

Yang Ming Marine Transport Corporation

**Financial Statements for the
Years Ended December 31, 2009 and 2008 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, 2009 and 2008, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Yang Ming Line (Singapore) Pte. Ltd. and Yang Ming Line Holding Co. as of and for the year ended December 31, 2009 and 2008 and Ming Giant (Shanghai) International Logistics Company Limited as of and for the year ended December 31, 2008 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 2.0% (NT\$1,654,176 thousand) and 2.5% (NT\$2,177,591 thousand) of the Corporation's total assets as of December 31, 2009 and 2008, respectively. The equity in these investees' net loss was 1.4% (NT\$245,384 thousand) and (7.0%) (NT\$55,071 thousand) of the Corporation's loss (income) before income tax in 2009 and 2008, 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, 2009 and 2008, 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 and disclosed pro forma information as if the spin-off was effective on January 1, 2008.

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, 2009 and 2008 and have issued a modified unqualified opinion thereon in our report dated March 10, 2010.

March 10, 2010

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, 2009 AND 2008

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

ASSETS	2009		2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 3,792,641	5	\$ 4,692,315	5	Short-term loans (Note 13)	\$ -	-	\$ 500,000	1
Financial assets at fair value through profit or loss - current (Notes 2, 3 and 5)	254,214	-	162,625	-	Payable to related parties (Note 23)	754,170	1	2,763,370	3
Available-for-sale financial assets - current (Notes 2, 3 and 6)	777,887	1	579,719	1	Financial liabilities at fair value through profit or loss - current (Notes 2 and 5)	-	-	145,134	-
Accounts receivable, net of allowance for doubtful accounts of \$18,137 thousand and \$25,048 thousand at December 31, 2009 and 2008 (Note 2)	636,009	1	710,473	1	Accrued expenses (Note 15)	4,716,176	6	3,398,648	4
Accounts receivable from related parties (Notes 2 and 23)	1,445,487	2	2,192,918	3	Payable for equipment	-	-	40,119	-
Other receivable from related parties (Notes 17 and 23)	959,603	1	91,538	-	Advances from customers	1,763,965	2	1,167,264	1
Shipping fuel, net (Notes 2 and 3)	3,385,987	4	1,900,383	2	Current portion of long-term interest-bearing debts (Notes 2, 9, 14 and 24)	5,135,422	6	2,052,327	3
Prepaid expenses (Note 23)	449,819	-	345,266	-	Payable to shipping agents	1,079,959	2	1,824,657	2
Advances to shipping agents (Note 23)	1,315,952	2	409,403	1	Other current liabilities (Notes 2 and 5)	73,880	-	144,906	-
Other current assets (Notes 2 and 19)	196,545	-	361,656	-	Total current liabilities	13,523,572	17	12,036,425	14
Total current assets	13,214,144	16	11,446,296	13	LONG-TERM DEBTS, NET OF CURRENT PORTION				
LONG-TERM INVESTMENTS (Notes 2, 6, 7, 8 and 25)					Hedging derivative liabilities - noncurrent (Notes 2 and 22)	15,595	-	-	-
