of the net assets of the Corporation or 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. For borrowers that is a subsidiary of the Corporation, maximum financing is the lower of 30% of the latest net assets audited or reviewed by CPA of the Corporation or the total amount of transactions between the Corporation and the subsidiary in the last five years.

E. The maximum financing amount is 50% of the total assets of the lender. For borrowers with transactions with the lender, maximum financing is 30% of the total assets of the lender. For borrowers with short-term financing need, the maximum is 20% of the total assets of the lender.

F. For borrowers with transactions with the lender, maximum financing is the lower of 15% of the total assets of the lender or the total amount of transactions between the lender and the borrower in the last five years. For the borrower needing short-term financing, maximum financing is 10% of the total assets of the lender.

(Continued)

- G. Represents US\$18,000,000.
- H. Represents 90% of US\$18,000,000.
- I. For borrowers with transactions with the lender, maximum financing is the lower of 15% of the total assets of the lender or the total amount of transactions between the lender and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 10% of the total assets of the lender.
- J. The maximum financing amount is 80% of the paid in capital of the lender. For borrowers with transactions with the lender, maximum financing is 40% of the paid in capital of the lender. For borrowers with short-term financing need, the maximum is 40% of the paid in capital of the lender.
- K. For borrowers with transactions with the lender, maximum financing is the lower of 30% of the paid in capital of the lender or the total amount of transactions between the lender and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 30% of the paid in capital of the lender.
- L. United States dollars, Hong Kong dollars and Euros dollars translated into New Taiwan dollars at the exchange rate of US\$1=\$30.29, GBP\$1=46.6920, EUR1=39.1044 and HK\$1=3.8988 as of December 31, 2011.
- M. The balance of actual financing provided as of December 31, 2011 was \$4,600,654 thousand.
- N. The balance of actual financing provided as of December 31, 2011 was \$3,774,590 thousand.
- O. The balance of actual financing provided as of December 31, 2011 was \$99,957 thousand (US\$3,300 thousand).
- P. The balance of actual financing provided as of December 31, 2011 was \$384,683 thousand (US\$12,700 thousand).
- Q. The balance of actual financing provided as of December 31, 2011 was \$18,286 thousand (HK\$4,690 thousand).
- R. The balance of actual financing provided as of December 31, 2011 was \$12,771 thousand (EUR327 thousand).
- S. The balance of actual financing provided as of December 31, 2011 was \$88,715 thousand (GBP1,900 thousand).

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

ENDORSEMENT/GUARANTEE PROVIDED

DECEMBER 31, 2011

(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	\$ 46,955,941 (Note B)	\$ 6,677,594 (US\$ 220,455)	\$ 6,677,594 (US\$ 220,455)	\$ -	22.75%	\$ 58,694,926 (Note A)
		Kuang Ming (Liberia) Corp.	Subsidiary	46,955,941 (Note B)	8,413,370 (US\$ 188,742 and JPY 6,912,000)	8,103,806 (US\$ 178,522 and JPY 6,912,000)	-	27.61%	58,694,926 (Note A)
		Yang Ming (Liberia) Corp.	Subsidiary	46,955,941 (Note B)	19,511,909 (US\$ 644,170)	19,511,909 (US\$ 644,170)	-	66.49%	58,694,926 (Note A)
		Yang Ming (America) Corp.	Subsidiary	46,955,941 (Note B)	302,900 (US\$ 10,000)	151,450 (US\$ 5,000)	-	0.52%	58,694,926 (Note A)
		Kao Ming Container Terminal Corp.	Subsidiary	46,955,941 (Note B)	2,000,000	1,500,000	-	5.11%	58,694,926 (Note A)
		United Terminal Leasing LLC	Equity-method investee of subsidiary	46,955,941 (Note B)	441,174 (US\$ 14,565)	323,288 (US\$ 10,673)	-	1.10%	58,694,926 (Note A)
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	46,955,941 (Note B)	751,192 (US\$ 24,800)	751,192 (US\$ 24,800)	-	2.56%	58,694,926 (Note A)
		Olympic Container Terminal LLC	Subsidiary	46,955,941 (Note B)	151,454 (US\$ 5,000)	151,454 (US\$ 5,000)	-	0.52%	58,694,926 (Note A)
1	Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	290,359 (Note D)	13,626 (US\$ 450)	9,706 (US\$ 320)	-	0.03%	362,949 (Note C)
2	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming (UK) Ltd.	Subsidiary	4,428,883 (Note F)	9,459 (GBP 203)	2,782 (GBP 60)	-	0.01%	5,536,104 (Note E)
3	All Oceans Transportation, Inc.	Yang Ming Marine Transport Corporation	Parent	24,656,387 (Note H)	12,466,000	12,466,000	12,466,000 (Note N)	42.48%	30,820,484 (Note G)
4	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	7,523,761 (Note J)	2,657,542 (JPY4,716,000 and US\$ 27,000)	2,657,542 (JPY4,716,000 and US\$ 27,000)	-	9.06%	9,404,702 (Note I)
5	Kuang Ming (Liberia) Corp.	Kuang Ming Shipping Corp.	Parent	5,796,832 (Note L)	781,740 (US\$ 6,000 and NT\$ 600,000)	781,740 (US\$ 6,000 and NT\$ 600,000)	-	2.66%	7,246,040 (Note K)

(Continued)

