

Yang Ming Marine Transport Corporation

**Financial Statements for the
Years Ended December 31, 2008 and 2007 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, 2008 and 2007, 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., Yang Ming Line Holding Co. and Ming Giant (Shanghai) International Logistics Company Limited as of and for the year ended December 31, 2008 and 2007 in which the Corporation has long-term investments accounted for using equity method. As shown in the accompanying balance sheets, the carrying values of these investments were 2.5% (NT\$2,177,591 thousand) and 2.5% (NT\$2,171,746 thousand) of the Corporation's total assets as of December 31, 2008 and 2007, respectively. The equity in these investees' net loss was (7.0%) (NT\$55,071 thousand) and (5.3%) (NT\$367,853 thousand) of the Corporation's income before income tax in 2008 and 2007, 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, 2008 and 2007, 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.

As stated in Note 1 to the financial statements, on October 1, 2008, Yang Ming Marine Transport Corporation spun off the business, assets and liabilities of its tramp business department into a wholly owned subsidiary, Kuang Ming Shipping Corp., in exchange for 176,330 thousand common shares of Kuang Ming Shipping Corp. The income statements mentioned in the first paragraph included the operating results of the spun off department up to the date of the spin-off but disclosed pro forma information as if the spin off was effective on January 1, 2007.

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

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, 2008 and 2007 and have issued a modified unqualified opinion thereon in our report dated March 11, 2009.

March 11, 2009

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, 2008 AND 2007

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

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Notes 2 and 4)	\$ 4,692,315	5	\$ 4,982,024	6	Short-term loans (Note 13)	\$ 500,000	1	\$ -	-
Financial assets at fair value through profit or loss - current (Notes 2, 3, 5 and 23)	162,625	-	1,278,914	2	Payable to related parties (Note 24)	2,763,370	3	2,013,095	2
Available-for-sale financial assets - current (Notes 2, 3, 6 and 23)	579,719	1	-	-	Income tax payable (Notes 2 and 20)	-	-	783,436	1
Accounts receivable, net of allowance for doubtful accounts of \$25,048 thousand and \$34,632 thousand at December 31, 2008 and 2007 (Note 2)	710,473	1	894,678	1	Financial liabilities at fair value through profit or loss - current (Notes 2 and 5)	145,134	-	1,944	-
Accounts receivable from related parties (Notes 2 and 24)	2,192,918	3	2,882,584	3	Accrued expenses (Note 15)	3,398,648	4	6,115,481	7
Other receivable from related parties (Note 24)	91,538	-	2,986,054	3	Payable for equipment	40,119	-	1,116,335	1
Shipping fuel, net (Note 2)	1,900,383	2	3,775,933	4	Advances from customers	1,167,264	1	1,612,255	2
Prepaid expenses	345,266	-	249,865	-	Current portion of long-term interest-bearing debts (Notes 2, 9, 14 and 25)	2,052,327	3	1,376,887	2
Advances to shipping agents (Note 24)	409,403	1	387,404	1	Payable to shipping agents	1,824,657	2	1,558,512	2
Other current assets (Notes 2 and 20)	361,656	-	258,013	-	Other current liabilities (Notes 2 and 5)	144,906	-	138,962	-
Total current assets	11,446,296	13	17,695,469	20	Total current liabilities	12,036,425	14	14,716,907	17
LONG-TERM INVESTMENTS (Notes 2, 6, 7, 8 and 27)					LONG-TERM DEBTS, NET OF CURRENT PORTION				
Available-for-sale financial assets - noncurrent	2,855,096	3	4,011,988	5	Hedging derivative financial liabilities - noncurrent (Note 2)	-	-	2,871	-
Financial assets measured at cost - noncurrent	803,407	1	707,262	1	Bonds (Notes 2 and 14)	17,122,000	20	18,706,000	21
Hedging derivative financial assets - noncurrent	23,607	-	9,172	-	Long-term bank loans (Notes 14 and 25)	7,110,714	8	-	-
Investments accounted for using equity method	22,779,015	26	18,575,831	21	Capital lease obligations (Notes 2, 9, 14 and 26)	140,228	-	40,979	-
Total long-term investments	26,461,125	30	23,304,253	27	Total long-term debts	24,372,942	28	18,749,850	21
PROPERTIES (Notes 2, 9, 24, 25 and 26)					RESERVE FOR LAND VALUE INCREMENT TAX (Note 16)	479,639	-	479,639	-
Cost					OTHER LIABILITIES				
Land	330,069	-	330,069	-	Accrued pension liabilities (Notes 2 and 18)	967,372	1	926,479	1
Buildings	728,683	1	745,383	1	Deferred income tax liabilities - noncurrent (Notes 2 and 20)	2,123,197	3	2,156,542	3
Containers and chassis	23,566,163	27	22,523,772	26	Others (Notes 2, 17 and 25)	143,045	-	154,557	-
Ships	2,378,832	3	6,949,081	8	Total other liabilities	3,233,614	4	3,237,578	4
Leased containers and chassis	2,178,416	3	2,041,688	2	Total liabilities	40,122,620	46	37,183,974	42
Leasehold improvements	146,272	-	146,272	-	CAPITAL STOCK - \$10 PAR VALUE				
Miscellaneous equipment	2,527,228	3	2,474,611	3	Authorized - 3,000,000 thousand shares at December 31, 2008 and 2007				
Total cost	31,855,663	37	35,210,876	40	Issued - 2,562,466 thousand shares and 2,328,698 thousand shares at December 31, 2008 and 2007	25,624,665	29	23,286,982	27
Accumulated depreciation	16,436,353	19	18,304,134	21	CAPITAL SURPLUS				
Construction in progress	88,666	-	687,401	1	Paid-in capital in excess of par value	7,499,701	8	7,491,127	8
Net properties	15,507,976	18	17,594,143	20	Treasury stock transactions	1,480,009	2	1,480,009	2
OTHER ASSETS					From long-term equity-method investment	8,872	-	8,872	-
Assets leased to others, net (Notes 2, 10 and 25)	4,040,746	5	4,048,513	5	Total capital surplus	8,988,582	10	8,980,008	10
Nonoperating assets, net (Notes 2, 11 and 25)	218,058	-	218,058	-	RETAINED EARNINGS				
Advances on long-term rent agreements (Note 12)	942,627	1	292,190	-	Legal reserve	3,814,813	5	3,212,821	4
Deferred charges, net (Note 2)	71,852	-	110,486	-	Special reserve	2,067,513	2	2,067,513	2
Long-term receivables from related parties (Notes 8 and 24)	28,190,788	33	24,164,194	28	Unappropriated earnings	6,074,029	7	10,889,712	13
Miscellaneous	249,849	-	190,110	-	Total retained earnings	11,956,355	14	16,170,046	19
Total other assets	33,713,920	39	29,023,551	33	OTHER ITEMS OF STOCKHOLDERS' EQUITY				
TOTAL	\$ 87,129,317	100	\$ 87,617,416	100	Cumulative translation adjustments	447,853	1	100,131	-
					Net loss not recognized as pension cost	(36,590)	-	(38,967)	-
					Unrealized loss on financial instruments	25,832	-	1,935,242	2
					Total other items of stockholders' equity	437,095	1	1,996,406	2
					Total stockholders' equity	47,006,697	54	50,433,442	58
					TOTAL	\$ 87,129,317	100	\$ 87,617,416	100

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

(With Deloitte & Touche audit report dated March 11, 2009)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 24)	\$ 117,133,641	100	\$ 114,220,255	100
OPERATING COSTS (Notes 2, 21 and 24)	<u>116,258,327</u>	<u>99</u>	<u>110,007,219</u>	<u>96</u>
GROSS INCOME	<u>875,314</u>	<u>1</u>	<u>4,213,036</u>	<u>4</u>
OPERATING EXPENSES (Notes 21 and 24)				
Selling	1,503,264	2	1,749,638	2
General and administrative	<u>310,490</u>	<u>-</u>	<u>352,426</u>	<u>-</u>
Total operating expenses	<u>1,813,754</u>	<u>2</u>	<u>2,102,064</u>	<u>2</u>
OPERATING (LOSS) INCOME	<u>(938,440)</u>	<u>(1)</u>	<u>2,110,972</u>	<u>2</u>
NONOPERATING INCOME AND GAINS				
Investment income recognized under equity method (Notes 2 and 8)	2,056,957	2	2,475,207	2
Gain on disposal of properties	1,049,584	1	1,694,775	2
Interest (Note 24)	838,062	1	896,434	1
Dividend income	220,786	-	6,629	-
Rent (Note 24)	161,371	-	123,811	-
Foreign exchange gain, net	-	-	212,951	-
Valuation gain on financial instruments, net (Note 2)	-	-	119,663	-
Gain on disposal of financial instruments, net	-	-	116,221	-
Others	<u>174,398</u>	<u>-</u>	<u>223,982</u>	<u>-</u>
Total nonoperating income and gains	<u>4,501,158</u>	<u>4</u>	<u>5,869,673</u>	<u>5</u>
NONOPERATING EXPENSES AND LOSSES				
Interest (Notes 2 and 9)	791,171	1	807,633	1
Foreign exchange loss, net	602,730	1	-	-
Provision for loss on shipping fuel (Note 2)	564,201	1	-	-
Loss on disposal of financial instruments, net	330,893	-	-	-
Valuation loss on financial assets, net (Note 2)	147,661	-	-	-
Valuation loss on financial liabilities, net (Note 2)	117,064	-	-	-
Impairment loss on financial assets measured at cost (Note 2)	53,855	-	51,240	-
Others	<u>163,768</u>	<u>-</u>	<u>116,684</u>	<u>-</u>
Total nonoperating expenses and losses	<u>2,771,343</u>	<u>3</u>	<u>975,557</u>	<u>1</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX EXPENSES	\$ 791,375	-	\$ 7,005,088	6
INCOME TAX EXPENSES (Notes 2 and 20)	<u>244,082</u>	<u>-</u>	<u>984,804</u>	<u>1</u>
NET INCOME	<u>\$ 547,293</u>	<u>-</u>	<u>\$ 6,020,284</u>	<u>5</u>
	2008		2007	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
EARNINGS PER SHARE (Note 22)				
Basic earnings per share	<u>\$ 0.31</u>	<u>\$ 0.21</u>	<u>\$ 2.75</u>	<u>\$ 2.36</u>
Diluted earnings per share	<u>\$ 0.31</u>	<u>\$ 0.21</u>	<u>\$ 2.73</u>	<u>\$ 2.35</u>

The pro forma information based on the assumption that Yang Ming Marine Transport Corporation had spun off the tramp business department into Kuang Ming Shipping Corp. on January 1, 2007 (Notes 1, 2 and 27) was as follows:

	2008	2007
OPERATING REVENUES	\$ 114,399,978	\$ 112,289,321
OPERATING COSTS	<u>(114,428,294)</u>	<u>(108,706,372)</u>
GROSS (LOSS) INCOME	<u>\$ (28,316)</u>	<u>\$ 3,582,949</u>
OPERATING (LOSS) INCOME	<u>\$ (1,834,171)</u>	<u>\$ 1,498,584</u>
NET INCOME	<u>\$ 547,293</u>	<u>\$ 6,020,284</u>

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

(With Deloitte & Touche audit report dated March 11, 2009)

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YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2008 AND 2007

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

	Capital Stock		Capital Surplus (Notes 2 and 19)			Retained Earnings (Notes 2 and 19)			Other Items of Stockholders' Equity (Notes 2, 3 and 19)			
	Shares (Thousands)	Amount	Paid-in Capital in Excess of Par Value	Treasury Stock Transactions	From Long-term Equity-method Investment	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain or Loss on Financial Instruments	Total Stockholders' Equity
BALANCE, JANUARY 1, 2007	2,289,835	\$ 22,898,344	\$ 7,286,090	\$ 1,480,009	\$ 8,876	\$ 3,098,505	\$ 2,074,929	\$ 5,954,764	\$ 168,626	\$ (96,743)	\$ (35,588)	\$ 42,837,812
Appropriation of 2006 earnings												
Legal reserve	-	-	-	-	-	114,316	-	(114,316)	-	-	-	-
Special reserve	-	-	-	-	-	-	(7,416)	7,416	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	(58,478)	-	-	-	(58,478)
Cash dividends - \$0.3195 per share	-	-	-	-	-	-	-	(735,682)	-	-	-	(735,682)
Stock dividends - \$0.0799 per share	18,392	183,920	-	-	-	-	-	(183,920)	-	-	-	-
Net income for the year ended December 31, 2007	-	-	-	-	-	-	-	6,020,284	-	-	-	6,020,284
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	(68,495)	-	-	(68,495)
Changes in stockholders' equity accounted for using equity method	-	-	-	-	(4)	-	-	(356)	-	-	108,467	108,107
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	1,821,734	1,821,734
Changes in unrealized gain on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	40,629	40,629
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	57,776	-	57,776
Domestic convertible bonds converted into capital stocks and capital surplus	20,471	204,718	205,037	-	-	-	-	-	-	-	-	409,755
BALANCE, DECEMBER 31, 2007	2,328,698	23,286,982	7,491,127	1,480,009	8,872	3,212,821	2,067,513	10,889,712	100,131	(38,967)	1,935,242	50,433,442
Appropriation of 2007 earnings												
Legal reserve	-	-	-	-	-	601,992	-	(601,992)	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	(102,876)	-	-	-	(102,876)
Cash dividends - \$1.0 per share	-	-	-	-	-	-	-	(2,329,054)	-	-	-	(2,329,054)
Stock dividends - \$1.0 per share	232,905	2,329,054	-	-	-	-	-	(2,329,054)	-	-	-	-
Net income for the year ended December 31, 2008	-	-	-	-	-	-	-	547,293	-	-	-	547,293
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	347,722	-	-	347,722
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	(235)	(303,842)	(304,077)
Effect of reclassification of financial assets on July 1, 2008	-	-	-	-	-	-	-	-	-	-	(157,445)	(157,445)
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(1,461,102)	(1,461,102)
Changes in unrealized loss on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	12,979	12,979
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	2,612	-	2,612
Domestic convertible bonds converted into capital stocks and capital surplus	863	8,629	8,574	-	-	-	-	-	-	-	-	17,203
BALANCE, DECEMBER 31, 2008	2,562,466	\$ 25,624,665	\$ 7,499,701	\$ 1,480,009	\$ 8,872	\$ 3,814,813	\$ 2,067,513	\$ 6,074,029	\$ 447,853	\$ (36,590)	\$ 25,832	\$ 47,006,697

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

(With Deloitte & Touche audit report dated March 11, 2009)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 547,293	\$ 6,020,284
Depreciation	2,758,304	2,585,061
Amortization	65,583	77,408
Loss (gain) on disposal of financial instruments	330,893	(116,221)
Gain on disposal of properties, net	(1,048,801)	(1,692,881)
(Reversal of) provision for pension cost	(1,910)	19,174
Provision for (reversal of) allowance for loss on shipping fuel	564,201	(56,776)
Impairment loss on financial assets measured at cost	53,855	51,240
Investment income recognized under equity method	(2,056,957)	(2,475,207)
Cash dividends received on equity-method investee companies	720,970	107,781
Valuation loss on financial liabilities	117,064	-
Valuation gain on financial assets	(147,661)	(119,663)
Deferred income taxes	(206,093)	(103,189)
Others	5,420	5,403
Net changes in operating assets and liabilities		
Financial assets held for trading	73,231	(732,877)
Accounts receivable	192,872	(304,880)
Accounts receivable from related parties	689,666	(467,580)
Other receivable from related parties	2,132,018	2,716,772
Shipping fuel	1,311,349	(1,751,223)
Prepaid expenses	(170,077)	117,928
Advances to shipping agents	(21,999)	(150,919)
Other current assets	5,811	32,656
Payable to related parties	750,275	1,048,837
Income tax payable	(783,436)	546,508
Financial liabilities held for trading	155,988	1,555
Accrued expenses	(2,716,833)	439,208
Payable to shipping agents	266,145	(2,548)
Advances from customers	(444,991)	302,988
Other current liabilities	5,474	56,622
Advances on long-term rent agreements	<u>41,106</u>	<u>12,004</u>
Net cash provided by operating activities	<u>3,188,760</u>	<u>6,167,465</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets designated as at fair value through profit or loss	-	32,600
Acquisition of available-for-sale financial assets	(10,938,784)	(7,942,361)
Proceeds from disposal of available-for-sale financial assets	10,631,919	13,065,911
Proceeds of cash dividends from available-for-sale financial assets	18,984	127,365
Proceeds from capital reduction of investments in shares of stock	-	126,316
Acquisition of investments accounted for using equity method	(1,060,904)	(979,810)
Acquisition of financial assets measured at cost	(150,000)	(90,000)
Acquisition of properties and assets leased to others	(2,458,466)	(6,940,886)