Available-for-sale financial assets - noncurrent	3,297,334	4	2,855,096	3	Bonds (Notes 2 and 14)	15,040,000	18	17,122,000	20
Financial assets carried at cost - noncurrent	844,094	1	803,407	1	Long-term bank loans (Notes 14 and 24)	19,152,510	24	7,110,714	8
Hedging derivative financial assets - noncurrent	-	-	23,607	-	Obligations under capital leases - long-term portion (Notes 2, 9,14 and 25)	104,112	-	140,228	-
Investments accounted for using equity method	20,563,915	25	22,779,015	26	Total long-term debts	34,312,217	42	24,372,942	28
Total long-term investments	24,705,343	30	26,461,125	30	RESERVE FOR LAND VALUE INCREMENT TAX (Note 16)	479,639	1	479,639	-
PROPERTIES (Notes 2, 9, 23, 24 and 25)					OTHER LIABILITIES				
Cost					Accrued pension cost (Notes 2 and 17)	1,056,394	1	967,372	1
Land	330,069	1	330,069	-	Deferred income tax liabilities - noncurrent (Notes 2 and 19)	-	-	2,123,197	3
Buildings	728,683	1	728,683	1	Others	127,681	-	143,045	-
Containers and chassis	22,906,639	28	23,566,163	27	Total other liabilities	1,184,075	1	3,233,614	4
Ships	6,261,492	8	2,378,832	3	Total liabilities	49,499,503	61	40,122,620	46
Leased containers and chassis	2,178,416	3	2,178,416	3	CAPITAL STOCK - \$10 PAR VALUE				
Leasehold improvements	146,272	-	146,272	-	Authorized - 3,000,000 thousand shares	-	-	-	-
Miscellaneous equipment	2,659,739	3	2,527,228	3	Issued - 2,562,466 thousand shares	25,624,665	31	25,624,665	29
Total cost	35,211,310	44	31,855,663	37	CAPITAL SURPLUS				
Accumulated depreciation	18,510,126	23	16,436,353	19	Paid-in capital in excess of par value	7,499,701	9	7,499,701	8
Construction in progress	16,701,184	21	15,419,310	18	Treasury stock transactions	1,480,009	2	1,480,009	2
Net properties	16,701,184	21	15,507,976	18	From long-term equity-method investment	8,927	-	8,872	-
OTHER ASSETS					Total capital surplus	8,988,637	11	8,988,582	10
Assets leased to others, net (Notes 2, 10 and 24)	4,012,999	5	4,040,746	5	RETAINED EARNINGS				
Nonoperating assets, net (Notes 2, 11 and 24)	319,137	1	218,058	-	Legal reserve	3,869,543	5	3,814,813	5
Advances on long-term rent agreements (Note 12)	901,521	1	942,627	1	Special reserve	2,067,513	3	2,067,513	2
Deferred charges, net (Note 2)	216,940	-	71,852	-	Unappropriated earnings (accumulated deficit)	(10,206,200)	(13)	6,074,029	7
Deferred income tax assets - noncurrent (Notes 2 and 19)	109,984	-	-	-	Total retained earnings	(4,269,144)	(5)	11,956,355	14
Long-term receivables from related parties (Notes 8 and 23)	20,517,972	25	28,190,788	33	OTHER ITEMS OF STOCKHOLDERS' EQUITY				
Refundable deposits (Note 25)	323,927	1	53,752	-	Cumulative translation adjustments	240,626	-	447,853	1
Miscellaneous	236,662	-	196,097	-	Net loss not recognized as pension cost	(25,379)	-	(36,590)	-
Total other assets	26,639,142	33	33,713,920	39	Unrealized gain on financial instruments	1,200,905	2	25,832	-
TOTAL	\$ 81,259,813	100	\$ 87,129,317	100	Total other items of stockholders' equity	1,416,152	2	437,095	1
					Total stockholders' equity	31,760,310	39	47,006,697	54
					TOTAL	\$ 81,259,813	100	\$ 87,129,317	100