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 50% of assets of Yang Ming Line Holding Co.
- D. Represents 80% of the amount mentioned in Note C.
- E. Represents 50% of assets of Yang Ming Line (B.V.I.) Holding Co., Ltd.
- F. Represents 80% of the amount mentioned in Note E.
- G. Represents 100% of asset of All Oceans Transportation, Inc.
- H. Represents 80% of the amount mentioned in Note G.
- I. Represents 200% of its latest audited or reviewed net asset value.
- J. Represents 80% of the amount mentioned in Note I.
- K. Represents 200% of its latest audited or reviewed net asset value of Kuang Ming (Liberia) Corp.
- L. Represents 80% of the amount mentioned in Note K.
- M. United States dollars, Great Britain Pounds, Japanese yen and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=\$30.29, GBP1=\$46.6920, JPY1=\$0.3901 and HK\$1=\$3.8988 on December 31, 2011.
- N. Represents 14 ships used as guarantees, with carrying value of \$12,051,421 thousand as of December 31, 2011.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2011

(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, 2011				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Yang Ming Marine Transport Corporation	Common stock							
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	Investments accounted for by the equity method	10,351	\$ 3,517,151	100.00	\$ 3,517,151	
	Kuang Ming Shipping Corp.	Subsidiary	Investments accounted for by the equity method	177,920,000	4,070,974	86.57	4,070,974	
	All Oceans Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	1,000	3,420,972	100.00	3,420,972	
	Kao Ming Container Terminal Corp.	Subsidiary	Investments accounted for by the equity method	410,000,000	4,218,853	100.00	4,218,853	
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	60,130,000	1,887,746	100.00	1,887,746	
	Ching Ming Investment Corp.	Subsidiary	Investments accounted for by the equity method	160,650,000	1,464,818	100.00	1,464,818	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	60,000,000	583,656	50.00	584,327	
	Yang Ming Line Holding Co.	Subsidiary	Investments accounted for by the equity method	13,500	549,015	100.00	549,015	
	Yunn Wang Investment Co., Ltd.	Equity-method investee	Investments accounted for by the equity method	5,211,474	172,322	49.75	172,322	
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	7,916,908	115,640	79.17	115,640	
	Jing Ming Transportation Co., Ltd.	Subsidiary	Investments accounted for by the equity method	8,615,923	115,916	50.98	115,916	
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments accounted for by the equity method	1,345	78,265	49.00	78,265	
	Yang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	(1,252,252)	100.00	(1,252,252)	Note B
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset carried at cost - noncurrent	41,000,000	381,369	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	-	14.02	-	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	70,758,243	2,225,347	16.96	2,225,347	Note S
	Taiwan Fertilizer Co., Ltd.	-	Financial assets at fair value through profit or loss - current	18,000	1,269	-	1,269	
	China Steel Corp.	-	Available-for-sale financial assets - current	841,229	24,227	0.01	24,227	
	Greatek Electronics Inc.	-	Available-for-sale financial assets - current	482,698	11,585	0.09	11,585	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	1,841,380	60,213	0.02	60,213	
	Aten International Co., Ltd.	-	Available-for-sale financial assets - current	25,614	1,299	0.02	1,299	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2011			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
	<u>Mutual fund</u> BlackRock ICS Euro Liquidity Funds (formerly BGI Liquidity First Funds (EUR))	-	Financial assets at fair value through profit or loss - current	2,593,680	\$ 101,424	-	\$ 101,424	
	BlackRock ICS GBP Liquidity Funds (formerly BGI Liquidity First Funds (GBP))	-	Financial assets at fair value through profit or loss - current	1,718,698	80,249	-	80,249	
	<u>Corporate bonds</u> Deutsche Bank AG	-	Available-for-sale financial assets - current	2,000,000	60,580	-	60,580	
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	(2,383,887)	100.00	(2,383,887)	Note B
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Subsidiary	Investments accounted for by the equity method	2,500	(2,389,353)	100.00	(2,389,353)	Note B
Yang Ming Line B.V.	<u>Common stock</u> Yang Ming (Belgium) N.V.	Subsidiary	Investments accounted for by the equity method	553	23,255	89.92	23,255	
	Yang Ming (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note C)	15,463	100.00	15,463	
	Yang Ming (Italy) S.p.A.	Subsidiary	Investments accounted for by the equity method	125,000	22,940	50.00	22,940	
	Yang Ming (UK) Ltd.	Subsidiary	Investments accounted for by the equity method	900,000	(2,645,277)	100.00	(2,645,277)	Note B
	Yang Ming Shipping Europe Gmbh	Subsidiary	Investments accounted for by the equity method	(Note D)	116,669	100.00	116,669	
	Yang Ming Shipping (Egypt) S.A.E.	Equity-method investee	Investments accounted for by the equity method	24,500	38,472	49.00	38,472	
Yang Ming (Netherlands) B.V.	<u>Common stock</u> Yang Ming (Belgium) N.V.	Subsidiary	Investments accounted for by the equity method	62	2,607	10.08	2,607	
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 E)	1,790	60.00	1,790	