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YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
Proceeds from disposal of properties and nonoperating assets	\$ 1,140,617	\$ 5,523,718
Increase in long-term receivable from related parties	(4,870,225)	(2,815,960)
Increase in deferred charges	(101,197)	(65,971)
Increase in other assets	(75,068)	(38,039)
Decrease in restricted assets	<u>-</u>	<u>124,923</u>
Net cash (used in) provided by investing activities	<u>(7,863,124)</u>	<u>127,806</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	500,000	-
Increase in long-term bank loans	7,500,000	-
Repayments of principal of bonds	(1,076,933)	(3,848,000)
Payments of capital lease obligations	(104,368)	(113,958)
Decrease in other liabilities	(2,584)	(3,154)
Cash dividends and employees' bonus paid	<u>(2,431,460)</u>	<u>(794,253)</u>
Net cash provided by (used in) financing activities	<u>4,384,655</u>	<u>(4,759,365)</u>
NET (DECREASE) INCREASE IN CASH	(289,709)	1,535,906
CASH, BEGINNING OF YEAR	<u>4,982,024</u>	<u>3,446,118</u>
CASH, END OF YEAR	<u>\$ 4,692,315</u>	<u>\$ 4,982,024</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 797,645	\$ 889,125
Less: Capitalized interest	<u>-</u>	<u>(2,225)</u>
Interest paid (excluding capitalized interest)	<u>\$ 797,645</u>	<u>\$ 886,900</u>
Income tax paid	<u>\$ 1,312,417</u>	<u>\$ 495,640</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Reclassification of nonoperating assets into assets leased to others	<u>\$ -</u>	<u>\$ 42,328</u>
Reclassification of assets leased to others into properties	<u>\$ -</u>	<u>\$ 257,364</u>
Reclassification of properties into assets leased to others	<u>\$ 21,219</u>	<u>\$ -</u>
Reclassification of construction in process into advances on long-term rent agreements	<u>\$ 691,543</u>	<u>\$ -</u>
Reclassification of investment into deduction to long-term receivables from related parties	<u>\$ -</u>	<u>\$ 112,363</u>
Current portion of interest-bearing long-term debts	<u>\$ 2,052,327</u>	<u>\$ 1,376,887</u>
Domestic unsecured convertible bonds converted into capital stock and capital surplus	<u>\$ 17,203</u>	<u>\$ 409,755</u>

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YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
CASH PAID FOR ACQUISITION OF PROPERTIES AND ASSET LEASED TO OTHERS		
Increase in properties and assets leased to others	\$ 1,382,250	\$ 8,796,937
Decrease in payables for equipment	1,076,216	431,510
Decrease in payables to related parties	<u>-</u>	<u>(2,287,561)</u>
Cash paid	<u>\$ 2,458,466</u>	<u>\$ 6,940,886</u>
PROCEEDS FROM SALE OF PROPERTIES		
Total contracted selling prices	\$ 1,140,617	\$ 4,462,892
Decrease (increase) in long-term receivables from related parties	-	(1,503,519)
Decrease in other receivables from related parties	<u>-</u>	<u>2,564,345</u>
Cash received	<u>\$ 1,140,617</u>	<u>\$ 5,523,718</u>

SUPPLEMENTARY DISCLOSURE OF THE SPIN OFF TRANSACTION

On October 1, 2008, Yang Ming Marine Transport Corporation spun off the tramp business department into a subsidiary, Kuang Ming Shipping Corp.. The net assets of the spun off department were as follows:

Acquisition of equity-method investments - 176,330 thousand common shares of Kuang Ming Shipping Corporation	\$ 4,000,716
Interests receivable	(35,438)
Prepaid expenses	(75,365)
Investments accounted for by the equity-method - Kuang Ming (Liberia) Corporation	(1,060,904)
Miscellaneous equipment	(300)
Long-term receivables	<u>(2,828,709)</u>
Cash paid	<u>\$ -</u>

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

(With Deloitte & Touche audit report dated March 11, 2009)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(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% and 35.52% of the Corporation's outstanding capital stock at December 31, 2008 and 2007.

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

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

As of December 31, 2008 and 2007, the Corporation had 1,451 and 1,339 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 department spun off were \$4,000,716 thousand. The Corporation exchanged the net assets for 176,330 thousand of Kuang Ming Shipping Corporation'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 Republic of China ("ROC"). Under these laws, guidelines and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, evaluation of financial assets and liabilities, provision for losses on shipping fuel, depreciation of properties, income tax, pension cost, loss on pending litigations, payables to shipping agents and bonuses to employees, directors and supervisors, etc. Actual results may differ from these estimates.

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:

Current/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 intangible assets are classified as noncurrent. Current liabilities are obligations incurred for trading purpose or to be settled within one year from the balance sheet date. All other assets and liabilities are classified as noncurrent.

Financial Assets and Liabilities at Fair Value through Profit or Loss

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

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

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

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

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

Available-for-sale Financial Assets

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

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

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

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

Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts

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

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

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

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

Shipping Fuel

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

Financial Assets Carried at Cost

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

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

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

Investments Accounted for by the Equity Method

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

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

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

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

Spin-off

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

Properties and Assets Leased to Others

Properties and assets leased to others are stated at cost less accumulated depreciation. Borrowing costs directly attributable to the acquisition or construction of property, plant, 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 method over estimated useful lives as follows (plus one year to represent the estimated salvage value): buildings, 52 to 55 years; containers and chassis, 6 to 8 years; ships, 13 to 20 years; leased containers and chassis, 5 to 9 years; leasehold improvements, 5 to 10 years; and miscellaneous equipment, 3 to 18 years. Properties still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives.

The related cost and accumulated depreciation, an item of 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.

Nonoperating Assets

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

Impairment of Assets

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

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

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

Deferred Charges

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

Convertible Bonds

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

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

Pension Cost

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

Unrealized Gain (Loss) on Sale and Leaseback

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

Income Tax

The inter-period and intra-period allocation methods are used for income taxes. Whereby (1) deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused tax credits and unused loss carryforward. Valuation allowance is recognized on deferred income tax assets that are not expected to be realized; (2) a portion of income tax expense is allocated to the income of tramp business department. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

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

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

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

Foreign Currencies

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

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

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

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

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

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

Hedging Derivative Financial Instruments

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

Hedge Accounting

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

a. Fair value hedge

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

b. Cash flow hedge

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

Reclassifications

Certain accounts in the financial statements as of and for the year ended December 31, 2007 have been reclassified to conform to the presentation of financial statements as of and for the year ended December 31, 2008.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Accounting for Bonuses to Employees, Directors and Supervisors

In March 2007, the Accounting Research and Development Foundation issued Interpretation 2007-052 that requires companies to recognize as compensation expenses bonuses paid to employees, directors and supervisors beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. The adoption of this interpretation resulted in a decrease of NT\$44,446 thousand in net income and a decrease in after income tax basic earnings per share of NT\$0.02 for the year ended December 31, 2008.

Accounting for Financial Instruments

On July 1, 2008, the Corporation adopted the newly amended SFAS No. 34, "Financial Instruments: Recognition and Measurement". The amendments to SFAS 34 mainly deal with the reclassification of financial assets at fair value through profit or loss if certain conditions are met. The adoption of SFAS No. 34 resulted in increase of NT\$290,307 thousand in net income and increase in after income tax basic earnings per share of NT\$0.11 for the year ended December 31, 2008. Please see Note 23 for relevant information regarding reclassifications of financial instruments..

4. CASH

	<u>December 31</u>	
	2008	2007
Cash		
Petty cash and cash on hand	\$ 2,341	\$ 2,110
Checking accounts and demand deposits	2,001,170	1,356,290
Time deposits: Interest - 0.15% to 2.33% in 2008 and 2.215% to 5.270% in 2007	<u>2,688,804</u>	<u>3,623,624</u>
	<u>\$ 4,692,315</u>	<u>\$ 4,982,024</u>

As of December 31, 2008 and 2007, time deposits with maturity of over one year amounted to \$747 thousand and \$747 thousand, respectively.

The overseas deposits as of December 31, 2008 and 2007 are summarized in the accompanying Schedules A and B.

5. FINANCIAL INSTRUMENTS AT FVTPL

a. Financial liabilities at FVTPL

	<u>December 31</u>	
	2008	2007
Financial assets held for trading		
Oil swap option	\$ 125,669	\$ -
Mutual funds	31,859	996,262
Domestic quoted stocks	5,097	266,651
Oil swap	-	14,136
Convertible bonds	<u>-</u>	<u>1,865</u>
	<u>\$ 162,625</u>	<u>\$ 1,278,914</u>
Financial liabilities held for trading		
Oil swap option	\$ 145,134	\$ 461
Oil swap	<u>-</u>	<u>1,483</u>
	<u>\$ 145,134</u>	<u>\$ 1,944</u>

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

There were no outstanding foreign exchange contracts and options of the Corporation as of December 31, 2008 and 2007.

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

Derivates that held by the Corporation do not meet the criteria for hedge accounting; therefore, they are treated as financial assets or liabilities.

Outstanding oil swap option contracts as of December 31, 2008 were as:

	Due Date	Notional Amount	Fair Value
<u>December 31, 2008</u>			
Oil swap option	2009.04.30	US\$44,340 thousand	\$ 125,669
Oil swap option	2009.04.30	US\$59,205 thousand	(145,134)

As of December 31, 2008, the oil swap option settled amounted to \$88,062 thousand and were recognized as other current liabilities.

Outstanding oil swap and oil swap option contracts as of December 31, 2007 were as follows:

	Due Date	Unit (Barrel)	Notional Amount	Fair Value
Oil swap	2008.01.18-2008.03.18	65,000	US\$5,777 thousand	\$ 14,136
	2008.01.18	15,000	US\$1,380 thousand	(1,483)
	Due Date		Notional Amount	Fair Value
Oil swap option	2008.01.31-2008.02.28		US\$1,670 thousand	\$ (145)
	2008.01.31		US\$980 thousand	(316)

Net loss arising from financial assets held for trading were \$602,563 thousand (including realized settlement loss of \$454,902 thousand and valuation loss of \$147,661 thousand) for the year ended December 31, 2008; net gains were \$206,075 thousand (including realized settlement gains of \$86,002 thousand and valuation gains of \$120,073 thousand) for the year ended December 31, 2007.

Net gains arising from financial liabilities held for trading were \$12,798 thousand (including realized settlement gains of \$129,862 thousand and valuation loss of \$117,064 thousand).

b. Financial assets designated as at FVTPL

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

Net gains arising from designated as financial assets at fair value through profit or loss were \$1,325 thousand (including realized settlement loss of \$20 thousand and interest revenue of \$1,345 thousand) for the year ended December 31, 2007.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2008	2007
Domestic quoted stocks	\$ 3,142,977	\$ 4,011,988
Bond fund	291,838	-
Less: Current portion	<u>579,719</u>	<u>-</u>
	<u>\$ 2,855,096</u>	<u>\$ 4,011,988</u>

7. FINANCIAL ASSETS MEASURED AT COST

	December 31			
	2008		2007	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Domestic unquoted common stocks				
Taipei Port Container Terminal Co., Ltd.	\$ 316,640	10.00	\$ 166,640	10.00
Domestic unquoted preferred stocks				
New Century Infocomm Co., Ltd.	427,789	1.68	481,644	1.68
Overseas unquoted common stocks				
Antwerp International Terminal	<u>58,978</u>	16.33	<u>58,978</u>	16.33
	<u>\$ 803,407</u>		<u>\$ 707,262</u>	

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

8. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31			
	2008		2007	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
All Oceans Transportation, Inc.	\$ 5,539,339	100.00	\$ 5,668,915	100.00
Kuang Ming Shipping Corp.	5,070,113	100.00	823,261	100.00
Yang Ming Line (B.V.I.) Holding Co., Ltd.	4,955,560	100.00	5,054,031	100.00
Yang Ming Line (Singapore) Pte. Ltd.	1,628,322	100.00	1,568,296	100.00
Ching Ming Investment Co., Ltd.	1,281,101	100.00	1,716,588	100.00
Transyang Shipping Pte. Ltd.	856,048	49.00	203,708	49.00
Kao Ming Container Terminal Corp.	786,771	100.00	799,840	100.00
Chunghwa Investment Co., Ltd.	739,517	40.00	857,570	40.00
Yes Logistics Corp.	520,731	46.04	528,060	46.04
Honming Terminal & Stevedoring Co., Ltd.	357,842	79.17	361,971	79.17
Yang Ming Line Holding Co.	313,530	100.00	379,921	100.00
Ming Giant (Shanghai) International Logistics Co., Ltd.	235,739	100.00	223,529	100.00
Yunn Wang Investment Co., Ltd.	202,032	49.75	272,623	49.75
Yang Ming (Liberia) Corp.	171,509	100.00	(177,164)	100.00
Jing Ming Transportation Co., Ltd.	<u>120,861</u>	50.98	<u>117,518</u>	50.98
	22,779,015		18,398,667	
Add: Investment deducted from long-term receivables from related parties	<u>-</u>		<u>177,164</u>	
	<u>\$ 22,779,015</u>		<u>\$ 18,575,831</u>	

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

	Years Ended December 31	
	2008	2007
All Oceans Transportation, Inc.	\$ 870,424	\$ 752,024
Transyang Shipping Pte. Ltd.	757,372	137,775
Kuang Ming Shipping Corp.	670,624	517,925
Yang Ming (Liberia) Corp.	336,740	(114,072)
Yang Ming Line (Singapore) Pte. Ltd.	19,628	(501,690)
Honming Terminal & Stevedoring Co., Ltd.	13,463	20,934
Jing Ming Transportation Co., Ltd.	13,389	25,498
Yunn Wang Investment Co., Ltd.	3,964	1,678
Ming Giant (Shanghai) International Logistics Co., Ltd.	(6,280)	(19,366)
Kao Ming Container Terminal Corp.	(11,930)	(1,276)
Yes Logistics Corp.	(19,237)	8,415
Chunghwa Investment Co., Ltd.	(61,453)	59,997
Yang Ming Line Holding Co.	(68,419)	153,203
Ching Ming Investment Co., Ltd.	(172,189)	142,162
Yang Ming Line (B.V.I.) Holding Co., Ltd.	<u>(289,139)</u>	<u>1,292,000</u>
	<u>\$ 2,056,957</u>	<u>\$ 2,475,207</u>

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

Yang Ming (Liberia) Corp. still has an accumulated loss for the year ended December 31, 2007, because of loss from start up operations in 2006. The Corporation committed to support ship building plan of Yang Ming (Liberia) Corp. The credit balance of \$177,164 thousand on this investment was reclassified as deduction from long-term receivables from related parties as of December 31, 2007.

In order to engage in the building and operation of Kaohsiung harbor intercontinental container center, the Corporation founded a chartered subsidiary, Kao Ming Container Terminal Corp., which had a contract namely "First stage of Kaohsiung harbor intercontinental container center construction and operation project" with MOTC Harbor Bureau. The contract commenced on September 28, 2007 and will last for 50 years including the building and operation periods. The board of directors of the Corporation resolved to increase investment in Kao Ming Container Terminal Corp. within the capital disbursement, NT\$3,700,000 thousand. Kao Ming Container Terminal Corp. secured a NT\$16,200,000 thousand syndicated loan from banks on December 18, 2008 so as to fund the construction of Kaohsiung Intercontinental Container Terminal.

For financing the investment project in Euromax terminal in Rotterdam, the board of directors of the Corporation resolved to increase the capital investment €12,620 thousand to Yang Ming Line (Singapore) Pte Ltd. on January 11, 2008. Due to March 11, 2009, the investment fund is still not remitted by Corporations.

The boards of directors resolved to invest NT\$1,060,904 thousand to establish a subsidiary, Kuang Ming (Liberia) Corp. to conform to the spin-off project on August 28, 2008. The fund is mainly for Kuang Ming (Liberia) Corp. to acquire the business, asset and liabilities of the tramp business department from All Oceans Transportation, Inc..The tramp department was spun off into a subsidiary, Kuang Ming Shipping Corp. on October 1, 2008. Please see Notes 1 and 27.