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

(With Deloitte & Touche audit report dated March 10, 2010)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2009 AND 2008

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

	2009		2008	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 23)	\$ 74,503,197	100	\$ 117,133,641	100
OPERATING COSTS (Notes 2, 20 and 23)	<u>90,348,867</u>	<u>122</u>	<u>116,822,528</u>	<u>100</u>
GROSS (LOSS) INCOME	<u>(15,845,670)</u>	<u>(22)</u>	<u>311,113</u>	<u>-</u>
OPERATING EXPENSES (Notes 20 and 23)				
Selling	1,272,156	2	1,503,264	2
General and administrative	<u>289,464</u>	<u>-</u>	<u>310,490</u>	<u>-</u>
Total operating expenses	<u>1,561,620</u>	<u>2</u>	<u>1,813,754</u>	<u>2</u>
OPERATING LOSS	<u>(17,407,290)</u>	<u>(24)</u>	<u>(1,502,641)</u>	<u>(2)</u>
NONOPERATING INCOME AND GAINS				
Interest income (Note 23)	652,639	1	838,062	1
Gain on disposal of properties	385,501	1	1,049,584	1
Investment income recognized under equity method (Notes 2 and 8)	-	-	2,056,957	2
Dividend income	311,741	1	220,786	-
Gain on disposal of financial instruments, net	129,487	-	-	-
Foreign exchange gain, net	129,142	-	-	-
Valuation gain on financial liabilities, net (Notes 2 and 5)	126,156	-	-	-
Rent income (Note 23)	100,677	-	161,371	-
Others	<u>141,133</u>	<u>-</u>	<u>174,398</u>	<u>-</u>
Total nonoperating income and gains	<u>1,976,476</u>	<u>3</u>	<u>4,501,158</u>	<u>4</u>
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized under equity method (Notes 2 and 8)	1,133,757	2	-	-
Interest expense (Note 2)	861,647	1	791,171	1
Impairment loss on financial assets carried at cost (Note 2)	229,102	-	53,855	-
Valuation loss on financial assets, net (Note 2)	43,808	-	147,661	-
Exchange loss, net	-	-	602,730	1
Loss on sale of financial instruments, net	-	-	330,893	-
Valuation loss on financial liabilities, net (Note 2)	-	-	117,064	-
Others	<u>162,854</u>	<u>-</u>	<u>163,768</u>	<u>-</u>
Total nonoperating expenses and losses	<u>2,431,168</u>	<u>3</u>	<u>2,207,142</u>	<u>2</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2009 AND 2008

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

	2009		2008	
	Amount	%	Amount	%
(LOSS) INCOME BEFORE INCOME TAX EXPENSES	\$ (17,861,982)	(24)	\$ 791,375	-
INCOME TAX (BENEFIT) EXPENSES (Notes 2 and 19)	<u>(2,020,853)</u>	<u>(3)</u>	<u>244,082</u>	<u>-</u>
NET (LOSS) INCOME	<u>\$ (15,841,129)</u>	<u>(21)</u>	<u>\$ 547,293</u>	<u>-</u>
	2009		2008	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ (6.97)</u>	<u>\$ (6.18)</u>	<u>\$ 0.31</u>	<u>\$ 0.21</u>
Diluted	<u>\$ (6.97)</u>	<u>\$ (6.18)</u>	<u>\$ 0.31</u>	<u>\$ 0.21</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, 2008 (Notes 1, 2 and 26) was as follows:

	2008
OPERATING REVENUES	\$ 114,399,978
OPERATING COSTS	<u>(114,992,495)</u>
GROSS LOSS	<u>\$ (592,517)</u>
OPERATING LOSS	<u>\$ (2,398,372)</u>
NET INCOME	<u>\$ 547,293</u>

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

(With Deloitte & Touche audit report dated March 10, 2010)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock (Notes 2 and 18)		Capital Surplus (Notes 2 and 18)			Retained Earnings (Notes 2 and 18)			Other Items of Stockholders' Equity (Notes 2, 3, 17 and 18)			Total Stockholders' Equity
	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 (Deficit)	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain	
											(Loss) on Financial Instruments	
BALANCE, JANUARY 1, 2008	2,328,698	\$ 23,286,982	\$ 7,491,127	\$ 1,480,009	\$ 8,872	\$ 3,212,821	\$ 2,067,513	\$ 10,889,712	\$ 100,131	\$ (38,967)	\$ 1,935,242	\$ 50,433,442
Appropriation of 2007 earnings												
Legal reserve	-	-	-	-	-	601,992	-	(601,992)	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	(102,876)	-	-	-	(102,876)
Cash dividends - \$1.0 per share	-	-	-	-	-	-	-	(2,329,054)	-	-	-	(2,329,054)
Stock dividends - \$1.0 per share	232,905	2,329,054	-	-	-	-	-	(2,329,054)	-	-	-	-
Domestic convertible bonds converted into capital stocks and capital surplus	863	8,629	8,574	-	-	-	-	-	-	-	-	17,203
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 (loss) on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(1,461,102)	(1,461,102)
Changes in unrealized gain (loss) on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	-	-	12,979	12,979
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	2,612	-	2,612
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
Appropriation of 2008 earnings												
Legal reserve	-	-	-	-	-	54,730	-	(54,730)	-	-	-	-
Cash dividends - \$0.15 per share	-	-	-	-	-	-	-	(384,370)	-	-	-	(384,370)
Net loss for the year ended December 31, 2009	-	-	-	-	-	-	-	(15,841,129)	-	-	-	(15,841,129)
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	(179,327)	-	-	(179,327)
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	(2,716)	258,664	255,948
Changes in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	944,779	944,779
Changes in unrealized gain (loss) on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	-	-	(30,181)	(30,181)
Effect of changes on sale long-term equity-method investments	-	-	-	-	55	-	-	-	(27,900)	-	1,811	(26,034)
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	13,927	-	13,927
BALANCE, DECEMBER 31, 2009	2,562,466	\$ 25,624,665	\$ 7,499,701	\$ 1,480,009	\$ 8,927	\$ 3,869,543	\$ 2,067,513	\$ (10,206,200)	\$ 240,626	\$ (25,379)	\$ 1,200,905	\$ 31,760,310