Yang Ming (UK) Ltd.	<u>Common stock</u> Corstor Ltd.	Equity-method investee	Investments accounted for by the equity method	(Note F)	7,028	50.00	7,028	
	Yes Logistic (UK) Limited	Subsidiary	Investments accounted for by the equity method	200	(3,646)	100.00	(3,646)	Note B
Kuang Ming Shipping Corp.	<u>Common stock</u> Kuang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	2	3,623,020	100.00	3,623,020	
	<u>Mutual fund</u> Fuh Hwa Money Market	-	Available-for-sale financial assets - current	4,787,199	66,792	-	66,792	
	Schroder New Era Money Market	-	Available-for-sale financial assets - current	5,769,623	65,309	-	65,309	
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> Mega Diamond Money Market	-	Available-for-sale financial assets - current	8,385,744	101,175	-	101,175	
	PCA Well Pool Fund	-	Available-for-sale financial assets - current	929,839	12,188	-	12,188	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2011				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
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	\$ 215,131	51.00	\$ 215,131	Note R
	Yang Ming Line (Hong Kong) Ltd.	Subsidiary	Investments accounted for by the equity method	510,000	(57,556)	51.00	(57,556)	
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	Investments accounted for by the equity method	300,000	16,140	60.00	16,140	
	Yang Ming (Korea) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	60,000	28,143	60.00	28,143	
	Young-Carrier Company Ltd.	Subsidiary	Investments accounted for by the equity method	910,000	291,096	91.00	291,096	
	Yangming (Japan) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	3,000	28,082	100.00	28,082	
	Yangming (Singapore) Pte Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	52,459	100.00	52,459	
	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	Investments accounted for by the equity method	1,000,000	33,746	100.00	33,746	
	Sunbright Insurance Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	2,000,000	122,058	100.00	122,058	
	Yang Ming (Vietnam) Company Limited	Equity-method investee	Investments accounted for by the equity method	(Note G)	5,331	49.00	5,331	
	Formosa International Development Corporation	Equity-method investee	Investments accounted for by the equity method	(Note H)	241,039	30.00	168,081	
	Yang Ming Anatolia Shipping Agency S.A.	Subsidiary	Investments accounted for by the equity method	50,000	36,837	50.00	36,837	
	Yang Ming (U.A.E.) LLC	Equity-method investee	Investments accounted for by the equity method	(Note I)	36,988	49.00	36,988	
	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	84,938	100.00	
Yangming (Japan) Co., Ltd.	<u>Common stock</u> Manwa & Co., Ltd.	Subsidiary	Investments accounted for by the equity method	200	3,547	100.00	3,547	
	<u>Other</u> Cash surrender Value in Insurance	-	Financial asset carried at cost - noncurrent	-	20,396	-	-	
Ching Ming Investment Corp.	<u>Common stock</u> Homing Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	2,083,092	30,102	20.83	30,102	
	Yes Logistics Corp	Subsidiary	Investments accounted for by the equity method	55,630,977	541,003	46.36	541,003	
	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	2,880,000	7,152	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	1,458,600	6,120	8.96	-	
	Kingmax Technology Corp.	-	Financial asset carried at cost - noncurrent	822,115	6,421	1.38	-	
	Formosa Plastics Corporation	-	Financial assets at fair value through profit or loss - current	100,000	8,080	-	8,080	
	Apex Biotechnology Corp.	-	Financial assets at fair value through profit or loss - current	80,000	4,832	-	4,832	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2011				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	China Steel Structure Co., Ltd.	-	Financial assets at fair value through profit or loss - current	255,000	\$ 6,821	0.13	\$ 6,821	
	Formosa Chemicals & Fibre corp.	-	Financial assets at fair value through profit or loss - current	90,000	7,191	-	7,191	
	Yungtay Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss - current	143,000	6,521	0.03	6,521	
	Ta Yih Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss - current	31,000	1,752	0.04	1,752	
	Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	100,000	3,800	0.01	3,800	
	Taiwan Fertilizer Co., Ltd.	-	Financial assets at fair value through profit or loss - current	101,000	7,121	0.01	7,121	
	HTC Corporation	-	Financial assets at fair value through profit or loss - current	452	225	-	225	
	Formosa International Hotels Corp.	-	Financial assets at fair value through profit or loss - current	9,000	3,528	0.01	3,528	
	Chang Hwa Commercial Bank Ltd.	-	Financial assets at fair value through profit or loss - current	160,000	2,632	-	2,632	
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	754,000	24,166	0.01	24,166	
	First Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	450,000	7,987	0.01	7,987	
	Largan Precision Co., Ltd.	-	Financial assets at fair value through profit or loss - current	10,000	5,660	0.01	5,660	
	Dynapack International Technology Corp.	-	Financial assets at fair value through profit or loss - current	29,000	3,350	0.02	3,350	
	Wistron Corp.	-	Financial assets at fair value through profit or loss - current	170,000	6,520	0.01	6,520	