As required by the revised ROC SFAS No. 7 - "Consolidated Financial Statements", control is presumed to exist when the parent company owns, directly or indirectly through subsidiaries, more than half of the voting rights of an entity unless it can be clearly shown that such ownership does not constitute as a control interest. Thus, the consolidated financial statements as of and for the years ended December 31, 2008 and 2007 include the accounts of the Corporation and its direct and indirect subsidiaries. The Corporation doesn't have control over Transyang Shipping Pte. Ltd., Chunghwa Investment Co., 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.

9. PROPERTIES

Year Ended December 31, 2008									
	Land	Buildings	Containers and Chassis	Ships	Leased Containers and Chassis	Leasehold Improvements	Miscellaneous Equipment	Construction in Process	Total
Cost									
Beginning balance	\$ 330,069	\$ 745,383	\$ 22,523,772	\$ 6,949,081	\$ 2,041,688	\$ 146,272	\$ 2,474,611	\$ 687,401	\$ 35,898,277
Addition	-	4,519	1,072,218	665	136,728	-	74,084	93,941	1,382,155
Sale or disposal	-	-	29,827	4,570,914	-	-	22,600	-	4,623,341
Reclassification	-	(21,219)	-	-	-	-	1,133	(692,676)	(712,762)
Ending balance	<u>\$ 330,069</u>	<u>728,683</u>	<u>23,566,163</u>	<u>2,378,832</u>	<u>2,178,416</u>	<u>146,272</u>	<u>2,527,228</u>	<u>\$ 88,666</u>	<u>31,944,329</u>
Accumulated depreciation									
Beginning balance	-	112,465	10,253,609	4,690,221	1,882,438	122,392	1,243,009	-	18,304,134
Addition	-	13,872	2,265,897	125,063	134,959	3,637	194,264	-	2,737,692
Sale of disposal	-	-	17,288	4,567,369	-	-	20,816	-	4,605,473
Reclassification	-	212	-	-	-	-	(212)	-	-
Ending balance	-	<u>126,549</u>	<u>12,502,218</u>	<u>247,915</u>	<u>2,017,397</u>	<u>126,029</u>	<u>1,416,245</u>	-	<u>16,436,353</u>
	<u>\$ 602,134</u>	<u>\$ 11,063,945</u>	<u>\$ 2,130,917</u>	<u>\$ 161,019</u>	<u>\$ 20,243</u>	<u>\$ 1,110,983</u>			<u>\$ 15,507,976</u>

Year Ended December 31, 2007									
	Land	Buildings	Containers and Chassis	Ships	Leased Containers and Chassis	Leasehold Improvements	Miscellaneous Equipment	Construction in Process	Total
Cost									
Beginning balance	\$ 158,624	\$ 626,004	\$ 21,975,330	\$ 6,227,717	\$ 2,041,688	\$ 209,070	\$ 2,011,434	\$ 787,882	\$ 34,037,749
Addition	-	25,822	3,115,097	2,305,071	-	-	67,122	1,834,592	7,347,704
Sale or disposal	-	-	2,566,655	3,088,555	-	46,869	8,703	-	5,710,782
Reclassification	171,445	93,557	-	1,504,848	-	(15,929)	404,758	(1,935,073)	223,606
Ending balance	<u>\$ 330,069</u>	<u>745,383</u>	<u>22,523,772</u>	<u>6,949,081</u>	<u>2,041,688</u>	<u>146,272</u>	<u>2,474,611</u>	<u>\$ 687,401</u>	<u>35,898,277</u>
Accumulated depreciation									
Beginning balance	-	92,481	10,732,084	4,892,014	1,739,048	158,862	1,060,189	-	18,674,678
Addition	-	12,346	2,078,531	127,434	143,390	10,399	191,514	-	2,563,614
Sale of disposal	-	-	2,557,006	329,227	-	46,869	8,694	-	2,941,796
Reclassification	-	7,638	-	-	-	-	-	-	7,638
Ending balance	-	<u>112,465</u>	<u>10,253,609</u>	<u>4,690,221</u>	<u>1,882,438</u>	<u>122,392</u>	<u>1,243,009</u>	-	<u>18,304,134</u>
	<u>\$ 632,918</u>	<u>\$ 12,270,163</u>	<u>\$ 2,258,860</u>	<u>\$ 159,250</u>	<u>\$ 23,880</u>	<u>\$ 1,231,602</u>			<u>\$ 17,594,143</u>

Information about capitalized interest was as follows:

	December 31	
	2008	2007
Total interest expense	\$ 791,171	\$ 809,858
Capitalized interest (included in construction in process)	-	2,225
Capitalization rates	-	3.20%

The Corporation leases containers and chassis under capital lease agreements. The related information for future rentals is shown in Note 26. The terms of the leases were from nine years to ten years for containers. The annual rent payable on leased containers under the agreements is US\$1,072 thousand. The Corporation has the option to buy, at the end of the lease terms, all leased containers at a bargain purchase price of US\$1 per unit. The annual rent payable on leased chassis is based on contract terms, and, at the end of the lease terms, the ownership of all the leased chassis will be transferred to the Corporation at no additional cost. The details of these leases as of December 31, 2008 and 2007 were as follows:

	December 31			
	2008		2007	
	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)
Total capital lease obligations (undiscounted)	\$ 7,236	\$ 237,757	\$ 10,819	\$ 350,984
Less: Unamortized interest expense	<u>(563)</u>	<u>(18,488)</u>	<u>(843)</u>	<u>(27,347)</u>
	<u>\$ 6,673</u>	<u>\$ 219,269</u>	<u>\$ 9,976</u>	<u>\$ 323,637</u>

10. ASSETS LEASED TO OTHERS, NET

	December 31	
	2008	2007
Cost		
Land	\$ 2,928,721	\$ 2,928,721
Buildings	<u>1,244,328</u>	<u>1,223,014</u>
	4,173,049	4,151,735
Accumulated depreciation - buildings	<u>132,303</u>	<u>103,222</u>
	<u>\$ 4,040,746</u>	<u>\$ 4,048,513</u>

Future rental payments receivable were summarized as follows:

Fiscal Year	Amount
2009	\$ 101,814
2010	35,275
2011	23,093
2012	10,828
2013	3,542

11. NONOPERATING ASSETS, NET

	December 31	
	2008	2007
Cost		
Land	\$ 217,715	\$ 217,715
Buildings	<u>4,188</u>	<u>4,188</u>
	221,903	221,903
Accumulated depreciation - buildings	<u>3,845</u>	<u>3,845</u>
	<u>\$ 218,058</u>	<u>\$ 218,058</u>

12. ADVANCES ON LONG-TERM RENT AGREEMENT

For the purpose of managing storage, processing, transfer and distribution of goods, the Corporation collaborated with MOTC Harbor Bureau in building and operating the First and Second Logistics Centers of the Kaohsiung Third Container Center. The transferring procedures of First Logistics Center had been completed. According to the contract, the Corporation is entitled to the use of the center for 30 years based on the initial investment made by the Corporation. The project of the Second Logistics Center of the Kaohsiung Third Container Center had been completed in October, 2007 and the use of the center commenced in 2008. Owing to the remaining issues regarding the time frame for free tenancy, the Corporation reclassified the original investment of \$691,543 thousand (construction in process) into advances on long-term rent agreement which are amortized over 23 years and 10 months.

13. SHORT-TERM LOANS

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Unsecured bank loans - interest of 1.84%	\$ <u>500,000</u>	\$ <u>-</u>

14. INTEREST-BEARING LONG-TERM DEBTS

	Current	Long-term	Total
<u>December 31, 2008</u>			
Long-term secured bank loans	\$ 389,286	\$ 7,110,714	\$ 7,500,000
Domestic unsecured bonds	1,584,000	17,122,000	18,706,000
Capital leases	<u>79,041</u>	<u>140,228</u>	<u>219,269</u>
	<u>\$ 2,052,327</u>	<u>\$ 24,372,942</u>	<u>\$ 26,425,269</u>
<u>December 31, 2007</u>			
Domestic unsecured bonds	\$ 1,034,000	\$ 18,706,000	\$ 19,740,000
Domestic unsecured convertible bonds	59,400	-	59,400
Interest premium - domestic unsecured convertible bonds	829	-	829
Capital leases	<u>282,658</u>	<u>40,979</u>	<u>323,637</u>
	<u>\$ 1,376,887</u>	<u>\$ 18,746,979</u>	<u>\$ 20,123,866</u>

Long-term Secured Bank Loans

On May 30, September 26 and December 30, 2008, the Corporation mortgaged ships as collaterals for both the eight-year secured loan of \$3,000,000 thousand and the five-year secured loan of \$1,000,000 thousand. Also, the Corporation mortgaged the ships of a subsidiary, All Oceans Transportation, Inc., as collaterals for the seven-year secured loan of \$4,500,000 thousand on December 30, 2008. As of December 31, 2008, the eight-year and the five-year loans had been fully drawn and the seven-year loan had been drawn up to \$2,000,000 thousand. The eight-year loan will be fully repaid by May 30, 2016. The loan will be repayable after 18 months from the date the loan was obtained and every six months thereafter in 14 equal installments. The five-year loan will be fully repaid by May 30, 2013. The loan will be repayable after 18 months from the date the loan was obtained and every six months thereafter in 8 equal installments. The seven-year loan will be fully repaid by December 30, 2015. The loan will be repayable after 18 months from the date the loan was obtained and every six months thereafter in 12 equal installments. The interest rates are the Fixing Rate of 90-day referred to in Reuters (Page 6165) plus spread. The interest rates ranged from 2.31% to 2.78% on December 31, 2008.

The Corporation mortgaged assets leased to others as collaterals for the seven-year secured loan of \$1,500,000 thousand. As of December 31, 2008, the loan was fully obtained and will be fully repaid by May 30, 2015. The loan will be repayable after one year from the date the loan was obtained and every six months thereafter in 12 equal installments of \$50,000 thousand and final payment for the remaining amount. The interest rates are the Fixing Rate of 90-day referred to in Reuters (Page 6165) plus spread. The interest rates ranged from 2.25% to 2.36% on December 31, 2008.

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"); \$1,100,000 thousand on July 16, 2001 (the "July 2001 Bonds"), \$1,600,000 thousand on June 18, 2004 (the "June 2004 Bonds"), \$5,000,000 thousand from October 8 to October 20 in 2004 (the "October 2004 Bonds"); \$2,500,000 thousand from December 8 to December 14 in 2004 (the "December 2004 Bonds") \$6,000,000 thousand on October 23, 2006 (the "October 2006 Bonds").

Other bond features and terms are as follows:

June 2000 Bonds Repayments: 33% - June 1, 2008, 33% - June 1, 2009, and 34% June 1, 2010; 6.09% annual interest. The Corporation had paid \$594,000 thousand as of December 31, 2008.

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

July 2001 bonds Repayments: 20% - July 16, 2006, 40% - July 16, 2007, and 40% - July 16, 2008; 4.49% annual interest. The Corporation had repaid residual amount as of December 31, 2008.

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

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

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

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

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

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

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

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

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

Domestic Unsecured Convertible Bonds

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

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

As of December 31, 2008, the 2003 Convertible Bonds with aggregate face value of \$7,895,200 thousand had been converted into 313,780 thousand common shares of the Corporation, and bonds with aggregate face value of \$62,400 thousand had been sold to the Corporation by the holders. The Corporation had repaid residual amount \$42,400 thousand on the maturity date.

Capital Lease

Refer to the Note 9 to financial statements.

15. ACCRUED EXPENSES

	December 31	
	2008	2007
Fuel	\$ 1,401,176	\$ 3,312,412
Space hire	832,826	1,406,593
Container lease	562,879	411,671
Interest	167,463	173,973
Salary	181,761	549,091
Others	<u>252,543</u>	<u>261,741</u>
	<u>\$ 3,398,648</u>	<u>\$ 6,115,481</u>

16. RESERVE FOR LAND VALUE INCREMENT TAX

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

17. UNREALIZED GAIN ON SALE AND LEASEBACK

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Chassis	\$ 94	\$ 7,874

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

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

18. PENSION PLAN

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

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

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

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. Other pension information is as follows:

1) Net periodic pension cost was as follows:

	Year Ended December 31	
	2008	2007
Service cost	\$ 107,391	\$ 117,520
Interest cost	51,797	45,194
Projected return on plan assets	(13,834)	(10,581)
Amortization of net transition asset or obligation	(328)	(328)
Amortization of prior service cost	436	436
Amortization of unrecognized pension cost	<u>19,991</u>	<u>23,101</u>
Pension cost	165,453	175,342
Add: Investment deducted from long-term receivables from related parties	<u>(45,416)</u>	<u>(37,795)</u>
Net periodic pension cost	<u>\$ 120,037</u>	<u>\$ 137,547</u>

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

	Year Ended December 31	
	2008	2007
Benefit obligation		
Vested benefit obligation (VBO)	\$ 635,442	\$ 616,605
Non-vested benefit obligation	<u>753,075</u>	<u>707,179</u>
Accumulated benefit obligation (ABO)	1,388,517	1,323,784
Additional benefit based on future salaries	<u>553,000</u>	<u>436,809</u>
Projected benefit obligation	1,941,517	1,760,593
Fair value of plan assets	<u>(546,267)</u>	<u>(455,139)</u>
Plan funded status	1,395,250	1,305,454
Unrecognized net transition asset	1,346	1,674
Unrecognized prior service cost	34,562	(3,491)
Unrecognized pension cost	(500,141)	(416,125)
Additional minimum pension liability	<u>36,355</u>	<u>38,967</u>
Accrued pension cost	<u>\$ 967,372</u>	<u>\$ 926,479</u>
Vested benefit	<u>\$ 900,044</u>	<u>\$ 792,070</u>

3) Actuarial assumptions

Discount rate	2.25%	3.00%
Rate of increase in compensation	2.75%	2.75%
Expected return on plan assets	2.25%	3.00%

4) Contributions to the fund \$ 80,030 \$ 79,608

5) Payments from the fund \$ 5,915 \$ 13,932

- 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 \$32,884 thousand and \$25,001 thousand for the years ended December 31, 2008 and 2007, respectively.

19. STOCKHOLDERS' EQUITY

- a. Global depositary receipts

On November 14, 1996, the Corporation issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 dollars per unit. The holders of the GDRs may not exchange them for the Corporation's stocks. However, starting February 14, 1997, the holders of the GDR may request the depository bank to sell the shares represented by the GDRs. As of December 31 2008, there were 4,883,344 units outstanding, representing 48,833,517 shares, 1.91% 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 share issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds and treasury stock transactions) may be capitalized, which however is limited to a certain percentage of the Corporation's paid-in capital. Also, the capital surplus from long-term investments may not be used for any purpose.

- c. Appropriation of earnings and dividend policy

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

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

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

For the year ended December 31, 2008, the bonus to employees of NT\$59,261 thousand, representing 1% of distributable retained earnings, was estimated based on past experiences. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the shareholders' meeting.

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

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

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

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

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

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

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

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

20. INCOME TAX

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

	<u>Year Ended December 31</u>	
	2008	2007
Income tax expense at 25% statutory rate	\$ 197,844	\$ 1,751,272
Tax effect on adjusting items:		
Permanent differences	(322,120)	(999,625)
Temporary differences	157,299	344,415
Loss carryforwards used	-	(162,927)
Additional income tax under the Alternative Minimum Tax Act	79,353	-
Additional 10% income tax on undistributed earnings	<u>65,731</u>	<u>5,076</u>
Income tax payable - current	178,107	938,211
Overseas income tax	188,885	113,621
Deferred income tax expenses		
Temporary differences	(157,299)	(266,116)
Loss carryforwards	-	162,927
Adjustment of prior years' taxes	34,125	37,323
Others	<u>264</u>	<u>(1,162)</u>
Income tax expense - current	<u>\$ 244,082</u>	<u>\$ 984,804</u>

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

	<u>December 31</u>	
	2008	2007
Current (included in other current assets)		
Deferred income tax assets		
Unrealized loss shipping fuel valuation losses	\$ 141,050	\$ -
Unrealized foreign exchange loss	64,652	37,191
Deferred contribution	4,898	-
Others	<u>2,526</u>	<u>7,514</u>
	<u>\$ 213,126</u>	<u>\$ 44,705</u>
Noncurrent		
Deferred income tax assets		
Deferred pension cost	\$ 140,473	\$ 126,362
Investment loss recognized on overseas equity-method investments	<u>6,411</u>	<u>50,280</u>
	<u>146,884</u>	<u>176,642</u>
Deferred income tax liabilities		
Investment income recognized on overseas equity-method investments	(2,134,312)	(2,055,411)
Differences in estimated service lives of containers	(129,867)	(276,198)
Unrealized gain on financial instruments	<u>(5,902)</u>	<u>(1,575)</u>
	<u>(2,270,081)</u>	<u>(2,333,184)</u>
	<u>\$ (2,123,197)</u>	<u>\$ (2,156,542)</u>

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

Income tax returns through 2005 had been assessed by the tax authorities.

c. Information about integrated income tax was as follows:

	December 31	
	2008	2007
Balance of the imputation credit account (ICA)	\$ 870,836	\$ 511,491
Unappropriated earnings generated before June 30, 1998	2,064,438	2,064,438

The creditable ratio for distribution of earnings of 2008 and 2007 was 16.90% (estimates) and 13.98%, respectively.