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

(With Deloitte & Touche audit report dated March 10, 2010)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (15,841,129)	\$ 547,293
Depreciation	2,849,994	2,758,304
Amortization	96,846	65,583
Provision for (reversal of) allowance for loss on shipping fuel	(552,681)	564,201
(Gain) loss on sale of investments	(129,487)	330,893
Gain on disposal of properties, net	(383,425)	(1,048,801)
(Reversal of) provision for pension cost	68,747	(1,910)
Impairment loss on available-for-sale financial assets	174,789	-
Impairment loss on financial assets carried at cost	54,313	53,855
Investment loss (income) recognized under equity method	1,133,757	(2,056,957)
Cash dividends received on equity method investee	1,446,055	720,970
Valuation (gain) loss on financial liabilities	(126,156)	117,064
Valuation loss on financial assets	43,808	147,661
Deferred income tax	(2,011,034)	(206,093)
Others	(1,117)	5,420
Changes in operating assets and liabilities		
Financial instruments held for trading	(53,503)	(222,091)
Accounts receivable	80,594	192,872
Accounts receivable from related parties	747,431	689,666
Other receivable from related parties	(833,863)	2,132,018
Shipping fuel	(932,923)	1,311,349
Prepaid expenses	(67,704)	(170,077)
Advances to shipping agents	(906,549)	(21,999)
Other current assets	(48,015)	5,811
Payable to related parties	(2,009,200)	750,275
Income tax payable	-	(783,436)
Financial liabilities held for trading	(18,978)	155,988
Accrued expenses	1,317,528	(2,716,833)
Payable to shipping agents	(744,698)	266,145
Advances from customers	596,701	(444,991)
Other current liabilities	(71,156)	5,474
Advances on long-term rent agreements	<u>41,106</u>	<u>41,106</u>
Net cash provided by (used in) operating activities	<u>(16,079,949)</u>	<u>3,188,760</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(7,984,389)	(10,938,784)
Proceeds from disposal of available-for-sale financial assets	8,129,914	10,631,919
Proceeds of cash dividends from available-for-sale financial assets	-	18,984
Acquisition of investments accounted for using equity method	(1,000,000)	(1,060,904)
Proceeds from disposal of investments accounted for using equity method	984,058	-
Acquisition of financial assets carried at cost	(95,000)	(150,000)
Acquisition of properties	(220,075)	(2,458,466)