	Powertech Technology Inc.	-	Financial assets at fair value through profit or loss - current	143,000	9,166	0.02	9,166	
	Phison Electronics Corp.	-	Financial assets at fair value through profit or loss - current	94,000	17,155	0.05	17,155	
	Apple Inc.	-	Financial assets at fair value through profit or loss - current	100	1,226	-	1,226	
	Nippon Shokubai	-	Financial assets at fair value through profit or loss - current	6,000	1,935	-	1,935	
	Polaris Taiwan Top 50 Tracker	-	Financial assets at fair value through profit or loss - current	192,000	9,563	-	9,563	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	3,874,966	126,711	0.04	126,711	
	China Steel Corporation	-	Available-for-sale financial assets - current	454,639	13,094	-	13,094	
	Delta Electronics, Inc.	-	Available-for-sale financial assets - current	25,821	1,859	-	1,859	
	Hon Hai Precision Ind. Co., Ltd.	-	Available-for-sale financial assets - current	316	26	-	26	
	AU Optronics Corp.	-	Available-for-sale financial assets - current	720,778	9,370	0.01	9,370	
	MediaTek Inc.	-	Available-for-sale financial assets - current	56,020	15,546	-	15,546	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial assets - noncurrent	933,000	29,343	0.22	29,343	
	Coretronic Corporation	-	Available-for-sale financial assets - current	10,000	205	-	205	
	Radiant Opto-Electronics Corp	-	Available-for-sale financial assets - current	171	15	-	15	
	Taiwan Surface Mounting Technology Corp.	-	Available-for-sale financial assets - current	33,695	2,012	0.01	2,012	
	Formosa Petrochemical Corp	-	Available-for-sale financial assets - current	6,200	582	-	582	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2011			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
	<u>Mutual fund</u>							
	JF (TW) Japan Brilliance	-	Available-for-sale financial assets - current	1,000,000	\$ 6,760	-	\$ 6,760	
	PineBridge Global Medallion FoFs	-	Available-for-sale financial assets - current	1,330,274	14,460	-	14,460	
	Frankling Templeton Developing Markets Trust	-	Available-for-sale financial assets - current	2,524	1,446	-	1,446	
	Fidelity Emerging Markets Fund	-	Available-for-sale financial assets - current	2,477	1,361	-	1,361	
	Fidelity European Growth Fund	-	Available-for-sale financial assets - current	8,990	7,656	-	7,656	
	Fidelity European Aggressive Fund	-	Available-for-sale financial assets - current	4,514	1,891	-	1,891	
	Hua Nan Global Infrastructure A Acc	-	Available-for-sale financial assets - current	200,000	1,148	-	1,148	
	Capital Strategin Growth	-	Available-for-sale financial assets - current	1,000,000	11,140	-	11,140	
	Allianz GIS RCM Little Dragons Fund	-	Available-for-sale financial assets - current	15,235	38,276	-	38,276	
	Value Partners Concord TW Home Run Eg	-	Available-for-sale financial assets - current	500,000	5,765	-	5,765	
	PCA Well Pool Money Market	-	Financial assets at fair value through profit or loss - current	5,016,749	65,760	-	65,760	
	Capital Money Market	-	Financial assets at fair value through profit or loss - current	321,500	5,000	-	5,000	
	Sino Pac	-	Financial assets at fair value through profit or loss - current	616,513	14,784	-	14,784	
	UPAMC Quality Growth	-	Financial assets at fair value through profit or loss - current	1,165,639	19,641	-	19,641	
	IBT 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,457,789	71,121	-	71,121	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	1,409,318	20,096	-	20,096	
	Prudential Financial Return Fund	-	Financial assets at fair value through profit or loss - current	425,762	6,369	-	6,369	
	PCA Umbrella Fund- Global Bond Fund of Fund	-	Financial assets at fair value through profit or loss - current	860,536	10,042	-	10,042	
	Yuanta India	-	Financial assets at fair value through profit or loss - current	223,585	1,610	-	1,610	
	FSITC China Century	-	Financial assets at fair value through profit or loss - current	632,645	4,549	-	4,549	
	Capital Chinese Golden Age Equity	-	Financial assets at fair value through profit or loss - current	243,013	2,039	-	2,039	
	PineBridge Global Multi-Strat Hi Yld	-	Financial assets at fair value through profit or loss - current	1,008,380	10,601	-	10,601	
	Prudential Financial Global Biohealth	-	Financial assets at fair value through profit or loss - current	11,621	201	-	201	
	PineBridge Gbl Emerging Mkt Hi Yld Bd A	-	Financial assets at fair value through profit or loss - current	1,000,000	10,509	-	10,509	
	Allianz Gbl Inv Rising Asia Fd	-	Financial assets at fair value through profit or loss - current	239,102	2,336	-	2,336	
	Fuh Hwa Emerging Market Active Allc FoF	-	Financial assets at fair value through profit or loss - current	1,000,000	9,380	-	9,380	
	PCA Global High Yield Bond A	-	Financial assets at fair value through profit or loss - current	1,000,143	10,198	-	10,198	
	UPAMC James Great China	-	Financial assets at fair value through profit or loss - current	558,353	6,778	-	6,778	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2011			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
	PineBridge BRIIC Infrastructure Equity	-	Financial assets at fair value through profit or loss - current	623,609	\$ 4,796	-	\$ 4,796	
	Yuanta Greater China Small & Medium Cap	-	Financial assets at fair value through profit or loss - current	628,332	4,511	-	4,511	
	FSITC Innovation	-	Financial assets at fair value through profit or loss - current	200,200	1,754	-	1,754	