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Corporation is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2008 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

21. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Year Ended December 31, 2008			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 539,078	\$ 849,735	\$ -	\$ 1,388,813
Insurance	29,605	60,256	-	89,861
Pension	55,126	97,795	-	152,921
Others	61,234	136,986	-	198,220
Depreciation	2,650,474	78,748	29,082	2,758,304
Amortization	<u>50,310</u>	<u>12,546</u>	<u>2,727</u>	<u>65,583</u>
	<u>\$ 3,385,827</u>	<u>\$ 1,236,066</u>	<u>\$ 31,809</u>	<u>\$ 4,653,702</u>
	Year Ended December 31, 2007			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 511,658	\$ 1,224,227	\$ -	\$ 1,735,885
Insurance	22,658	56,718	-	79,376
Pension	65,590	96,958	-	162,548
Others	52,023	113,532	-	165,555
Depreciation	2,476,993	79,119	28,949	2,585,061
Amortization	<u>66,174</u>	<u>7,326</u>	<u>3,908</u>	<u>77,408</u>
	<u>\$ 3,195,096</u>	<u>\$ 1,577,880</u>	<u>\$ 32,857</u>	<u>\$ 4,805,833</u>

The expenses in the above table include the expenses of the continuing department and the spun off department up to the date of the spin off.

22. EARNINGS PER SHARE

	Year Ended December 31			
	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Basic EPS	\$ 0.31	\$ 0.21	\$ 2.75	\$ 2.36
Diluted EPS	<u>\$ 0.31</u>	<u>\$ 0.21</u>	<u>\$ 2.73</u>	<u>\$ 2.35</u>

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

	Amount (Numerator)		Shares (Denominator) (in Thousand Shares)	EPS (NT\$)	
	Before Income Tax	Net Income		Before Income Tax	Net Income
<u>Year ended December 31, 2008</u>					
Basic EPS	\$ 791,375	\$ 547,293	2,562,170	<u>\$ 0.31</u>	<u>\$ 0.21</u>
Impact of dilutive potential common shares					
Bonus to employees	-	-	5,867		
Domestic unsecured convertible bonds	<u>78</u>	<u>58</u>	<u>297</u>		
Diluted EPS	<u>\$ 791,453</u>	<u>\$ 547,351</u>	<u>2,568,334</u>	<u>\$ 0.31</u>	<u>\$ 0.21</u>
<u>Year ended December 31, 2007</u>					
Basic EPS	\$ 7,005,088	\$ 6,020,284	2,549,977	<u>\$ 2.75</u>	<u>\$ 2.36</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>666</u>	<u>499</u>	<u>14,908</u>		
Diluted EPS	<u>\$ 7,005,754</u>	<u>\$ 6,020,783</u>	<u>2,564,885</u>	<u>\$ 2.73</u>	<u>\$ 2.35</u>

The weighted average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of employee stock bonuses and stock dividends. This adjustment caused the basic and diluted after income tax EPS for the year ended December 31, 2007 to decrease from NT\$2.60 to NT\$2.36 and from NT\$2.58 to NT\$2.35, respectively.

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

23. DISCLOSURE FOR FINANCIAL INSTRUMENTS

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

	December 31			
	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 162,625	\$ 162,625	\$ 1,278,914	\$ 1,278,914
Available-for-sale financial assets - current	579,719	579,719	-	-
Available-for-sale financial assets - noncurrent	2,855,096	2,855,096	4,011,988	4,011,988
Investments accounted for using equity method	22,779,015	-	18,575,831	-
Financial assets measured at cost - noncurrent	803,407	-	707,262	-
Long-term receivables from related parties	28,190,788	28,190,788	24,164,194	24,164,194
Hedging derivative financial assets - noncurrent	23,607	23,607	9,172	9,172
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	145,134	145,134	1,944	1,944
Hedging derivative financial liabilities - noncurrent	-	-	2,871	2,871
Long-term bank loans	7,500,000	7,500,000	-	-
Bonds	18,706,000	18,949,368	19,800,229	20,218,813
Capital lease obligations	219,269	219,269	323,637	323,637

Place of transaction:

Place of Transaction	December 31			
	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial asset</u>				
Overseas (including foreign institutions in Taiwan)	\$ 149,276	\$ 149,276	\$ 23,308	\$ 23,308
<u>Financial liability</u>				
Overseas (including foreign institutions in Taiwan)	145,134	145,134	4,815	4,815

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

- 1) Cash, accounts receivable, accounts receivable from related parties, other receivable from related parties, advances to shipping agents, short-term bank loans, payable to related parties, accrued expenses and payables to shipping agents which are not shown among the financial instruments in the table above, are recorded at their carrying 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 and investments accounted equity method 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 receivables - related parties and long-term bank loans are measured at the present values of expected cash flows which are discounted at the interest rate for bank loans with similar maturities.
- 5) The fair value of bonds is market value.

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

	<u>Market Price</u>		<u>Valuation Techniques</u>	
	<u>December 31</u>		<u>December 31</u>	
	2008	2007	2008	2007
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 36,956	\$ 1,264,778	\$ 125,669	\$ 14,136
Available-for-sale financial assets - current	579,719	-	-	-
Available-for-sale financial assets - noncurrent	2,855,096	4,011,988	-	-
Hedging derivative financial assets noncurrent	-	-	23,607	9,172
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	145,134	1,944
Hedging derivative financial liability - noncurrent	-	-	-	2,871

d. Net gain (loss) on changes of the fair value determined using valuation technique were \$(73,201) thousand and \$13,727 thousand for the years ended December 31, 2008 and 2007.

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

	December 31			
	2008		2007	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
<u>Risk of interest rate change</u>				
Fair value risk	\$ 2,670,057	\$ 18,425,269	\$ 3,590,024	\$ 19,123,866
Cash flow risk	1,949,909	8,500,000	1,276,840	1,000,000

f. Information about financial risks

1) Market risk

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

For the years ended December 31, 2008 and 2007, the interest rate swap contracts held by the Corporation were for nontrading purposes, i.e., to hedge overall fluctuations on interest rates. The Corporation use interest rate swap contracts with gains or losses that offset the gains or losses on floating interest-bearing liabilities. Through these contracts, the Corporation hedges most of the risks in the market. In addition, the Corporation evaluates the hedging effectiveness of the contracts periodically.

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

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

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

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

The Corporation's purpose for foreign currency derivative trading is to manage the exchange rate risk of foreign currency. By engaging in forward exchange or foreign exchange option, when exchange rate is lower than striking price, the Corporation can sell foreign currency with higher price or rely on premiums to offset a portion of exchange loss; when exchange rate is higher than striking price, the 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 and its subsidiaries are exposed to credit risk on counter-parties' default on contracts. The Corporation's and its subsidiaries' maximum exposure to credit risk is equal to book value. The Corporation conducts transactions only with selected financial institutions and corporations with good credit ratings. Thus, management does not anticipate any material losses resulting from default on contracts.

3) Liquidity risk

The Corporation entered into interest rate swaps to hedge cash flow risks for the years ended December 31, 2008 and 2007. The interest rate swap contracts are settled at net amounts; thus, the expected cash demand is not significant.

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

4) Cash flow risk on interest rate

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

g. Cash flow hedge

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

Hedged Items	Financial Instruments Designated	Designated Hedging Instruments				Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
		December 31					
		2008		2007			
		Notional Amount	Fair Value	Notional Amount	Fair Value		
Bonds with floating interest rate	Interest rate swap	\$ (500,000)	\$ 6,062	\$ (500,000)	\$ 9,172	June 18, 2004 - June 18, 2011	June 18, 2004 - June 18, 2011
Bonds with floating interest rate	Interest rate swap	(500,000)	17,545	(500,000)	(2,871)	June 18, 2004 - June 18, 2011	June 18, 2004 - June 18, 2011

h. Reclassifications

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

	Before Reclassification	After Reclassification
Financial assets at fair value through profit or loss - current	\$ 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 as at December 31, 2008 were as follows:

	Book Value	Fair Value
Available-for-sale financial assets - current	\$ 434,185	\$ 434,185

The changes in fair value of the reclassified financial assets recognized in profit and loss or shareholders' equity were as follows:

	<u>Year Ended December 31, 2008</u>				<u>Year Ended December 31, 2007</u>	
	<u>Before Reclassifications</u>	<u>Recognized in Shareholders' Equity</u>	<u>After Reclassifications</u>	<u>Recognized in Shareholders' Equity</u>	<u>Recognized in Profit and Loss</u>	<u>Recognized in Shareholders' Equity</u>
Held for trading financial assets - current	\$ (440,296)	\$ -	\$ (149,989)	\$ -	\$ 28,058	\$ -
Available-for-sale financial assets - current	-	-	431	(290,738)	-	-

The changes in fair value recognized in profit and loss or shareholders' equity from the reclassification date to December 31, 2008 and pro forma information assuming no reclassifications were made were as follows:

	<u>Amounts Recorded</u>		<u>Pro Forma Information Assuming No Reclassifications</u>
	<u>Recognized in Profit and Loss</u>	<u>Recognized in Shareholders' Equity</u>	<u>Recognized in Profit and Loss</u>
Available-for-sale financial assets - current	\$ 431	\$ (290,738)	\$ (290,307)

24. RELATED-PARTY TRANSACTIONS

The significant transactions with related parties for the years ended December 31, 2008 and 2007 and the related balances, in addition to those mentioned in Notes 14 and 26 and Schedules E and F, are summarized in the accompanying schedules C and D.

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

Compensation of directors, supervisors and management personnel:

	<u>Year Ended December 31</u>	
	<u>2008</u>	<u>2007</u>
Salaries	\$ 22,345	\$ 14,548
Incentives	17,839	11,230
Special compensation	-	-
Bonus	<u>919</u>	<u>778</u>
	<u>\$ 41,103</u>	<u>\$ 26,556</u>

The compensation of directors, supervisors and management personnel for the year ended December 31, 2007 included the bonuses appropriated from earnings for 2007 which had been approved by shareholders in their annual meeting held in 2008.

25. ASSETS PLEDGED OR MORTGAGED

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

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Properties, net	\$ 2,120,824	\$ -
Restricted time deposits (included in other current assets)	1,435,535	-
Nonoperating assets, net	<u>89,230</u>	<u>89,230</u>
	<u>\$ 3,645,589</u>	<u>\$ 89,230</u>

26. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Note 23 and Schedule F, commitments and contingent liability as of December 31, 2008 were as follows:

- a. Obligations to provide crews to two ships of Chinese Petroleum Corporation under contracts expiring on various dates by September 2012. The daily compensation under the contracts is \$144 thousand for all the crews.
- b. Leases of office premises, ships and container yard under operating lease agreements that will expire on various dates until May 2030. The total rental for the year ended December 31, 2008 was \$8,126,597 thousand, and future minimum rentals are as follows:

Fiscal Year	Amount
2009	\$ 5,727,479
2010	1,972,099
2011	1,269,259
2012	1,183,527
2013	1,043,763

Rentals after 2013 amount to \$2,015,820 thousand. The present value of those rentals, computed at an annual interest rate of 1.42%, is \$1,854,055 thousand.

- c. Leases of containers and chassis under capital lease agreements expiring on various dates until February 2018. Rental for the year ended December 31, 2008 was about \$244,956 thousand (deducted from leases payable). Future minimum rentals are as follows:

Fiscal Year	Amount
2009	\$ 85,342
2010	35,217
2011	21,571
2012	14,928
2013	14,887

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

Company Name	Nature of Relationship	Guarantee Amount (Thousands)
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	US\$ 5,000
Yang Ming (America) Corp.	Subsidiary	US\$ 1,500
Yang Ming (Liberia) Corp.	Subsidiary	US\$ 436,760
Kuang Ming (Liberia) Corp.	Subsidiary	US\$ 381,250
Kao Ming Container Terminal Corp.	Subsidiary	NT\$ 4,000,000
United Terminal Leasing LLC	Indirect equity-method investee	US\$ 15,238
West Basin Container Terminal LLC	Indirect equity-method investee	US\$ 16,264
Olympic Container Terminal LLC	Subsidiary	US\$ 4,700

27. SPIN OFF

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

- a. The spun-off assets were as follows:

Assets	
Interest receivable	\$ 35,438
Prepaid expenses	75,365
Investments accounted for by the equity-method - Kuang Ming (Liberia) Corp.	1,060,904
Miscellaneous equipment	300
Long-term receivables	<u>2,828,709</u>
Net assets	<u>\$ 4,000,716</u>

- b. The revenue gross profit, operating income, net income and earning per share of the spun-off department during January 1 to September 30, 2008 and January 1 to December 31, 2007 were as follows:

	<u>Year Ended December 31</u>	
	<u>2008</u>	<u>2007</u>
Operating revenue	\$ 2,733,663	\$ 1,930,934
Operating costs	<u>(1,830,033)</u>	<u>(1,300,847)</u>
Gross profit	903,630	630,087
Operating expense	<u>(7,899)</u>	<u>(17,699)</u>
Operating income	895,731	612,388
Nonoperating income and gains	292,253	542,667
Nonoperating expenses and income before income tax	<u>(92)</u>	<u>-</u>
Income before income tax	1,187,892	1,155,055
Income tax expense	<u>(296,973)</u>	<u>(288,764)</u>
Net income	<u>\$ 890,919</u>	<u>\$ 866,291</u>
Basic earnings per share (EPS)	<u>\$0.35</u>	<u>\$0.34</u>

28. ADDITIONAL DISCLOSURES

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

- a. Financing provided: Please see Schedule E attached;
- b. Endorsement/guarantee provided: Please see Schedule F attached;
- c. Marketable securities held: Please see Schedule G attached;
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Schedule H attached;
- e. Acquisition of individual real estate properties at costs of at least NT\$100 million or 20% of the paid-in capital: None;
- f. Disposal of individual real estate properties at prices of at least NT\$100 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
- h. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Schedule I attached;
- i. Names, locations, and related information of investees on which the Corporation exercises significant influence: Please see Schedule J attached;
- j. Information about derivatives of investees over which the Corporation has a controlling interest: None;

k. Information on investment in Mainland China

- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investment: Please see Schedule K attached.
- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None.