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YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
Acquisition of nonoperating assets	\$ (100,800)	\$ -
Proceeds from disposal of properties and nonoperating assets	393,365	1,140,617
Increase (decrease) in long-term receivable from related parties	3,365,093	(4,870,225)
Increase in deferred charges	(83,403)	(101,197)
Increase in other assets	(6,036)	(75,068)
Decrease in restricted assets	<u>(310,866)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>3,071,861</u>	<u>(7,863,124)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term loans	(500,000)	500,000
Increase in long-term bank loans	15,616,000	7,500,000
Repayments of long-term bank loans	(940,885)	-
Repayments of principal of bonds	(1,584,000)	(1,076,933)
Payments of obligations under capital leases - long-term portion	(84,340)	(104,368)
Decrease in other liabilities	(14,121)	(2,584)
Cash dividends and employees' bonus paid	<u>(384,240)</u>	<u>(2,431,460)</u>
Net cash provided by financing activities	<u>12,108,414</u>	<u>4,384,655</u>
NET DECREASE IN CASH AND CASH EQUIVALENT	(899,674)	(289,709)
CASH BEGINNING OF YEAR	<u>4,692,315</u>	<u>4,982,024</u>
CASH AND CASH EQUIVALENT, END OF YEAR	<u>\$ 3,792,641</u>	<u>\$ 4,692,315</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ 897,148</u>	<u>\$ 797,645</u>
Income tax paid	<u>\$ 190,615</u>	<u>\$ 1,312,417</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Reclassification of properties into assets leased to others	<u>\$ -</u>	<u>\$ 21,219</u>
Reclassification of construction in process into advances on long-term rent agreements	<u>\$ -</u>	<u>\$ 691,543</u>
Reclassification of investment into deduction to long-term receivables from related parties	<u>\$ 266,531</u>	<u>\$ -</u>
Current portion of interest-bearing long-term debts	<u>\$ 5,135,422</u>	<u>\$ 2,052,327</u>
Domestic unsecured convertible bonds converted into capital stock and capital surplus	<u>\$ -</u>	<u>\$ 17,203</u>

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YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
CASH PAID FOR ACQUISITION OF PROPERTIES AND ASSET LEASED TO OTHERS		
Increase in properties and assets leased to others	\$ 4,062,617	\$ 1,382,250
Decrease in payables for equipment	40,119	1,076,216
Decrease in payables to related parties	<u>(3,882,661)</u>	<u>-</u>
Cash paid	<u>\$ 220,075</u>	<u>\$ 2,458,466</u>
Increase in deferred changes	\$ 241,934	\$ 101,197
Decrease in long-term receivables from related parties	<u>(158,531)</u>	<u>-</u>
Cash paid	<u>\$ 83,403</u>	<u>\$ 101,197</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 Corp.	\$ 4,000,716
Interests 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>
Cash paid	<u>\$ -</u>

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

(With Deloitte & Touche audit report dated March 10, 2010)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

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

1. ORGANIZATION AND OPERATIONS

Yang Ming Marine Transport Corporation (the "Corporation"), established in December 1972, was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Corporation simultaneous to the Corporation's listing of its shares of stock on the ROC Taiwan Stock Exchange. The MOTC owned 35.51% of the Corporation's outstanding capital stock at December 31, 2009 and 2008.

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, 2009 and 2008, the Corporation had 1,522 and 1,451 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, impairment of assets, 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.

Cash Equivalents

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

Financial Assets and Liabilities at Fair Value through Profit or Loss

Financial instruments classified as financial assets at fair value through profit or loss (“FVTPL”) include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The 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

Before January 1, 2009, shipping fuel was stated at the lower of cost or market value. Any write-down was made on a total-shipping-fuel basis. Market value meant replacement cost. As stated in note 3, effective January 1, 2009, shipping fuel is stated at the lower of cost or net realizable value. Any write-down is made item by item. Shipping fuel is recorded at weighted-average cost.

Financial 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, leased assets, deferred charges, 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. A reversal of an impairment loss on goodwill is disallowed.

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.

Provision for Onerous Contract

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

Income Tax

The 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.

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

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, 2008 have been reclassified to conform to the presentation of financial statements as of and for the year ended December 31, 2009.

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\$333,582 thousand in net loss and decrease in after income tax basic earnings per share of \$0.13 for the year ended December 31, 2009. Please see Note 22 for relevant information regarding reclassifications of financial instruments..