	Jih Sun MIT Mainstream	-	Financial assets at fair value through profit or loss - current	500,000	4,130	-	4,130	
	SinoPac Global Investment Grade Bond	-	Financial assets at fair value through profit or loss - current	1,000,000	9,998	-	9,998	
	Allianz Global Investors Asian Smlr Cos	-	Financial assets at fair value through profit or loss - current	247,323	1,961	-	1,961	
	Capital Chinese Golden Age Equity	-	Financial assets at fair value through profit or loss - current	87,705	813	-	813	
	Taishin Latin America	-	Financial assets at fair value through profit or loss - current	500,000	4,230	-	4,230	
	HSBC Taiwan Success	-	Financial assets at fair value through profit or loss - current	398,873	10,391	-	10,391	
	Taishin Hi Div Yield Balanced	-	Financial assets at fair value through profit or loss - current	390,565	5,052	-	5,052	
	Taishin India	-	Financial assets at fair value through profit or loss - current	500,000	4,055	-	4,055	
	SinoPac Balance	-	Financial assets at fair value through profit or loss - current	328,737	7,436	-	7,436	
	Jih Sun Small Cap	-	Financial assets at fair value through profit or loss - current	139,491	1,519	-	1,519	
	PCA Export	-	Financial assets at fair value through profit or loss - current	351,795	8,028	-	8,028	
	FSITC Global High Yield Bond A	-	Financial assets at fair value through profit or loss - current	2,013,077	25,000	-	25,000	
	Fuh Hwa You Li Money Market	-	Financial assets at fair value through profit or loss - current	160,724	2,091	-	2,091	
	Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	149,887	2,091	-	2,092	
Yes Logisticss Corp.	<u>Common stock</u>							
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	5,025,188	36,962	100.00	36,962	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	5,460,000	120,234	100.00	120,234	
	Chang Ming Logistics Company Limited	Equity-method investee	Investments accounted for by the equity method	(Note J)	358,819	49.00	358,819	
	B2B.Com Holdings Ltd.	-	Financial asset carried at cost - noncurrent	800,000	5,042	9.88	-	
	United Raw Material Solutions Inc./URMS	-	Financial asset carried at cost - noncurrent	295,325	2,953	2.76	-	
	<u>Mutual fund</u>							
	IBT 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,470,948	19,168	-	19,168	
	Hua Nan Phoenix Money Market	-	Financial assets at fair value through profit or loss - current	595,151	9,356	-	9,356	
	The RSIT Enhanced Money Market	-	Financial assets at fair value through profit or loss - current	351,206	4,053	-	4,053	
	The RSIT Forever Money Market	-	Financial assets at fair value through profit or loss - current	138	2	-	2	
	Hua Nan Kirin Money Market	-	Financial assets at fair value through profit or loss - current	434,511	5,031	-	5,031	
	Schroder New Era Money Market	-	Financial assets at fair value through profit or loss - current	445,097	5,038	-	5,038	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2011				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Allianz Gbl Inv All Seasons Ret of Bd	-	Financial assets at fair value through profit or loss - current	3,939,024	\$ 49,321	-	\$ 49,321	
	Sinopac Dragon Fixed Income (USD)	-	Financial assets at fair value through profit or loss - current	151,840	47,260	-	47,260	
YES Yangming Logistics (Singapore) Pte. Ltd.	<u>Common stock</u> Yes Logistics Benelux B.V.	Subsidiary	Investments accounted for by the equity method	12,600	4,319	70.00	4,319	
	Yes Logistics (Netherlands) B. V.	Subsidiary	Investments accounted for by the equity method	(Note K)	3,042	100.00	3,042	
	Yes Logistics Company Ltd.	Subsidiary	Investments accounted for by the equity method	29,000,000	29,544	100.00	29,544	
Yes Logistics Corp.	<u>Common stock</u> Yes Logistics Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note L)	7,256	100.00	7,256	
	Golden Logistics USA Corporation	Subsidiary	Investments accounted for by the equity method	100	154	100.00	154	
	Yes Logistics (Shanghai) Corp.	Subsidiary	Investments accounted for by the equity method	(Note M)	75,812	100.00	75,812	
Yes Logistics (Shanghai) Corp.	<u>Common stock</u> Star Logistics (Qingdao) Corp.	Subsidiary	Investments accounted for by the equity method	(Note N)	17,860	100.00	17,860	
Yang Ming Line Holding Co.	<u>Common stock</u> Yang Ming (America) Corp.	Subsidiary	Investments accounted for by the equity method	5,000	69,241	100.00	69,241	
	Olympic Container Terminal LLC	Subsidiary	Investments accounted for by the equity method	(Note O)	(283,196)	100.00	(283,196)	Note B
	Triumph Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	(11,980)	100.00	(11,980)	Note B
	Topline Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	100	(3,769)	100.00	(3,769)	Note B
	Coastal Tarheel Express, Inc.	Subsidiary	Investments accounted for by the equity method	100	6,312	100.00	6,312	
	Transcont Intermodal Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	11,549	100.00	11,549	
	West Basin Container Terminal LLC	Equity-method investee	Investments accounted for by the equity method	(Note P)	759,079	40.00	759,079	
	United Terminal Leasing LLC	Equity-method investee	Investments accounted for by the equity method	(Note Q)	153,024	40.00	153,024	
	Yang Ming Shipping (Canada) Ltd.	Subsidiary	Investments accounted for by the equity method	1,000	25,453	100.00	25,453	