29. SEGMENT INFORMATION

- a. The Corporation operates in a single business, namely, ocean freight transport.
- b. The Corporation has no revenue - generating unit (branch or office) outside Taiwan.
- c. Cargo transport revenues

Line Service	2008		2007	
	Amount	%	Amount	%
U.S. Western coast line	\$ 39,823,325	34	\$ 38,500,490	34
Northwest European line	25,242,611	22	21,184,160	19
Asia line	15,601,529	13	16,027,026	14
U.S. Eastern coast line	15,170,071	13	15,982,636	14
Mediterranean line	8,457,739	7	8,716,669	8

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

SCHEDULE A**YANG MING MARINE TRANSPORT CORPORATION****OVERSEAS DEPOSITS
DECEMBER 31, 2008**

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

SCHEDULE B**YANG MING MARINE TRANSPORT CORPORATION****OVERSEAS DEPOSITS
DECEMBER 31, 2007**

Country	Currency	Foreign-Currency Amount (Thousands)	New Taiwan Dollar Exchange Rate	New Taiwan Dollar Amount (Thousands)
Japan	USD	(Note)	32.4400	\$ 2
	JPY	\$ 674,146	0.2896	195,209
Hong Kong	USD	4,413	32.4400	143,158
	HKD	7,233	4.1593	30,083
United States	USD	8,799	32.4400	285,441
Indonesia	USD	135	32.4400	4,390
Belgium	EUR	560	47.7062	26,709
Malaysia	USD	(Note)	32.4400	28
	MYR	2,282	9.8125	22,395
Britain	USD	(Note)	32.4400	28
	GBP	(Note)	64.7502	52
Germany	EUR	1,298	47.7062	61,919
Philippines	USD	(Note)	32.4400	17
	PHP	31,813	0.7874	25,049
Singapore	USD	35	32.4400	1,145
	SGD	604	22.5732	13,641
India	INR	7,619	0.8231	6,271
Thailand	THB	48,197	0.9640	46,464
Korea	KRW	1,050,989	0.0347	36,437

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

YANG MING MARINE TRANSPORT CORPORATION

RELATED PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)

Related Party	Name of Relationship (See Notes Below)	Operating Revenues														Operating Costs				Operating Expenses		Nonoperating Income and Gains				Purchase of Properties		Sale of Properties										
		Charter Hire		Agents' Income		Rent of Container		Cargo Transport Revenue		Ship Management		Other Operating Income		Haulage		Others		Donation		Interest Income		Rental Income		Amount		Amount												
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%											
2008																																						
Kuang Ming Shipping Corp.	A	\$	-	-	\$	-	-	\$	-	-	\$	175,794	42	\$	-	-	\$	-	-	\$	-	-	\$	664,337	80	\$	274	-	\$	-	-							
All Oceans Transportation, Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Ching Ming Investment Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Yangming (Japan) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Young-Carrier Company Limited	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Yangming (UK) Ltd.	A	778,489	F 30	115,527	99	884,459	99	-	-	148,985	36	-	-	4,819,246	K 13	329,076	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Yang Ming Shipping Europe GmbH	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Yang Ming Line (Hong Kong) Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Yangming Shipping (Singapore) Pte. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Yang Ming Line (M) Sdn. Bhd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Yang Ming (America) Co.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Yang Ming (Netherlands) B.V.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Yes Logistics Corp.	A	-	-	-	-	-	-	97,810	-	-	-	31,552	-	-	-	-	-	-	-	-	-	-	-	-	-	4,000	3	-	-	-	-							
Yang Ming Italy S.p.A.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Yang Ming Line (India) Pvt. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	1,949,090	R 5	-	-	-	-	-	-	-	60,684	7	-	-	-	-	-	-	-							
Yang Ming Shipping (B.V.I.) Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	182,415	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Yang Ming (Vietnam) Corp.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,356	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
West Basin Container Terminal LLC	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,308,668	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Olympic Container Terminal LLC	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	446,153	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Yang Ming (Belgium) N.V.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94,306	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Yang Ming (Korea) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	154,698	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Taiwan Navigation Co., Ltd.	C	-	-	-	-	-	-	-	-	-	-	1,269	-	-	-	109,531	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Yang Ming Cultural Foundation	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	114,935	100	-	-	-	-	-	-	-	-	-	-	-							
Kuang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	41,492	9	-	-	-	-	-	-	-	-	-	-	-	35,438	4	-	-	-	-	-	-	-	-							
		\$	778,489	30	\$	115,527	99	\$	884,459	99	\$	97,810		\$	366,271	87	\$	32,821		\$	10,827,889	29	\$	7,968,432	23	\$	114,935	100	\$	760,459	91	\$	4,365	3	\$	-	\$	-
2007																																						
Kuang Ming Shipping Corp.	A	\$	-	-	\$	-	-	\$	-	-	\$	44,715	19	\$	-	-	\$	14,946	P	-	\$	-	-	\$	718,611	80	\$	137	-	\$	2,287,561	O	31	\$	318,581	N	5	
All Oceans Transportation, Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Ching Ming Investment Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Yangming (Japan) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Young-Carrier Company Limited	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Yangming (Cayman) Ltd. (Note S)	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Yangming (UK) Ltd.	A	479,464	E 20	107,663	99	725,303	99	-	-	138,672	59	8	-	2,407,849	L 6	379,248	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Yang Ming Shipping Europe GmbH	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	396,549	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Yang Ming Line (Hong Kong) Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	355,262	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Yangming Shipping (Singapore) Pte. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78,219	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Kuang Ming Shipping Corp. (Panama)	A	-	-	-	-	-	-	-	-	-	-	-	-	56,218	J	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Yang Ming Line (M) Sdn. Bhd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,667	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Yang Ming (America) Co.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,738,860	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Yang Ming (Netherlands) B.V.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	116,396	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Yes Logistics Corp.	A	-	-	-	-	-	-	253,997	-	-	-	16,552	-	-	-	55,933	-	-	-	-	-	-	-	-	-	4,000	3	-	-	-	-	-	-	-				
Yang Ming Italy S.p.A.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118,582	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Yang Ming Line (India) Pvt. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,918	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	1,724,342	Q 4	-	-	-	-	-	-	-	81,154	9	-	-	-	-	-	-	-	-	-	-				
Yang Ming Shipping (B.V.I.) Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	216,685	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Yang Ming (Vietnam) Corp.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,498	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
West Basin Container Terminal LLC	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,742,194	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Olympic Container Terminal LLC	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	422,915	1	-	-	-																		

- 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. Lease of 4 ships for Yangming (U.K.) Ltd.
 - F. Lease of 9 ships for Yangming (U.K.) Ltd.
 - G. Lease of 33 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until December 2010; rent is payable monthly.
 - H. Lease of 37 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until September 2009; rent is payable monthly.
 - I. Lease of one ship from Yang Ming (Cayman) Ltd. under an agreement was cancelled before expiry date in March 2007.
 - J. Lease of one ship from Kuang Ming Shipping Corp. (Panama) under an agreement was cancelled before expiry date on November 30, 2007.
 - K. Lease of space from Yangming (U.K.) Ltd. under several agreements expiring on various dates until December 2009; rent is payable monthly.
 - L. Lease of space from Yangming (U.K.) Ltd. under several agreements expiring on various dates until December 2008; rent is payable monthly.
 - M. Sale of two ships to All Oceans Transportation Inc. in January and April of 2007 were at carrying value.
 - N. Sale of one ship to third parties in October of 2007 was at carrying value.
 - O. Acquisition of four ships from All Oceans Transportation Inc. in June and July of 2007 were at carrying value.
 - P. Lease of one ship from Kuang Ming Shipping Corp. under an agreement was cancelled on June 1, 2007 before expiring date on April 10, 2008; rent is payable monthly.
 - Q. Lease of 9 ships from Yang Ming (Liberia) Corp. under an agreement expiring date on November 21, 2008; rent is payable monthly.
 - R. Lease of 9 ships from Yang Ming (Liberia) Corp. under an agreement expiring on November 21, 2009; rent is payable monthly.
 - S. Yangming (Cayman) Ltd. had been liquidated on September 28, 2007.
 - T. Other related parties, with which the Corporation had no transactions for the year ended December 31, 2008, are listed in Schedule J.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

RELATED-PARTY ACCOUNT BALANCES
DECEMBER 31, 2008 and 2007
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (See Notes Below)	Receivables from Related Parties						Advances to Shipping Agents	Long-term Receivable from Related Parties	Payables to Related Parties							
		Accounts Receivables		Other Receivables		Total				Amount	%	Accrued Expense		Payables to Shipping Agents		Total	
		Amount	%	Amount	%	Amount	%					Amount	%	Amount	%	Amount	%
<u>2008</u>																	
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 46,177	2	\$ 46,177	2	\$ -	-	\$ -	-	\$ -	-	\$ -	-		
All Oceans Transportation, Inc.	A	-	-	-	-	-	-	25,390,306	J	90	-	-	-	-	-		
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	66,820	2	-	-	66,820	2	
Yang Ming (America) Co.	A	162,017	7	-	-	162,017	7	102,660	25	-	-	-	-	-	-		
Yangming (Japan) Co., Ltd.	A	167,352	7	-	-	167,352	7	-	-	-	-	187,402	7	187,402	7		
Yang Ming Line Holding Co.	A	-	-	-	-	-	-	-	-	30,911	-	-	-	-	-		
Young-Carrier Company Limited	A	1,045,922	45	-	-	1,045,922	45	-	-	-	-	963,670	35	963,670	35		
Yangming (UK) Ltd.	A	195,965	9	-	-	195,965	9	-	-	-	-	931,141	H	34	931,141	34	
Yang Ming Shipping Europe GmbH	A	82,218	4	-	-	82,218	4	-	-	-	-	34,378	1	34,378	1		
Yang Ming Line (Hong Kong) Ltd.	A	47,077	2	-	-	47,077	2	-	-	-	-	91,719	3	91,719	3		
Yangming Shipping (Singapore) Pte. Ltd.	A	3,559	-	-	-	3,559	-	2,374	1	-	-	19,738	1	19,738	1		
Yang Ming Line (M) Sdn. Bhd.	A	18,034	1	63	-	18,097	1	-	-	-	-	6,301	-	6,301	-		
Yes Logistics Corp.	A	2,164	-	12,884	1	15,048	1	-	-	-	1,222	-	-	1,222	-		
Yang Ming Italy S.p.A.	A	98,029	4	-	-	98,029	4	-	-	-	-	45,250	2	45,250	2		
Yang Ming (Korea) Co., Ltd.	A	150,184	7	-	-	150,184	7	-	-	-	-	77,904	3	77,904	3		
Yang Ming (Netherlands) B.V.	A	101,160	4	10,978	-	112,138	4	-	-	-	-	100,868	4	100,868	4		
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	1,130,363	E	4	-	-	-		
Yang Ming (Vietnam) Corp.	B	15,073	1	-	-	15,073	1	-	-	-	9,858	-	141,598	5	151,456	5	
Yang Ming Line (India) Pvt. Ltd.	A	37,750	2	-	-	37,750	2	-	-	-	-	19,077	1	19,077	1		
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	1,639,208	G	6	-	-	-		
Kuang Ming Shipping Corp. (Panama)	A	-	-	-	-	-	-	-	-	-	30,401	1	-	-	30,401	1	
Ching Ming Investment Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Belgium) N.V.	A	64,467	3	-	-	64,467	3	5,893	1	-	-	-	-	-	-		
Taiwan Navigation Co., Ltd.	C	-	-	-	-	-	-	-	-	-	5,915	-	-	-	5,915		
Kuang Ming (Liberia) Corp.	A	-	-	21,436	1	21,436	1	-	-	-	30,108	1	-	-	30,108	1	
Yan Ming Anatolia Shipping Agency	A	1,947	-	-	-	1,947	-	-	-	-	-	-	-	-	-		
		<u>\$ 2,192,918</u>	<u>96</u>	<u>\$ 91,538</u>	<u>4</u>	<u>\$ 2,284,456</u>	<u>100</u>	<u>\$ 110,927</u>	<u>27</u>	<u>\$ 28,190,788</u>	<u>100</u>	<u>\$ 144,324</u>	<u>4</u>	<u>\$ 2,619,046</u>	<u>96</u>	<u>\$ 2,763,370</u>	<u>100</u>

(Continued)

Related Party	Nature of Relationship (See Notes Below)	Receivables from Related Parties						Advances to Shipping Agents		Long-term Receivable from Related Parties		Payables to Related Parties						
		Accounts Receivables		Other Receivables		Total		Amount	%	Amount	%	Accrued Expense		Payables to Shipping Agents		Total		
		Amount	%	Amount	%	Amount	%					Amount	%	Amount	%	Amount	%	Amount
2007																		
Kuang Ming Shipping Corp.	A	\$ 46,951	1	\$ 4,093	-	\$ 51,044	1	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
All Oceans Transportation, Inc.	A	-	-	1,654,012	D 29	1,654,012	29	-	-	21,763,729	K 90	-	-	-	-	-	-	-
Jing Ming Transportation Co., Ltd.	A	-	-	402	-	402	-	-	-	-	-	64,027	3	-	-	-	-	64,027
Yang Ming (America) Co.	A	398,493	7	58,277	1	456,770	8	-	-	-	-	-	-	34,633	2	-	-	34,633
Yangming (Japan) Co., Ltd.	A	145,687	2	-	-	145,687	2	-	-	-	-	-	-	101,238	5	-	-	101,238
Yang Ming Line Holding Co.	A	-	-	-	-	-	-	-	-	30,523	-	-	-	-	-	-	-	-
Young-Carrier Company Limited	A	1,318,066	22	-	-	1,318,066	22	-	-	-	-	-	-	215,990	11	-	-	215,990
Yangming (UK) Ltd.	A	124,614	2	194,640	3	319,254	5	68,549	18	-	-	-	-	968,959	H 48	-	-	968,959
Yang Ming Shipping Europe GmbH	A	202,984	3	-	-	202,984	3	-	-	-	-	-	-	4,705	-	-	-	4,705
Yang Ming Line (Hong Kong) Ltd.	A	163,312	3	-	-	163,312	3	-	-	-	-	-	-	244,250	12	-	-	244,250
Yangming Shipping (Singapore) Pte. Ltd.	A	18,656	-	-	-	18,656	-	-	-	-	-	-	-	21,122	1	-	-	21,122
Yang Ming Line (M) Sdn. Bhd.	A	24,567	-	64	-	24,631	-	-	-	-	-	-	-	6,721	-	-	-	6,721
Yes Logistics Corp.	A	33,270	1	5,116	-	38,386	1	-	-	-	-	-	-	-	-	-	-	-
Yang Ming Italy S.p.A.	A	92,003	2	-	-	92,003	2	-	-	-	-	-	-	21,341	1	-	-	21,341
Yang Ming (Korea) Co., Ltd.	A	164,510	3	-	-	164,510	3	-	-	-	-	-	-	89,173	5	-	-	89,173
Yang Ming (Netherlands) B.V.	B	74,476	1	-	-	74,476	1	-	-	-	-	-	-	74,972	4	-	-	74,972
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	1,225,155	E 5	-	-	-	-	-	-	-
Yang Ming (Vietnam) Corp.	B	43,921	1	-	-	43,921	1	-	-	-	-	-	-	88,591	4	-	-	88,591
Yang Ming Line (India) Pvt. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	32,364	2	-	-	32,364
Yang Ming (Liberia) Corp.	A	-	-	1,067,242	I 18	1,067,242	18	-	-	1,144,787	F 5	-	-	-	-	-	-	-
Kuang Ming Shipping Corp. (Panama)	A	-	-	-	-	-	-	-	-	-	-	30,012	1	-	-	-	-	30,012
Ching Ming Investment Corp.	A	-	-	2,208	-	2,208	-	-	-	-	-	-	-	-	-	-	-	-
Yang Ming (Belgium) N.V.	A	31,074	1	-	-	31,074	1	37,042	10	-	-	-	-	-	-	-	-	-
Taiwan Navigation Co., Ltd.	C	-	-	-	-	-	-	-	-	-	-	14,997	1	-	-	-	-	14,997
		<u>\$ 2,882,584</u>	<u>49</u>	<u>\$ 2,986,054</u>	<u>51</u>	<u>\$ 5,868,638</u>	<u>100</u>	<u>\$ 105,591</u>	<u>28</u>	<u>\$ 24,164,194</u>	<u>100</u>	<u>\$ 109,036</u>	<u>5</u>	<u>\$ 1,904,059</u>	<u>95</u>	<u>\$ 2,013,095</u>	<u>100</u>	

Notes: A. Subsidiary of the Corporation
B. An equity-method investee of subsidiary of the Corporation.
C. More than half of the directors are identical.
D. Including dividends receivable, the payment for All Oceans Transportation Inc. and the amount of proceeds from disposal of ships.
E. Dividends receivable.
F. The amount of proceeds from disposal of ships.
G. Including the amount of proceeds from disposal of ships and financing provided (Schedule E).
H. Represents freight expense paid and held on behalf of Yangming (UK) Ltd.
I. Including the payment made for Yang Ming (Liberia) Corp.
J. Including dividends receivable the amount of proceeds from disposal of ships and financing provided (Schedule E).
K. Including dividends receivable and the amount of proceeds from disposal of ships.
L. The receivables for proceeds from disposal of ships from All Oceans Transportation Inc. (a subsidiary) and Yang Ming (Liberia) Corp. will be offset by rentals payable periodically.
M. Other related parties, with which the Corporation had no transactions for the year ended December 31, 2008, are listed in Schedule J.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

FINANCING PROVIDED

DECEMBER 31, 2008

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

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Year (Note L)	Ending Balance (Note L)	Interest Rate	Nature of Financing (Note A)	In the Last Two Years Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can Be Provided by the Financier
											Item	Value		
0	Yang Ming Marine Transport Corporation	Yang Ming (Liberia) Corp.	Other receivables	\$ 1,441,404 (US\$ 43,865,000)	\$ 772,984 (US\$ 22,002,000)	3.36%	1	\$ 3,673,432 (US\$111,790,000)	Repayment of loans	\$ -	-	\$ -	\$ 3,673,432 (Note C)	\$ 18,802,679 (Note B)
		Antwerp International Terminal	Other receivables	22,698 (EUR 490,000)	15,129 (EUR 327,000)	6.04%	1	533,553 (EUR 11,518,000)	Improve financial structure	-	-	-	533,553 (Note C)	18,802,679 (Note B)
		All Oceans Transportation, Inc.	Other receivables	2,358,726	2,068,819	3.36%	1	8,502,860	Acquisition of ships	-	-	-	8,502,860 (Note C)	18,802,679 (Note B)
1	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	450,182 (US\$ 13,700,000)	450,182 (US\$ 13,700,000)	2.00%	2	-	Obtain working capital	-	-	-	532,332 (Note E)	591,480 (Note D)
2	Yang Ming Shipping (B.V.I.) Inc.	Karman Properties Limited	Temporary debits	102,411 (HK\$ 24,153,000)	102,411 (HK\$ 24,153,000)	-	2	-	Acquisition of office building	-	-	-	435,937 (Note G)	544,922 (Note F)
3	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Line (India) Pvt. Ltd.	Other receivables	3,943 (US\$ 120,000)	-	2.80%	2	-	Obtain working capital	-	-	-	814,161 (Note H)	1,628,322 (Note F)
4	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line B.V.	Payment for others	25,408 (Note K)	-	1.50%	2	-	Investment in Yangming (UK) Ltd. and Yang Ming Shipping Europe GmbH	-	-	-	3,964,448 (Note G)	4,955,560 (Note F)
5	Kuang Ming Shipping Corp.	Yang Ming (Liberia) Corp.	Other receivables	525,760 (US\$ 16,000,000)	525,760 (US\$ 16,000,000)	2.725%	2	-	Obtain working capital	-	-	-	760,517 (Note J)	2,028,045 (Note I)

Notes:

A. Nature of Financing:

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

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

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

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

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

F. Represents the lender's net asset value.

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

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

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

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

K. Equivalent to GBP323,000 and EUR212,000 translated into New Taiwan dollars at the exchange rate of GBP1=NT\$47.5221 and EUR1=NT\$46.3227 as of December 31, 2008.