Accounting for Inventories

On January 1, 2009, the Corporation adopted the newly revised SFAS No. 10, "Accounting for Inventories". The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; and (2) write-downs of inventories and any reversal of write-downs are recorded as operating cost for the period. The adoption resulted in an increase of \$11,520 thousand in net loss and a increase of \$0.004 in after income tax basic loss per share for the year ended December 31, 2009.

For comparison purposes, the Corporation also reclassified nonoperating loss of \$564,201 thousand to operating cost for the year ended December 31, 2008.

4. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Cash		
Petty cash and cash on hand	\$ 3,501	\$ 2,341
Checking accounts and demand deposits	1,871,159	2,001,170
Time deposits: Interest - 0.23% to 2.33% in 2009 and 0.15% to 2.33% in 2008	1,537,981	2,688,804
Cash equivalents		
Repurchase agreements collateralized by bonds interest - 0.25%	<u>380,000</u>	<u>-</u>
	<u>\$ 3,792,641</u>	<u>\$ 4,692,315</u>

As of December 31, 2008, time deposits with maturity of over one year amounted to \$747 thousand (December 31, 2009: None).

The overseas deposits as of December 31, 2009 and 2008 are summarized in the accompanying Schedule A and B.

5. FINANCIAL INSTRUMENTS AT FVTPL

a. Financial assets and liabilities at FVTPL

	December 31	
	2009	2008
Financial assets held for trading		
Mutual funds	\$ 214,982	\$ 31,859
Principal guarantee goods	30,094	-
Forward exchange contracts	7,086	-
Quoted stocks	2,052	5,097
Oil swap option	<u>-</u>	<u>125,669</u>
	<u>\$ 254,214</u>	<u>\$ 162,625</u>
Financial liabilities held for trading		
Oil swap option	<u>\$ -</u>	<u>\$ 145,134</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.

Outstanding forward contracts as of December 31, 2009 were as follows: (December 31, 2008: None).

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

The purpose of holding the short crude 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 is to reduce the cost burden from oil price increase.

Outstanding oil swap options as of December 31, 2008 were as follows: (As of December 31, 2009: None).

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

As of December 31, 2008, the oil swap option settled were \$88,062 thousand which were recognized as other current liabilities. The settlement amount was paid in April 2009.

Net gains arising from financial assets held for trading were \$39,277 thousand (including realized settlement gain of \$81,894 thousand, interest revenue of \$1,191 thousand and valuation loss of \$43,808 thousand) for the year ended December 31, 2009; net losses 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 arising from financial liabilities held for trading were \$126,156 thousand (valuation gain) for the year ended December 31, 2009, and \$12,798 thousand (including realized settlement gain of \$129,862 thousand and valuation loss of \$117,064 thousand) for the year ended December 31, 2008.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2009	2008
Domestic quoted stocks	\$ 3,722,880	\$ 3,142,977
Mutual funds	288,281	291,838
Corporation bonds	64,060	-
Less: Current portion	<u>777,887</u>	<u>579,719</u>
	<u>\$ 3,297,334</u>	<u>\$ 2,855,096</u>

7. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	December 31			
	2009		2008	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Domestic unquoted common stocks				
New Century Infocomm Co., Ltd.	\$ 427,789	1.68	\$ -	-
Taipei Port Container Terminal Co., Ltd.	406,640	9.76	316,640	10.00
United Stevedoring Corporation	5,000	10.00	-	-
Domestic unquoted preferred stocks				
New Century Infocomm Co., Ltd.	-	-	427,789	1.68
Overseas unquoted common stocks				
Antwerp International Terminal	<u>4,665</u>	16.33	<u>58,978</u>	16.33
	<u>\$ 844,094</u>		<u>\$ 803,407</u>	