Notes:

- A. Market values were based on closing prices at December 31, 2011 or the net asset value of the fund on December 31, 2011, or, if market prices were unavailable, on the investees' net assets.
- B. 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.
- C. This is equivalent to EUR18,000, and no shares were issued.
- D. This is equivalent to EUR818,000, and no shares were issued.
- E. This is equivalent to EUR6,000, and no shares were issued.
- F. This is equivalent to GBP500, and no shares were issued.

(Continued)

- G. This is equivalent to US\$94,000, and no shares were issued.
- H. This is equivalent to US\$7,800,000, and no shares were issued.
- I. This is equivalent to AED245,000, and no shares were issued.
- J. This is equivalent to US\$9,301,000, and no shares were issued.
- K. This is equivalent to EUR30,000, and no shares were issued.
- L. This is equivalent to EUR25,000, and no shares were issued.
- M. This is equivalent to US\$5,000,000, and no shares were issued.
- N. This is equivalent to RMB4,618,000, and no shares were issued.
- O. This is equivalent to US\$1,000,000, and no shares were issued.
- P. This is equivalent to US\$3,800,000, and no shares were issued.
- Q. This is equivalent to US\$1,000,000, and no shares were issued.
- R. 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 in not charged against the Corporation.
- S. More than half of the directors are identical.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2011
 (In Thousands of New Taiwan Dollars, Except Shares/Units)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	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 Corp.	<u>Common stock</u> Kuang Ming Shipping Corp.	Investments accounted for using equity method	-	Subsidiary	191,620,000	\$ 4,547,582	-	\$ -	13,700,000	\$ 436,834	\$ 336,476 (Note B)	\$ 83,501	\$ (140,132) (Note A)	177,920,000	\$ 4,070,974
	<u>Mutual fund</u> BlackRock ICS Euro Liquidity Funds	Financial assets at fair value through profit or loss - current	-	-	55,696	2,169	69,161,664	2,842,416	66,623,680	2,743,161	2,743,161	-	-	2,593,680	101,424
	BlackRock ICS GBP Liquidity Funds	Financial assets at fair value through profit or loss - current	-	-	146,479	6,614	23,656,917	1,118,303	22,084,698	1,044,667	1,044,667	-	-	1,718,698	80,250
	Capital Money Market	Available-for-sale financial assets - current	-	-	18,107,858	280,000	38,642,216	600,000	56,750,074	880,229	880,000	229	-	-	-
	Taishin 1699 Money Market	Available-for-sale financial assets - current	-	-	33,227,726	430,000	234,371,058	3,050,000	267,598,784	3,481,097	3,480,000	1,097	-	-	-
	Taishin Ta-Chong Money Market	Available-for-sale financial assets - current	-	-	44,144,068	600,017	58,476,049	800,000	102,620,117	1,401,372	1,400,017	1,355	-	-	-
	Taishin Lucky Money Market	Available-for-sale financial assets - current	-	-	32,821,806	350,021	46,580,957	500,000	79,402,763	850,697	850,021	676	-	-	-
	Fuh Hwa Money Market	Available-for-sale financial assets - current	-	-	20,197,211	280,000	192,200,670	2,669,569	212,397,881	2,950,572	2,949,569	1,003	-	-	-
	Fuh Hwa Global Short-term Income	Available-for-sale financial assets - current	-	-	238,711,576	2,500,000	9,314,977	100,000	248,026,553	2,645,473	2,600,000	45,473	-	-	-
	Fuh Hwa You Li Money Market	Available-for-sale financial assets - current	-	-	11,626,093	150,059	-	-	11,626,093	150,557	150,059	498	-	-	-
	Mega Diamond Money Market	Available-for-sale financial assets - current	-	-	67,584,604	807,783	430,442,244	5,180,000	498,026,848	5,993,505	5,987,783	5,722	-	-	-
	Union Money Market	Available-for-sale financial assets - current	-	-	66,106,497	835,851	39,258,178	500,000	105,364,675	1,337,711	1,335,851	1,860	-	-	-
	Jih Sun Money Market	Available-for-sale financial assets - current	-	-	-	-	152,004,465	2,160,000	152,004,465	2,160,988	2,160,000	988	-	-	-
	Hua Nan Kirin Money Market	Available-for-sale financial assets - current	-	-	66,953,391	770,000	-	-	66,953,391	771,424	770,000	1,424	-	-	-
	PCA Well Pool Money Market	Available-for-sale financial assets - current	-	-	17,658,214	230,000	6,905,176	90,000	24,563,390	320,279	320,000	279	-	-	-
	Allianz Gbl Inv All Seasons Ret Of Bd	Available-for-sale financial assets - current	-	-	-	-	32,272,222	400,000	32,272,222	404,494	400,000	4,494	-	-	-
	Allianz Gbl Investors Taiwan Money Mkt	Available-for-sale financial assets - current	-	-	-	-	16,653,961	200,382	16,653,961	200,414	200,382	32	-	-	-
	ING Taiwan Money Market	Available-for-sale financial assets - current	-	-	2,240,300	35,028	57,280,615	900,000	59,520,915	935,182	935,028	154	-	-	-
	FSITC Taiwan Money Market	Available-for-sale financial assets - current	-	-	32,093,182	470,001	-	-	32,093,182	470,337	470,001	336	-	-	-
	FSITC Money Market	Available-for-sale financial assets - current	-	-	-	-	2,922,404	500,000	2,922,404	500,260	500,000	260	-	-	-
Fubon Chi-Hsiang Money Market	Available-for-sale financial assets - current	-	-	33,219,281	500,000	3,318,863	50,000	36,538,144	550,378	550,000	378	-	-	-	
Kao Ming Container Terminal Co., Ltd.	<u>Mutual fund</u> Eastspring Inv Well Pool Money Market	Available-for-sale financial assets - current	-	-	16,294,834	212,053	-	-	15,364,995	200,905	200,001	904	-	929,839	12,052 (Note C)
	ING bond funds	Available-for-sale financial assets - current	-	-	10,236,625	160,021	-	-	10,236,625	160,603	160,021	582	-	-	-
	SinoPac TWD Money Market	Available-for-sale financial assets - current	-	-	22,734,003	303,807	-	-	22,734,003	305,096	303,807	1,289	-	-	-
Ching Ming Investment Corp.	<u>Common stock</u> HTC Corporation	Financial assets at fair value through profit or loss - current	-	-	147,288	48,942	4,164 (Note D)	- (Note D)	151,000	115,211	48,799	66,412	-	452	143 (Note C)
	<u>Mutual fund</u> PCA Well Pool Money Market	Financial assets at fair value through profit or loss - current	-	-	1,540,340	20,061	15,462,569	202,208	11,986,160	156,676	156,566	110	-	5,016,749	65,703 (Note C)
	Capital Money Market	Financial assets at fair value through profit or loss - current	-	-	646,818	10,000	6,976,339	108,128	7,301,657	113,191	113,128	63	-	321,500	5,000 (Note C)
	Taishin 1699 Money Market	Financial assets at fair value through profit or loss - current	-	-	1,545,464	20,000	9,798,515	127,345	5,886,190	76,389	76,321	68	-	5,457,789	71,024 (Note C)
	Jih Sun Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	7,942,021	113,000	6,532,703	93,050	92,927	123	-	1,409,318	20,073 (Note C)

Notes:

- A. Represent the investment income recognized under equity method \$242,189 thousand, cumulative translation adjustment increased \$70,792 thousand, unrealized gain on financial instruments increased \$583 thousand and cash dividends \$453,696 thousand.
- B. Cost of disposed equity does not include changes in stockholders' equity accounted for using equity method \$16,857 thousand.
- C. Carrying value is the original acquisition amount.
- D. Dividend 4,164 shares.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

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

DECEMBER 31, 2011

(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	\$ 20,353,666 (Note D)	-	\$ -	-	\$ -	\$ -
	Yang Ming (Liberia) Corp.	A	3,348,402 (Note E)	-	-	-	-	-
	Yangming (UK) Ltd.	A	699,626 (Note F)	-	-	-	40,199	-
	Young-Carrier Company Limited	A	314,219	-	-	-	304,482	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	B	6,438,485 (Note G)	-	-	-	-	-
Young-Carrier Company Limited	Yang Ming Marine Transport Corporation	C	522,600	-	-	-	452,779	-
Yang Ming Line (Hong Kong) Ltd.	Yang Ming Marine Transport Corporation	C	310,568	-	-	-	372,918	-
Kuang Ming Shipping Corp.	Yang Ming Marine Transport Corporation	C	305,585	-	-	-	-	-
Yang Ming Shipping Europe GmbH	Yang Ming Marine Transport Corporation	C	122,384	-	-	-	50,314	-
Yang Ming (America) Corp.	Olympic Container Terminal LLC	B	384,363 (Note H)	-	-	-	12,116	-
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	A	2,484,301 (Note I)	-	-	-	-	-

Notes:

- A. Subsidiary of the Corporation.
- B. The same parent company.
- C. Parent company.
- D. Interest receivable, dividends receivable financing provided and proceeds from sale of ships.
- E. Proceeds from sale of ships and financing provided, net of the credit balance of the Corporation's long-term payments in Yang Ming (Liberia) Corp.
- F. Freight receivable and shipping line expense receivable.
- G. Interest receivable and proceeds from sale of ships.
- H. Accounts receivable and financing provided.
- I. Rent receivable.
- J. Collections between related parties made according to "Agency Accounting Procedure" by the Corporation and local business conventions.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 YEAR ENDED DECEMBER 31, 2011
 (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, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note	
				December 31, 2011	December 31, 2010	Shares	Percentage of Ownership	Carrying Value				
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	\$ 3,272,005	\$ 3,272,005	10,351	100.00	\$ 3,517,151	\$ (1,137,995)	\$ (1,137,995)	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	1,887,746	163,030	163,030	Subsidiary	
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,500,013	160,650,000	100.00	1,464,818	(157,671)	(157,671)	Subsidiary	
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	3,420,972	(943,053)	(943,053)	Subsidiary	
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	593,404	593,404	60,000,000	50.00	583,656	53,047	26,523	Subsidiary	
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	3,587,496	3,863,737	177,920,000	86.57	4,070,974	264,919	242,189	Subsidiary	
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	79,273	79,273	7,916,908	79.17	115,640	11,083	8,775	Subsidiary	
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	115,916	10,706	5,458	Subsidiary	
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	549,015	245,229	245,229	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	78,265	34,265	16,790	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	(1,252,252) (Note M)	483,894	483,894	Subsidiary	
	Yuan Wang Investment Co., Ltd.	Taipei, Taiwan	Investment	179,810	179,810	5,211,474	49.75	172,322	21,550	10,721	Equity-method investee	
	Kao Ming Container Terminal Corp.	Kaohsiung, Taiwan	Terminal operation and stevedoring	4,100,000	4,100,000	410,000,000	100.00	4,218,853	195,817	195,817	Subsidiary	
	Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	24,988	24,988	2,083,092	20.83	30,102	11,083	-	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	548,286	548,286	55,630,977	46.36	541,003	53,047	-	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	69,241	98,631	-	Subsidiary	
	Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	31,530	31,530	(Note Q)	100.00	(283,196) (Note E)	118,169	-	Subsidiary	
	Triumph Logistics, Inc.	U.S.A.	Container transportation	1,699	1,699	200	100.00	(11,980) (Note E)	(1,229)	-	Subsidiary	
	Topline Transportation Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	(3,769) (Note E)	(2,796)	-	Subsidiary	
	Coastal Tarheel Express Inc.	U.S.A.	Container transportation	2,430	2,430	100	100.00	6,312	275	-	Subsidiary	
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	2,444	2,444	200	100.00	11,549	36	-	Subsidiary	
	West Basin Container Terminal LLC	Los Angeles, USA	Terminal operation and stevedoring	132,050	132,050	(Note F)	40.00	759,079	217,287	-	Equity-method investee	
	United Terminal Leasing LLC	Los Angeles, USA	Terminal operation and machine lease	34,750	34,750	(Note G)	40.00	153,024	85,318	-	Equity-method investee	
Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100.00	25,453	10,132	-	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	(2,383,887) (Note E)	(1,421,759)	-	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	(2,389,353) (Note E)	(1,421,612)	-	Subsidiary	
Yang Ming Line B.V.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	8,614	1,651	553	89.92	23,255	7,235	-	Subsidiary	
	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	820	820	(Note I)	100.00	15,463	15,392	-	Subsidiary	
	Yang Ming (Italy) S.p.A.	Genova, Italy	Shipping agency	4,319	4,319	125,000	50.00	22,940	2,075	-	Subsidiary	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2011	December 31, 2010	Shares	Percentage of Ownership	Carrying Value			
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	\$ 29,697	\$ 29,697	(Note B)	100.00	\$ 116,669	\$ 10,443	\$ -	Subsidiary
	Yang Ming (UK) Ltd.	London, U.K.	Shipping agency, forwarding agency and shipping managers	42,408	42,408	900,000	100.00	(2,645,277)	(1,481,551)	-	Subsidiary
	Yang Ming Shipping (Egypt) S.A.E.	Egypt	Shipping agency, forwarding agency and shipping managers	14,149	14,149	24,500	49.00	38,472	47,617	-	Equity-method investee
Yang Ming (Netherlands) B.V.	Yang Ming (Belgium) N.V.	Belgium	Forwarding agency	1,900	-	62	10.08	2,607	7,235	-	Subsidiary
Yang Ming (UK) Ltd.	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	25	25	(Note C)	50.00	7,028	4,289	-	Equity-method investee
	Yes Logistic UK Limited	U.K.	Forwarding agency	-	-	200	100.00	(3,646)	-	-	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	1,790	(306)	-	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	215,131	8,220	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(57,556)	41,003	-	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	16,140	32,726	-	Subsidiary
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	28,143	9,264	-	Subsidiary
	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	3,229	3,229	910,000	91.00	291,096	3,461	-	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	28,082	(29,629)	-	Subsidiary
	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	52,459	15,639	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	33,746	6,788	-	Subsidiary
	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	32,440	32,440	2,000,000	100.00	122,058	35,133	-	Subsidiary
	Yang Ming (Vietnam) Company Limited	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note J)	49.00	5,331	4,594	-	Equity-method investee
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	254,358	254,358	(Note O)	30.00	241,039	80,099	-	Equity-method investee
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	36,837	64,984	-	Subsidiary
	Yang Ming (U.A.E.) LLC.	U.A.E.	Shipping agency, forwarding agency and shipping managers	2,140	2,140	(Note S)	49.00	36,988	42,111	-	Equity-method investee
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	3,547	85	-	Subsidiary
Yang Ming Shipping (B.V.I) Inc.	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	84,938	463	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Monrovia, Republic of Liberia	Forwarding agency	1,960,904	1,060,904	2	100.00	3,623,020	365,009	-	Subsidiary
Yes Logistics Corp.	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	128,571	128,571	5,025,188	100.00	36,962	(6,593)	-	Subsidiary
	Yes Logistics Corp. (USA)	Auckland, USA	Shipping agency, forwarding agency and shipping managers	179,750	179,750	5,460,000	100.00	120,234	7,808	-	Subsidiary
	Chang Ming Logistics Company Limited	Chongqing, China	Terminal operation and stevedoring	304,326	304,326	(Note D)	49.00	358,819	16,694	-	Equity-method investee
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Benelux B.V.	Netherlands	Forwarding agency	10,179	7,587	12,600	70.00	4,319	(2,594)	-	Subsidiary
	Yes Logistics (Netherlands) B. V.	Netherlands	Forwarding agency	1,224	1,224	(Note N)	100.00	3,042	2	-	Subsidiary
	Yes Logistics Company Ltd.	Hong Kong	Forwarding agency	114,417	114,417	29,000,000	100.00	29,544	(5,175)	-	Subsidiary
Yes Logistics Corp. (USA)	Golden Logistics Corp.	Shanghai, China	Forwarding agency	164,329	164,329	(Note L)	100.00	75,812	(2,347)	-	Subsidiary
	Golden Logistics USA Corporation	USA	Container transportation	328	328	100	100.00	154	2,099	-	Subsidiary
	YES Logistics Europe GmbH	Hamburg, Germany	Forwarding agency	1,158	1,158	(Note H)	100.00	7,256	(586)	-	Subsidiary
Golden Logistics Corp.	Star Logistics (Qingdao) Corp.	Qingdao, China	Forwarding agency	21,387	10,850	(Note Q)	100.00	17,860	(153)	-	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 deduction 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 US\$1,000,000, and no shares were issued.
- R. This is equivalent to RMB4,618, and no shares were issued.
- S. This is equivalent to AED245,000, and no shares were issued.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2011