L. United States dollars and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.86 and HK\$1=NT\$4.2401 and EUR1=NT\$46.3227 as of December 31, 2008.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

ENDORSEMENT/GUARANTEE PROVIDED

DECEMBER 31, 2008

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

No.	Guarantor	Guaranteed Party		Maximum Amount of Guarantee to Individual Guaranteed Parties	Maximum Balance for the Year (Note M)	Ending Balance (Note M)	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Amount of Guarantee that Can be Provided by the Guarantor
		Name	Nature of Relationship						
0	Yang Ming Marine Transport Corporation	Yang Ming (America) Corp.	Subsidiary	\$ 37,605,358 (Note B)	\$ 49,290 (US\$ 1,500,000)	\$ 49,290 (US\$ 1,500,000)	\$ -	0.10%	\$ 47,006,697 (Note A)
		All Oceans Transportation, Inc.	Subsidiary	37,605,358 (Note B)	5,805,817 (US\$180,698,000)	-	-	-	47,006,697 (Note A)
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	37,605,358 (Note B)	164,300 (US\$ 5,000,000)	164,300 (US\$ 5,000,000)	-	0.35%	47,006,697 (Note A)
		Yang Ming (Liberia) Corp.	Subsidiary	37,605,358 (Note B)	14,351,933 (US\$436,760,000)	14,351,933 (US\$436,760,000)	-	30.53%	47,006,697 (Note A)
		Yang Ming (Liberia) Corp.	Subsidiary	37,605,358 (Note B)	12,527,861 (US\$381,250,000)	12,527,861 (US\$381,250,000)	-	26.65%	47,006,697 (Note A)
		Kao Ming Container Terminal Corp.	Subsidiary	37,605,358 (Note B)	4,000,000	4,000,000	-	8.51%	47,006,697 (Note A)
		United Terminal Leasing LLC	Equity-method investee of subsidiary	37,605,358 (Note B)	500,732 (US\$ 15,238,000)	500,732 (US\$ 15,238,000)	-	1.06%	47,006,697 (Note A)
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	37,605,358 (Note B)	534,435 (US\$ 16,264,000)	534,435 (US\$ 16,264,000)	-	1.14%	47,006,697 (Note A)
		Olympic Container Terminal LLC	Subsidiary	37,605,358 (Note B)	154,442 (US\$ 4,700,000)	154,442 (US\$ 4,700,000)	-	0.33%	47,006,697 (Note A)
1	Yang Mine Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	473,184 (Note D)	3,417 (US\$ 104,000)	-	-	-	591,480 (Note C)
2	Yes Logistics Corp.	Yes Logistics Co., Ltd.	Subsidiary	600,000 (Note F)	506,208 (US\$ 15,405,000)	506,208 (US\$ 15,405,000)	506,208	1.08%	1,200,000 (Note E)
3	Yang Ming Line (Hong Kong) Ltd.	Karman Properties Limited	Subsidiary	67,842 (Note H)	67,842 (HK\$16,000,000)	67,842 (HK\$16,000,000)	-	0.14%	84,802 (Note G)
4	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	Subsidiary	2,720,940 (Note J)	46,891 (US\$ 1,427,000)	33,977 (US\$ 1,034,000)	-	0.07%	3,401,175 (Note I)
5	All Oceans Transportation, Inc.	Ming Marine Transport Corporation	Parent	28,441,982 (Note L)	4,500,000	4,500,000	4,500,000	9.57%	35,552,477 (Note K)

(Continued)

Notes:

- A. Represents 100% of the paid-in capital of Yang Ming Marine Transport Corporation (the "Corporation").
- B. Represents 80% of the Corporation's paid-in capital.
- C. Represents US\$18,000,000.
- D. Represents 80% of the amount mentioned in Note C.
- E. Represents 100% of the paid-in capital of Yes Logistics Corp.
- F. Represents 50% of the amount mentioned in Note E.
- G. Represents HK\$20,000,000.
- H. Represents 80% of the amount mentioned in Note G.
- I. Represents 100% of the paid-in capital of Yang Ming Line (B.V.I.) Holding Co., Ltd.
- J. Represents 80% of the amount mentioned in Note I.
- K. Represents 100% of the assets of All Oceans Transportation, Inc.
- L. Represents 80% of the amount mentioned in Note K.
- M. United States dollars, Great Britain's currency and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.86, GBP\$1=NT\$47.5221 and HK\$1=NT\$4.2401 on December 31, 2008.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2008

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
Yang Ming Marine Transport Corporation	<u>Common stock</u> Yang Ming Line (BVI) Holding Co., Ltd.	Subsidiary	Investments accounted for by the equity method	10,351	\$ 4,955,560	100.00	\$ 4,955,560	
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	60,130,000	1,628,322	100.00	1,628,322	
	All Oceans Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	1,000	5,539,339	100.00	5,539,339	
	Kuang Ming Shipping Corp.	Subsidiary	Investments accounted for by the equity method	205,514,000	5,070,113	100.00	5,070,113	
	Yang Ming Line Holding Co.	Subsidiary	Investments accounted for by the equity method	13,500	313,530	100.00	313,530	
	Ching Ming Investment Corp.	Subsidiary	Investments accounted for by the equity method	160,650,000	1,281,101	100.00	1,281,101	
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	31,667,630	357,842	79.17	357,842	
	Jing Ming Transportation Co., Ltd.	Subsidiary	Investments accounted for by the equity method	8,615,923	120,861	50.98	120,861	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	55,251,100	520,731	46.04	520,731	
	Yang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	171,509	100.00	171,509	
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments accounted for by the equity method	1,345	856,048	49.00	856,048	
	Chunghwa Investment Co., Ltd.	Equity-method investee	Investments accounted for by the equity method	80,000,000	739,517	40.00	739,517	
	Ming Giant (Shanghai) International Logistics Company Limited	Subsidiary	Investments accounted for by the equity method	(Notre H)	235,739	100.00	235,739	
	Kao Ming Container Terminal Corp.	Subsidiary	Investments accounted for by the equity method	80,000,000	786,771	100.00	786,771	
	Yunn Wang Investment Co., Ltd.	Equity-method investee	Investments accounted for by the equity method	5,211,474	202,032	49.75	202,032	
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset measured at cost - noncurrent	32,000,000	316,640	10.00	-	
	Antwerp International Terminal N.V.	-	Financial asset measured at cost - noncurrent	1,486,030	58,978	16.33	-	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	70,758,243	2,855,096	16.96	2,855,096	(Note V)
	Taiwan Fertilizer Co., Ltd.	-	Financial assets at fair value through profit or loss - current	18,000	940	0.01	940	
	United Integrated Services Co., Ltd.	-	Financial assets at fair value through profit or loss - current	65,000	715	0.01	715	
	Taiwan Fire & Marine Insurance Co., Ltd.	-	Financial assets at fair value through profit or loss - current	65,000	907	0.02	907	
	Taiwan Cooperative Bank	-	Financial assets at fair value through profit or loss - current	92,305	1,532	-	1,532	
	Test-Serv Inc.	-	Financial assets at fair value through profit or loss - current	58,300	411	0.09	411	
	Chenbro Micom Co., Ltd.	-	Financial assets at fair value through profit or loss - current	69,000	592	0.05	592	
	Formosa Plastics Corporation	-	Available-for-sale financial assets - current	1,647,000	71,809	0.03	71,809	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
	China Steel Corporation	-	Available-for-sale financial assets - current	790,010	\$ 18,249	0.01	\$ 18,249	
	United Microelectronics Corp.	-	Available-for-sale financial assets - current	209,000	1,553	-	1,553	
	Delta Electronics, Inc.	-	Available-for-sale financial assets - current	474,300	30,118	0.02	30,118	
	Greatek Electronics Inc.	-	Available-for-sale financial assets - current	457,920	8,609	0.08	8,609	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	1,795,500	65,536	0.02	65,536	
	Chi Mei Optoelectronics Corporation	-	Available-for-sale financial assets - current	210,000	2,268	-	2,268	
	Tripod Technology Corporation	-	Available-for-sale financial assets - current	766,380	24,639	0.17	24,639	
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets - current	274,860	22,539	0.22	22,539	
	Systex Corporation	-	Available-for-sale financial assets - current	738,000	13,173	0.28	13,173	
	Aten International Co., Ltd.	-	Available-for-sale financial assets - current	115,528	4,846	0.10	4,846	
	Formosa Petrochemical Corp.	-	Available-for-sale financial assets - current	226,000	15,323	-	15,323	
	<u>Exchange traded funds</u>							
	Fubon Taiwan Technology Tracker Fund	-	Financial assets at fair value through profit or loss - current	90,000	1,881	-	1,881	
	Polaris/P-shares Taiwan Electronics Tech ETF	-	Available-for-sale financial assets - current	670,000	9,219	-	9,219	
	<u>Mutual fund</u>							
	Allianz Global Investors All Seasons Return Fund of Bond Fund	-	Financial assets at fair value through profit or loss - current	2,780,000	29,075	-	29,075	
	BGI Liquidity First Fund (USD)	-	Financial assets at fair value through profit or loss - current	4,745	156	-	156	
	BGI Liquidity First Fund (EUR)	-	Financial assets at fair value through profit or loss - current	6,209	288	-	288	
	BGI Liquidity First Fund (GBP)	-	Financial assets at fair value through profit or loss - current	9,655	459	-	459	
	Allianz Glb inv Glb Eco Trends Fund	-	Available-for-sale financial assets - current	7,663,310	64,142	-	64,142	
	Paradigm Small Capital Fund	-	Available-for-sale financial assets - current	795,384	12,313	-	12,313	
	JF (Taiwan) New Silk Road Emerging Markets Fund	-	Available-for-sale financial assets - current	2,000,000	9,460	-	9,460	
	Allianz Global Agricultural Trends Fund	-	Available-for-sale financial assets - current	3,800,178	20,825	-	20,825	
	Yuanta Equity Hedge Strategy Fund	-	Available-for-sale financial assets - current	1,000,000	10,230	-	10,230	
	Polaris New Taiwan Fund	-	Available-for-sale financial assets - current	800,000	13,544	-	13,544	
	Schroders ISF Global Energy A1 Fund	-	Available-for-sale financial assets - current	72,789	45,588	-	45,588	
	Invesco Energy Fund	-	Available-for-sale financial assets - current	91,684	52,813	-	52,813	
	Investec Global Energy Fund	-	Available-for-sale financial assets - current	7,313	47,132	-	47,132	
	BlackRock World Energy Fund	-	Available-for-sale financial assets - current	31,635	15,791	-	15,791	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
Ching Ming Investment Corp.	<u>Preferred stock</u> New Century Infocomm Co., Ltd.	-	Financial asset measured at cost - noncurrent	67,368,400	\$ 427,789	1.68	\$ -	
	<u>Common stock</u> Honning Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	3,950,000	44,634	9.88	44,634	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	49,311,077	464,774	41.09	464,774	
	SF Technology Venture Capital Investment Corp.	-	Financial asset measured at cost - noncurrent	2,800,000	8,968	7.24	-	
	United Venture Capital Corp.	-	Financial asset measured at cost - noncurrent	4,800,000	26,352	9.04	-	
	Ascentek Venture Capital Corp.	-	Financial asset measured at cost - noncurrent	980,000	9,856	2.14	-	
	China Technology Venture Capital Corporation	-	Financial asset measured at cost - noncurrent	3,000,000	30,000	8.96	-	
	Kingmax Technology Corp.	-	Financial asset measured at cost - noncurrent	1,644,231	21,835	1.38	-	
	First Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	749,000	12,920	0.01	12,920	
	U-Ming Marine Transport Corp.	-	Financial assets at fair value through profit or loss - current	200,000	7,860	0.02	7,860	
	Powertech Technology Inc.	-	Financial assets at fair value through profit or loss - current	506,000	27,627	0.08	27,627	
	High Tech Computer Corp.	-	Financial assets at fair value through profit or loss - current	283,500	92,705	0.04	92,705	
	China Steel Corporation	-	Available-for-sale financial assets - current	256,000	5,914	-	5,914	
	Dynapack International Technology Corp.	-	Available-for-sale financial assets - current	46,000	2,815	0.04	2,815	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	3,752,750	136,975	0.04	136,975	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	505,000	20,377	0.12	20,377	(Note V)
	Delta Electronics, Inc.	-	Available-for-sale financial assets - current	111,550	7,083	0.01	7,083	
	Tripod Technology Corporation	-	Available-for-sale financial assets - current	433,800	13,947	0.09	13,947	
	AU Optronics Corp.	-	Available-for-sale financial assets - current	212,892	5,258	-	5,258	
	Radiant Opto-Electronics Corp.	-	Available-for-sale financial assets - current	412,541	8,457	0.10	8,457	
	Novatek Microelectronics Corp.	-	Available-for-sale financial assets - current	18,432	4,064	-	4,064	
	Hon Hai Precision Ind Co, Ltd.	-	Available-for-sale financial assets - current	161,000	10,336	-	10,336	
	Taiwan Surface Mounting Technology Corp.	-	Available-for-sale financial assets - current	92,575	2,060	0.06	2,060	
Wellypower Optronics Co., Ltd.	-	Available-for-sale financial assets - current	115,500	1,721	0.07	1,721		
Formosa Petrochemical Corp.	-	Available-for-sale financial assets - current	50,000	3,390	-	3,390		
Coretronic Corporation	-	Available-for-sale financial assets - current	357,956	6,121	0.05	6,121		
Richtek Technology Corp.	-	Available-for-sale financial assets - current	37,300	4,886	0.03	4,886		
Tainan Spinning Co., Ltd.	-	Available-for-sale financial assets - current	400,000	2,600	0.04	2,600		