(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, 2011	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2011	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Value as of December 31, 2011 (Note E)	Accumulated Inward Remittance of Earnings as of December 31, 2011
						Outflow	Inflow					
Yang Ming Marine Transportation Corporation	Yangtze River Express Airlines Company Limited (Note A)	Shipping agency	RMB 500,000	Indirect investment through Singapore-based subsidiary's direct investment in Mainland China.	\$ 564,060 (US\$ 18,622)	\$ -	\$ -	\$ 564,060 (US\$ 18,622)	12.00%	\$ -	(Note F)	\$ -
Yes Logistics Corp.	Golden Logistics Corp. (Note B)	Shipping agency	US\$ 5,000	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	151,450 (US\$ 5,000)	-	-	151,450 (US\$ 5,000)	96.36%	(2,261)	\$ 73,108	-
	Chang Ming Logistics Company Limited (Note C)	Terminal operation and stevedoring	RMB 144,800	Investee's direct investment in Mainland China.	281,727 (US\$ 9,301)	-	-	281,727 (US\$ 9,301)	47.22%	7,883	345,784	-

Company Name	Accumulated Investment in Mainland China as of December 31, 2011	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Yang Ming Marine Transportation Corporation	\$ 564,060 (US\$ 18,622)	\$ 564,060 (US\$ 18,622)	\$ 17,608,478
Yes Logistics Corp.	433,177 (US\$ 14,301)	433,177 (US\$ 14,301)	701,193 (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% (\$1,168,655 thousand) of the net assets of Yes Logistics Corp. as of December 31, 2011.
- F. Impairment loss was recognized in 2007.
- G. United States dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$30.29.