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets - current	207,592	\$ 17,023	0.17	\$ 17,023	
	Aten International Co., Ltd.	-	Available-for-sale financial assets - current	361,203	15,153	0.33	15,153	
	Polaris/P-shares Taiwan Electronics Tech ETF	-	Available-for-sale financial assets - current	100,000	1,376	0.09	1,376	
	Taiwan Fertilizer Co., Ltd.	-	Available-for-sale financial assets - current	100,000	5,220	0.01	5,220	
	<u>Mutual fund</u> Cathay Small & Mediam Cap Fund	-	Available-for-sale financial assets - current	222,916	3,578	-	3,578	
	Fuh Hwa Small Capital Fund	-	Available-for-sale financial assets - current	422,450	8,470	-	8,470	
	IBT North American Income Trust Fund	-	Available-for-sale financial assets - current	500,000	4,090	-	4,090	
	Hua Nan Global Infrastructure Fund	-	Available-for-sale financial assets - current	200,000	1,408	-	1,408	
	Allianz GIS RCM Little Dragon Fund	-	Available-for-sale financial assets - current	8,299	14,556	-	14,556	
	KBC Concord Taiwan Home Run Equity Fund	-	Available-for-sale financial assets - current	500,000	4,060	-	4,060	
	UPAMC Quality Growth Fund	-	Available-for-sale financial assets - current	455,374	3,711	-	3,711	
	SinoPac Small & Mediam Capital Fund	-	Available-for-sale financial assets - current	152,300	3,587	-	3,587	
	Grand Cathay Balance 2 Fund	-	Available-for-sale financial assets - current	295,159	4,085	-	4,085	
	SinoPac Fund	-	Available-for-sale financial assets - current	332,803	4,663	-	4,663	
	Fidelity European Growth Fund	-	Available-for-sale financial assets - current	5,136	2,911	-	2,911	
	Templeton Developing Markets Fund	-	Available-for-sale financial assets - current	2,254	945	-	945	
	Fidelity European Aggressive Fund	-	Available-for-sale financial assets - current	1,277	474	-	474	
	Fidelity Emerging Markets Fund	-	Available-for-sale financial assets - current	2,477	852	-	852	
	AIG Global Medallion Fund of Funds	-	Available-for-sale financial assets - current	1,779,107	15,994	-	15,994	
	Capital Strategin Growth Fund	-	Available-for-sale financial assets - current	1,000,000	5,890	-	5,890	
	JF (Taiwan) Japan Brilliance Fund	-	Available-for-sale financial assets - current	1,000,000	6,710	-	6,710	
	Fuh Hwa Bond Fund	-	Financial assets at fair value through profit or loss - current	3,883,401	53,488	-	53,488	
	UPAMC James Bond Fund	-	Financial assets at fair value through profit or loss - current	1,943,605	30,972	-	30,972	
	PAC Africa Fund	-	Financial assets at fair value through profit or loss - current	1,000,000	10,600	-	10,600	
	PAC Well Pool Fund	-	Financial assets at fair value through profit or loss - current	2,164,168	28,006	-	28,006	
	Cathay Bond Fund	-	Financial assets at fair value through profit or loss - current	2,523,617	30,007	-	30,007	
Yang Ming Line (Singapore) Pte. Ltd.	<u>Common stock</u> Yang Ming Shipping (BVI) Inc.	Subsidiary	Investments accounted for by the equity method	510	272,432	51.00	272,432	
	Young-Carrier Company Ltd.	Subsidiary	Investments accounted for by the equity method	910,000	443,449	91.00	443,449	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Yangming (Japan) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	3,000	\$ 74,088	100.00	\$ 74,088	
	Sunbright Insurance Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	42,068	100.00	42,068	
	Yangming Shipping (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	58,404	100.00	58,404	
	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	Investments accounted for by the equity method	1,000,000	15,315	100.00	15,315	
	Yang Ming Line (Hong Kong) Ltd.	Subsidiary	Investments accounted for by the equity method	510,000	(92,748)	51.00	(92,748)	(Note T)
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	Investments accounted for by the equity method	300,000	12,208	60.00	12,208	
	Yang Ming (Korea) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	60,000	18,360	60.00	18,360	
	Yan Ming Anatolia Shipping Agency	Subsidiary	Investments accounted for by the equity method	50,000	1,077	50.00	1,077	
	Yang Ming (Vietnam) Corp.	Equity-method investee	Investments accounted for by the equity method	(Note I)	11,742	49.00	11,742	
	Formosa International Development Corporation	Equity-method investee	Investments accounted for by the equity method	(Note G)	224,743	30.00	74,082	
	Yangtze River Express Airlines Company Limited	-	Financial asset measured at cost - noncurrent	(Note O)	-	12.00	-	
	<u>Global depositary receipt</u> Via Source Policy Fund	-	Financial asset held-to-maturity - current	5	5,902	-	5,902	
Yangming (Japan) Co., Ltd.	<u>Common stock</u> Manwa & Co., Ltd.	Subsidiary	Investments accounted for by the equity method	200	3,237	100.00	3,237	
Yang Ming Shipping (BVI) Inc.	<u>Common stock</u> Karman Properties Limited	Subsidiary	Investments accounted for by the equity method	1,000	(10,835)	100.00	(10,835)	(Note D)
Yang Ming Line (BVI) Holding Co., Ltd.	<u>Common stock</u> Yang Ming Line N.V.	Subsidiary	Investments accounted for by the equity method	1,500,000	(543,538)	100.00	(543,538)	(Note D)
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Subsidiary	Investments accounted for by the equity method	2,500	(546,956)	100.00	(546,956)	(Note D)
Yang Ming Line B.V.	<u>Common stock</u> Yangming (UK) Ltd.	Subsidiary	Investments accounted for by the equity method	900,000	(715,314)	100.00	(715,314)	(Note D)
	Yang Ming Shipping Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note B)	117,859	100.00	117,859	
	Yang Ming (Belgium) B.V.	Subsidiary	Investments accounted for by the equity method	375	4,712	60.00	4,712	
	Yang Ming (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note j)	13,491	60.00	13,491	
	Yang Ming Italy S.p.A.	Subsidiary	Investments accounted for by the equity method	125,000	26,061	50.00	26,061	
Yangming (UK) Ltd.	<u>Common stock</u> Corstor Ltd.	Equity-method investee	Investments accounted for by the equity method	(Note C)	(559)	50.00	(559)	(Note D)
	Yes Logistics UK Limited	Subsidiary	Investments accounted for by the equity method	200	(3,711)	100.00	(3,711)	(Note D)

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
Yang Ming Shipping Europe GmbH	<u>Common stock</u> Yes Logistics Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note K)	\$ 1,105	100.00	\$ 1,105	
	Zoll Pool Hafen Hamburg	-	Financial asset measured at cost - noncurrent	(Note P)	463	6.00	463	
Yang Ming Italy S.p.A.	<u>Common stock</u> Yang Ming Naples Srl	Subsidiary	Investments accounted for by the equity method	(Note L)	1,674	60.00	1,674	
Yang Ming Line Holding Co.	<u>Common stock</u> West Basin Container Terminal LLC	Equity-method investee	Investments accounted for by the equity method	(Note E)	502,036	40.00	502,036	
	United Terminal Leasing LLC	Equity-method investee	Investments accounted for by the equity method	(Note F)	64,619	40.00	64,619	
	Yang Ming (America) Corp.	Subsidiary	Investments accounted for by the equity method	5,000	66,171	100.00	66,171	
	Triumph Logistics INC.	Subsidiary	Investments accounted for by the equity method	200	3,073	100.00	3,073	
	Olympic Container Terminal LLC	Subsidiary	Investments accounted for by the equity method	(Note M)	(380,286)	100.00	(380,286)	(Note D)
	Topline Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	100	3,309	100.00	3,309	
	Coastal Tarheel Express, Inc.	Subsidiary	Investments accounted for by the equity method	100	4,979	100.00	4,979	
	Transcont Intermodal Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	4,546	100.00	4,546	
Kuang Ming Shipping Corp.	<u>Common stock</u> Kuang Ming Shipping Corp. (Panama)	Subsidiary	Investments accounted for by the equity method	49,500	97,270	100.00	97,270	
	Kuang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	1,356,686	100.00	1,356,686	
	<u>Mutual fund</u> Polaris/P-shares Taiwan Electronics Tech ETF	-	Financial assets at fair value through profit or loss - current	800,000	11,008	-	11,008	
	Fuh Hwa Bond Fund	-	Available-for-sale financial assets - current	103,932	1,432	-	1,432	
Honming Terminal & Stevedoring Co., Ltd.	<u>Common stock</u> Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	11,068,800	97,462	9.22	97,462	
Yes Logistics Corp.	<u>Common stock</u> Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	4,382,370	49,892	10.96	49,892	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	5,460,000	127,473	100.00	127,473	
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	703,285	(66,141)	100.00	(66,141)	(Note D)
	B2B Com Holdings Ltd.	-	Financial asset measured at cost - noncurrent	800,000	5,042	8.00	-	
	United Raw Material Solutions Inc.	-	Financial asset measured at cost - noncurrent	295,325	2,953	2.76	-	
	Chang Ming Logistics Company Limited	Equity-method investee	Investments accounted for by the equity method	(Note Q)	249,968	49.00	249,968	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
Yes Yangming Logistics (Singapore)	Mutual fund THM Bond Fund	-	Financial assets at fair value through profit or loss - current	1,009,889	\$ 14,521	-	\$ 14,521	
	Prudential Financial Bond Fund	-	Financial assets at fair value through profit or loss - current	464,334	7,005	-	7,005	
	Fuh Hwa Bond Fund	-	Financial assets at fair value through profit or loss - current	290,497	4,001	-	4,001	
	NAM Short Term Fixed Income Fund	-	Financial assets at fair value through profit or loss - current	129,032	65,014	-	65,014	
Yes Logistics Corp. (U.S.A.)	Common stock Yes Logistics Co., Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	(74,512)	100.00	(74,512)	(Note D)
	Yes Logistics (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note R)	3,169	100.00	3,169	
	Burger YES B.V.	Subsidiary	Investments accounted for by the equity method	9,000	6,045	50.00	6,045	
Golden Logistics Corp.	Common stock Golden Logistics Corp.	Subsidiary	Investments accounted for by the equity method	(Note N)	104,259	100.00	104,259	
	Golden Logistics USA Corporation	Subsidiary	Investments accounted for by the equity method	100	1,642	100.00	1,642	
Kao Ming Container Terminal Corp.	Common stock Golden Logistics (Qingdao) Corp.	Subsidiary	Investments accounted for by the equity method	(Note U)	12,749	60.00	12,749	
	Star Logistics Corp.	Subsidiary	Investments accounted for by the equity method	(Note S)	13,428	60.00	13,428	
	Mutual fund PCA Well Pool Fund	-	Available-for-sale financial assets - current	6,000,000.03	77,645	-	77,645	

Notes:

- A. Market values were based on closing prices at December 31, 2008 or the net asset value of the fund on December 31, 2008, or, if market prices were unavailable, on the investees' net assets.
- B. The issued capital stock amounted to EUR818,000.
- C. This is equivalent to GBP500, and no shares were issued.
- D. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- E. This is equivalent to US\$3,800,000, and no shares were issued.
- F. This is equivalent to US\$1,000,000, and no shares were issued.
- G. This is equivalent to US\$7,800,000, and no shares were issued.
- H. This is equivalent to US\$7,000,000, and no shares were issued.
- I. This is equivalent to US\$94,000, and no shares were issued.
- J. This is equivalent to EUR11,000, and no shares were issued.
- K. This is equivalent to EUR25,000, and no shares were issued.
- L. This is equivalent to EUR6,000, and no shares were issued.
- M. This is equivalent to US\$1,000,000, and no shares were issued.
- N. This is equivalent to US\$5,000,000, and no shares were issued.
- O. This is equivalent to US\$18,622,000, and no shares were issued. Initial investment was recognized as impairment loss, thus the carrying value decreased to zero.
- P. This is equivalent to EUR10,000, and no shares were issued.
- Q. This is equivalent to US\$6,434,000, and no shares were issued.
- R. This is equivalent to EUR30,000, and no shares were issued.
- S. This is equivalent to RMB2,960,000, and no shares were issued.
- T. The loss of subsidiary was recognized in proportion to the Corporation's equity. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss in excess of the related investments is not charged against the Corporation.
- U. This is equivalent to RMB3,000,000, and no shares were issued.
- V. More than half of the directors are identical.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

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, 2008
 (In Thousands of New Taiwan Dollars, Except Shares/Units)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance			
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount	
Yang Ming Marine Transport Corporation	<u>Common stock</u>														
	Formosa Plastics Corporation	Available-for-sale financial asset - current	-	-	-	\$ -	2,347,000	\$ 204,350	700,000	\$ 63,798	\$ 61,820	\$ 1,978	1,647,000	\$ 109,526	
	U-Ming Marine Transport Corp.	Financial asset at fair value through profit or loss - current	-	-	-	-	1,326,000	115,586	1,326,000	119,188	115,586	3,603	-	-	
	Cathay Financial Holding Co., Ltd.	Available-for-sale financial asset - current	-	-	-	-	1,945,500	143,065	150,000	11,505	11,135	370	1,795,500	108,253	
	<u>Mutual fund</u>														
	IBT Ta Chong Bond Fund	Available-for-sale financial asset - current	-	-	-	-	121,724,660	1,625,000	121,724,660	1,626,577	1,625,000	1,577	-	-	
	Fuh Hwa Bond Fund	Available-for-sale financial asset - current	-	-	-	-	85,524,473	1,170,000	85,524,473	1,170,619	1,170,000	619	-	-	
	IBT 1699 Bond Fund	Available-for-sale financial asset - current	-	-	-	-	195,148,652	2,480,000	195,148,652	2,482,146	2,480,000	2,146	-	-	
	Franklin Mutual European Fund	Financial asset at fair value through profit or loss - current	-	-	-	108,820	100,000	-	-	108,820	97,294	100,000	(2,706)	-	-
	Templeton Emerging Markets Bond Fund	Financial asset at fair value through profit or loss - current	-	-	-	356,748	200,000	11,336	-	368,084	201,804	200,000	1,804	-	-
								(Note B)	(Note B)						
	UPAMC James Bond Fund	Available-for-sale financial asset - current	-	-	-	-	37,981,050	599,878	37,981,050	600,083	599,878	205	-	-	
	SinoPac Bond Fund	Available-for-sale financial asset - current	-	-	-	-	31,850,735	421,076	31,850,735	421,277	421,076	201	-	-	
	Yuanta Wan Tai Bond Fund	Available-for-sale financial asset - current	-	-	-	-	42,660,965	610,000	42,660,965	610,628	610,000	628	-	-	
	Capital Income Fund	Available-for-sale financial asset - current	-	-	-	-	66,994,715	1,025,000	66,994,715	1,025,492	1,025,000	492	-	-	
	PCA Well Pool Fund	Available-for-sale financial asset - current	-	-	-	-	47,573,266	611,608	47,573,266	611,608	611,232	376	-	-	
	ING Taiwan Income Fund	Available-for-sale financial asset - current	-	-	-	-	30,825,193	500,000	30,825,193	500,247	500,000	247	-	-	
	Hua Nan Phoenix Bond Fund	Available-for-sale financial asset - current	-	-	-	-	8,443,723	130,000	8,443,723	130,092	130,000	93	-	-	
	Union Bond Fund	Available-for-sale financial asset - current	-	-	-	-	21,254,663	265,000	21,254,663	265,236	265,000	236	-	-	
	Jih Sun Bond Fund	Available-for-sale financial asset - current	-	-	-	-	36,107,764	505,000	36,107,764	505,485	505,000	485	-	-	
	Baring Eastern Europe Fund	Financial asset at fair value through profit or loss - current	-	-	-	22,072	100,000	-	-	22,072	102,677	100,000	2,677	-	-
	Cathay Bond Fund	Available-for-sale financial asset - current	-	-	-	-	27,777,337	329,016	27,777,337	329,142	329,016	126	-	-	
	ING Taiwan Select Bond Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	10,310,607	120,000	10,310,607	120,112	120,000	112	-	-	
	Schroders ISF Global Energy A1 Fund	Available-for-sale financial asset - current	-	-	-	-	72,789	112,500	-	-	-	-	72,789	112,500	
	Invesco Energy Fund	Available-for-sale financial asset - current	-	-	-	-	91,684	112,500	-	-	-	-	91,684	112,500	
	Allianz Global Investors Global Demographic Trends Fund	Financial asset at fair value through profit or loss - current	-	-	-	10,000,000	100,000	-	-	10,000,000	70,400	100,000	(29,600)	-	
	ABN AMRO Utilities Fund	Financial asset at fair value through profit or loss - current	-	-	-	24,331	97,320	-	-	24,331	86,930	97,320	(10,390)	-	
	BGI Liquidity First Fund (USD)	Financial asset at fair value through profit or loss - current	-	-	-	-	262,794,745	8,635,435	262,790,000	8,635,279	8,635,279	-	4,745	156	
	BGI Liquidity First Fund (EUR)	Financial asset at fair value through profit or loss - current	-	-	-	-	43,786,209	2,028,309	43,780,000	2,028,021	2,028,021	-	6,209	288	
	BGI Liquidity First Fund (GBP)	Financial asset at fair value through profit or loss - current	-	-	-	-	6,539,655	310,779	6,530,000	310,320	310,320	-	9,655	459	
	<u>Common stock</u>														
	Taipei Port Container Terminal Co., Ltd.	Financial asset carried at cost - noncurrent	-	-	-	17,000,000	166,640	15,000,000	150,000	-	-	-	-	32,000,000	316,640
Kuang Ming (Liberia) Corp.	Investments accounted for by the equity method	-	-	Subsidiary	-	-	1	1,060,904	1	1,060,904	1,060,904	-	-	-	
Kuang Ming Shipping Corp.	Investments accounted for by the equity method	-	-	Subsidiary	29,184,000	823,261	176,330,000	4,246,852	-	-	-	-	205,514,000	5,070,113	
Ching Ming Investment Corp	<u>Common stock</u>														
	Cathay Financial Holding Co., Ltd.	Available-for-sale financial asset - current	-	-	1,000,000	76,855	3,652,750	248,848	900,000	71,110	69,522	1,588	3,752,750	227,823 (Note E)	
	<u>Mutual fund</u>														
	IBT 1699 Bond Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	14,217,711	180,000	14,217,711	181,168	180,000	1,168	-	-	
	IBT Ta Chong Equity Fund	Financial asset at fair value through profit or loss - current	-	-	3,880,690	51,166	6,621,272	88,046	10,501,962	141,156	139,212	1,944	-	-	
Fuh Hwa Bond Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	10,517,140	143,386	6,633,739	90,234	89,945	289	3,883,401	53,441		
Grand Cathay Bond Fund	Available-for-sale financial asset - current	-	-	5,352,049	70,021	3,818,582	50,458	9,170,631	121,092	120,479	613	-	-		

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Yang Ming Line Holding Co.	<u>Mutual fund</u> Energy Select Sector SPDR Fund (XLE)	Available-for-sale financial asset - noncurrent	-	-	-	\$ -	21,900	\$ 1,700,402.10	21,900	\$ 1,481,809.60	\$ 1,700,402.10	\$ (218,592.50)	-	\$ -
Yes Logistics Corp.	<u>Mutual fund</u> NAM Short Term Fixed Income Fund	Financial asset at fair value through profit or loss - current	-	-	228,499	110,245	924,480	438,996	1,023,947	494,054	487,776	6,278	129,032	61,465
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> PCA Well Pool Fund	Available-for-sale financial asset - current	-	-	27,274,552	346,110	14,839,243.70	191,500	36,113,795.67	464,400	460,176	4,224	6,000,000.03	77,434

Notes:

- A. Carrying Value is original acquisition amount.
- B. Distribution of 11,336 unites of the fund.
- C. Spin off to Kuang Ming Shipping Corp.
- D. Composed of acquisition from the spun off project \$4,000,716 thousand, cash dividends \$(460,897) thousand, translation adjustments on investments accounted for by the equity method \$36,409 thousand and investment income \$670,624 thousand.
- E. Difference cost amount to \$28,358 was caused by the reclassification of financial assets in accordance with SFAS No. 34 on July 1, 2008.

(Concluded)

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, 2008

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	A	\$ 25,390,306 (Note D)	-	\$ -	-	\$ 243,164	\$ -
	Yang Ming (Liberia) Corp.	A	1,639,208 (Note E)	-	-	-	-	-
	Yangming (UK) Ltd.	A	195,965	-	-	-	114,289	-
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	1,130,363 (Note G)	-	-	-	-	-
	Young-Carrier Company Ltd.	A	1,045,922	-	-	-	1,045,922	-
	Yang Ming (America) Corp.	A	162,017	-	-	-	162,017	-
	Yang Ming (Korea) Co., Ltd.	A	150,184	-	-	-	150,184	-
	Yang Ming (Netherlands) B.V.	A	112,138	-	-	-	56,229	-
	Yangming (Japan) Co., Ltd.	A	167,352	-	-	-	167,352	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	B	1,007,806 (Note H)	-	-	-	-	-
Kuang Ming Shipping Corp.	Yang Ming (Liberia) Corp.	B	525,760 (Note I)	-	-	-	-	-
	Kuang Ming (Liberia) Corp.	C	2,695,509 (Note H)	-	-	-	-	-
Yang Ming (Japan) Co., Ltd.	Yang Ming Marine Transport Corporation	C	187,402	-	-	-	182,565	-
Young-Carrier Company Ltd.	Yang Ming Marine Transport Corporation	C	963,670	-	-	-	864,063	-
Yang Ming (Netherlands) B.V.	Yang Ming Marine Transport Corporation	C	100,868	-	-	-	87,517	-
Yang Ming (Vietnam) Corp.	Yang Ming Marine Transport Corporation	C	151,456	-	-	-	121,641	-
Yangming (UK) Ltd.	Yang Ming Marine Transport Corporation	C	931,141 (Note F)	-	-	-	97,905	-

Notes:

- A. Subsidiary of the Corporation.
- B. The same parent company.
- C. Parent company.
- D. Payment made for All Oceans Transportation Inc., dividends receivable and proceeds from sale of ships.
- E. Financing providing and proceeds from sale of ship.
- F. Receivables, net of agency collections and payments.
- G. Dividends receivable.
- H. Proceeds from sale of ships.
- I. Short-term loans.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 YEAR ENDED DECEMBER 31, 2008
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2008	December 31, 2007	Shares	Percentage of Ownership	Carrying Value			
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	\$ 3,272,005	\$ 3,272,005	10,351	100.00	\$ 4,955,560	\$ (289,139)	\$ (289,139)	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	1,628,322	19,628	19,628	Subsidiary
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,500,013	160,650,000	100.00	1,281,101	(172,176)	(172,189)	Subsidiary
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	5,539,339	870,424	870,424	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	551,944	551,944	55,251,100	46.04	520,731	(41,757)	(19,237)	Subsidiary
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	4,143,884	143,168	205,514,000	100.00	5,070,113	675,280	670,624	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	316,780	316,780	31,667,630	79.17	357,842	17,244	13,463	Subsidiary
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	120,861	27,479	13,389	Subsidiary
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	313,530	(68,419)	(68,419)	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	856,048	1,545,657	757,372	Equity-method investee
Ching Ming Investment Corp.	Chunghwa Investment Co., Ltd.	Taipei, Taiwan	Investment	800,000	800,000	80,000,000	40.00	739,517	(151,323)	(61,453)	Equity-method investee
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,378	3,378	1	100.00	171,509	336,740	336,740	Subsidiary
	Ming Giant (Shanghai) International Logistics Company Limited	Shanghai, China	Warehouse operation and forwarding agency	231,700	231,700	(Note P)	100.00	235,739	(6,280)	(6,280)	Subsidiary
	Yuan Wang Investment Co., Ltd.	Taipei, Taiwan	Investment	179,810	179,810	5,211,474	49.75	202,032	7,967	3,964	Equity-method investee
	Kao Ming Container Terminal Corp.	Kaohsiung, Taiwan	Terminal operation and stevedoring	800,000	800,000	80,000,000	100.00	786,771	(11,930)	(11,930)	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	39,500	39,500	3,950,000	9.88	44,634	17,244	-	Subsidiary
Yang Ming Line Holding Co.	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	493,111	493,111	49,311,077	41.09	464,774	(41,757)	-	Subsidiary
	West Basin Container Terminal LLC	Los Angeles, USA	Terminal operation and stevedoring	132,050	132,050	(Note F)	40.00	502,036	54,505	-	Equity-method investee
	United Terminal Leasing LLC	Los Angeles, USA	Terminal operation and machine lease	34,750	34,750	(Note G)	40.00	64,619	43,063	-	Equity-method investee
	Yang Ming (America) Corp.	New Jersey, U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	66,171	(70,037)	-	Subsidiary
	Triumph Logistics, Inc.	U.S.A.	Container transportation	1,699	1,699	200	100.00	3,073	3,391	-	Subsidiary
	Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	31,530	31,530	(Note R)	100.00	380,286	(58,079)	-	Subsidiary
	Topline Transportation, Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	3,309	(2,739)	-	Subsidiary
	Coastal Tarheel Express, Inc.	U.S.A.	Container transportation	2,430	2,430	100	100.00	4,979	2,267	-	Subsidiary
Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	2,444	2,444	200	100.00	4,546	2,280	-	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	(543,538) (Note E)	(666,473)	-	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	(546,956) (Note E)	(666,048)	-	Subsidiary
Yang Ming Line B.V.	Yangming (UK) Ltd.	London, U.K.	Investment, shipping agency, forwarding agency and shipping managers	42,408	42,408	900,000	100.00	(715,314) (Note E)	(723,292)	-	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100.00	117,859	12,638	-	Subsidiary
	Yang Ming Italy S.p.A.	Genova, Italy	Shipping agency	4,319	4,319	125,000	50.00	26,061	11,308	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2008	December 31, 2007	Shares	Percentage of Ownership	Carrying Value			
Yangming (UK) Ltd.	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	\$ 540	\$ 540	(Note I)	60.00	\$ 13,491	\$ 21,676	\$ -	Subsidiary
	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,651	1,651	375	60.00	4,712	5,619	-	Subsidiary
	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	25	25	(Note C)	50.00	(559)	5,880	-	Equity-method investee
	Yes Logistic UK Limited	U.K.	Forwarding agency	-	-	200	100.00	(3,711)	16	-	Subsidiary
Yang Ming Italy S.p.A.	Yang Ming Naples S.r.l.	Naples, Italy	Forwarding agency	238	238	(Note K)	60.00	1,674	1,676	-	Subsidiary
Yang Ming Shipping Europe GmbH	Yes Logistics Europe GmbH	Hamburg, Germany	Forwarding agency	945	945	(Note H)	100.00	1,105	6	-	Subsidiary
Yangming Shipping (Singapore) Pte Ltd.	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	3,229	3,229	910,000	91.00	443,449	(13,317)	-	Subsidiary
	Yang Ming Shipping (B.V.I) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51.00	272,432	8,418	-	Subsidiary
Yangming (Japan) Co., Ltd.	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	74,088	62	-	Subsidiary
	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	32,440	-	1,000,000	100.00	42,068	8,835	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(92,748)	(5,094)	-	Subsidiary
	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	58,404	8,467	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	15,315	(5,049)	-	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	12,208	4,760	-	Subsidiary
	Yang Ming (Vietnam) Corp.	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note J)	49.00	11,742	17,103	-	Equity-method investee
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	18,360	6,473	-	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	254,358	254,358	(Note N)	30.00	224,743	68,670	-	Equity-method investee
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	-	50,000	50.00	1,077	(3,643)	-	Subsidiary
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	3,237	(14)	-	Subsidiary
Yang Ming Shipping (B.V.I) Inc.	Karman Properties Limited	Hong Kong	Property agency	4	4	1,000	100.00	(10,835)	287	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming Shipping Corp. (Panama)	Panama	Forwarding agency	30,887	30,887	49,500	100.00	97,270	1,676	-	Subsidiary
	Kuang Ming (Liberia) Corp.	Monrovia, Republic of Liberia	Forwarding agency	1,060,904	-	1	100.00	1,356,686	260,666	-	Subsidiary
Honming Terminal & Stevedoring Co., Ltd.	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	110,610	110,610	11,068,800	9.22	97,462	(41,757)	-	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp.	Auckland, USA	Shipping agency, forwarding agency and shipping managers	179,750	179,750	5,460,000	100.00	127,473	(28,580)	-	Subsidiary
	Yes Yangming Logistics (Singapore) PTE. Ltd.	Singapore	Investment and subsidiaries management	6,608	6,608	703,285	100.00	(66,141)	(52,861)	-	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	43,824	43,824	4,382,370	10.96	49,892	17,244	-	Subsidiary
Yes Logistics Corp.	Chang Ming Logistics Company Limited	Chongqing, China	Terminal operation and stevedoring	209,726	209,726	(Note D)	49.00	249,968	9,865	-	Equity-method investee
	Golden Logistics Corp.	Golden Logistics Corp.	Forwarding agency	164,329	164,329	(Note L)	100.00	104,259	(36,313)	-	Subsidiary
Golden Logistics Corp.	Golden Logistics USA Corporation	Shanghai, China	Container transportation	328	328	100	100.00	1,642	868	-	Subsidiary
	Golden Logistics (Qingdao) Corp.	Qingdao, China	Forwarding agency	12,498	12,498	(Note Q)	60.00	12,749	(2,672)	-	Subsidiary
	Star Logistics Corp.	Qingdao, China	Forwarding agency	10,850	10,850	(Note S)	60.00	13,428	(1,627)	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2008	December 31, 2007	Shares	Percentage of Ownership	Carrying Value			
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Company, Ltd.	Hong Kong	Forwarding agency	\$ 4,304	\$ 4,304	1,000,000	100.00	\$ (74,512)	\$ (52,951)	\$ -	Subsidiary
	Yes Logistics (Netherlands) B.V. Burger YES B.V.	Netherlands	Forwarding agency	1,224	1,224	(Note M)	100.00	3,169	(266)	-	Subsidiary
		Netherlands	Forwarding agency	7,587	7,587	9,000	50.00	6,045	(4,870)	-	Subsidiary

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is equivalent to EUR818,000, and no shares were issued.
- C. This is equivalent to GBP500, and no shares were issued.
- D. This is equivalent to US\$6,434,000, and no shares were issued.
- E. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- F. This is equivalent to US\$3,800,000, and no shares were issued.
- G. This is equivalent to US\$1,000,000, and no shares were issued.
- H. Paid-in capital was equivalent to EUR25,000, and no shares were issued.
- I. Paid-in capital was equivalent to EUR11,000, and no shares were issued.
- J. This is equivalent to US\$94,000, and no shares were issued.
- K. This is equivalent to EUR6,000, and no shares were issued.
- L. This is equivalent to US\$5,000,000, and no shares were issued.
- M. This is equivalent to EUR30,000, and no shares were issued.
- N. This is equivalent to US\$7,800,000, and no shares were issued.
- O. The loss of subsidiary was recognized in proportion to the Company's equity. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss in excess of the related investment is not charged against the Corporation.
- P. This is equivalent to US\$7,000,000, and no shares were issued.
- Q. This is equivalent to RMB3,000,000, and no shares were issued.
- R. This is equivalent to US\$1,000,000, and no shares were issued.
- S. This is equivalent to RMB2,960,000, and no shares were issued.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2008

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

Company Name	Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2008	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Value as of December 31, 2008 (Note E)	Accumulated Inward Remittance of Earnings as of December 31, 2008
						Outflow	Inflow					
Yang Ming Marine Transportation Corporation	Yangtze River Express Airlines Company Limited (Note A)	Shipping agency	RMB 500,000,000	Indirect investment through Singapore-based subsidiary's direct investment in Mainland China.	\$ 611,919 (US\$18,622,000)	\$ -	\$ -	\$ 611,919 (US\$18,622,000)	12.00%	\$ -	(Note G)	\$ -
	Ming Giant (Shanghai) International Logistics Company Limited (Note B)	Warehouse operation and forwarding agency	US\$ 7,000,000	Direct investment in Mainland China	230,020 (US\$ 7,000,000)	-	-	230,020 (US\$ 7,000,000)	100.00%	(6,280)	235,739	-
Yes Logistics Corp.	Golden Logistics Corp. (Note C)	Shipping agency	US\$ 5,000,000	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	164,300 (US\$ 5,000,000)	-	-	164,300 (US\$ 5,000,000)	96.35%	(32,515)	100,454	-
	Chang Ming Logistics Company Limited (Note D)	Terminal operation and stevedoring	RMB 104,800,000	Investee's direct investment in Mainland China.	211,421 (US\$ 6,434,000)	-	-	211,421 (US\$ 6,434,000)	47.21%	4,657	240,837	-

Accumulated Investment in Mainland China as of December 31, 2008	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 841,939 (US\$ 25,622,000)	\$ 1,696,299 (US\$ 51,622,000)	\$ 28,204,018
375,721 (US\$ 11,434,000)	469,931 (US\$ 14,301,000)	678,625 (Note F)

Notes:

- A. The Corporation was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on November 29, 2005 and June 5, 2007.
- B. The Corporation was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on November 22, 2006.
- C. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on June 3, 2004, July 4, 2006 and December 26, 2006.
- D. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on April 11, 2005, August 22, 2006, November 29, 2006 and December 2, 2008.
- E. Calculated by the % ownership of direct or indirect investment.
- F. It represents 60% (\$1,131,041 thousand) of the net assets of Yes Logistics Corp. as of December 31, 2008.
- G. Impairment loss was recognized in 2007.
- H. U.S. dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.86.