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

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			
	2009		2008	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Kuang Ming Shipping Corp.	\$ 5,478,453	100.00	\$ 5,070,113	100.00
All Oceans Transportation, Inc.	4,894,610	100.00	5,539,339	100.00
Yang Ming Line (B.V.I.) Holding Co., Ltd.	3,767,414	100.00	4,955,560	100.00
Kao Ming Container Terminal Corp.	1,818,097	100.00	786,771	100.00
Yang Ming Line (Singapore) Pte. Ltd.	1,630,396	100.00	1,628,322	100.00
Ching Ming Investment Co., Ltd.	1,538,107	100.00	1,281,101	100.00
Yes Logistics Corp.	482,341	46.04	520,731	46.04
Honming Terminal & Stevedoring Co., Ltd.	346,722	79.17	357,842	79.17
Yunn Wang Investment Co., Ltd.	252,135	49.75	202,032	49.75
Transyang Shipping Pte. Ltd.	217,924	49.00	856,048	49.00
Jing Ming Transportation Co., Ltd.	113,936	50.98	120,861	50.98
Yang Ming Line Holding Co.	23,780	100.00	313,530	100.00
Chunghwa Investment Co., Ltd.	-	-	739,517	40.00
Ming Giant (Shanghai) International Logistics Co., Ltd.	-	-	235,739	100.00
Yang Ming (Liberia) Corp.	<u>(266,531)</u>	100.00	<u>171,509</u>	100.00
	20,297,384		22,779,015	
Add: Investment deducted from long-term receivables from related parties	<u>266,531</u>		<u>-</u>	
	<u>\$ 20,563,915</u>		<u>\$ 22,779,015</u>	

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

	Years Ended December 31	
	2009	2008
Kuang Ming Shipping Corp.	\$ 1,068,363	\$ 670,624
Transyang Shipping Pte. Ltd.	157,132	757,372
Yang Ming Line (Singapore) Pte. Ltd.	43,882	19,628
Ching Ming Investment Co., Ltd.	39,396	(172,189)
Kao Ming Container Terminal Corp.	31,088	(11,930)
Yunn Wang Investment Co., Ltd.	20,101	3,964
Chunghwa Investment Co., Ltd.	5,419	(61,453)
Jing Ming Transportation Co., Ltd.	4,276	13,389
Honming Terminal & Stevedoring Co., Ltd.	1,851	13,463
Ming Giant (Shanghai) International Logistics Co., Ltd.	(1,417)	(6,280)
Yes Logistics Corp.	(34,075)	(19,237)
Yang Ming Line Holding Co.	(289,266)	(68,419)
Yang Ming (Liberia) Corp.	(445,623)	336,740
All Oceans Transportation, Inc.	(644,729)	870,424
Yang Ming Line (B.V.I.) Holding Co., Ltd.	<u>(1,090,155)</u>	<u>(289,139)</u>
	<u>\$ (1,133,757)</u>	<u>\$ 2,056,957</u>

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

The Corporation committed to support ship building plan of Yang Ming (Liberia) Corp. The Corporation recognized all of the losses in excess of the capital contributed by the investee's shareholders, and the credit balance of \$266,531 thousand on this investment was reclassified as deduction from long-term receivables from related parties as of December 31, 2009.

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, \$3,700,000 thousand, and the Corporation remitted the investment fund amounting to \$1,000,000 thousand on October 19, 2009. Kao Ming Container Terminal Corp. secured a \$16,200,000 thousand syndicated loan from banks on December 18, 2008, so as to fund the construction of Kaohsiung Intercontinental Container Terminal, and the banks had allotted \$3,060,000 thousand in 2009.

For financing the investment project on Euromax terminal in Rotterdam, the board of directors of the Corporation resolved to increase the capital investment by €12,620,000 in Yang Ming Line (Singapore) Pte. Ltd. on January 11, 2008. As of March 3, 2010, the investment fund is still not remitted by Corporations.

The boards of directors resolved to invest \$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, assets 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 26.

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

The Corporation disposed and of and sold all equity investment of Ming Giant (Shanghai) International Logistics Co., Ltd., to China Nanshan Development (Group) Incorporation. The selling price after tax was US\$7,268 thousand, and then accrued related liabilities 9,383 thousand, the Corporation recognized a disposal gain 26,489 thousand. The proceeds have been received.

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 year ended December 31, 2009 and 2008 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.

9. PROPERTIES

Year Ended December 31, 2009									
	Land	Buildings	Containers and Chassis	Ships	Leased Containers and Chassis	Leasehold Improvements	Miscellaneous Equipment	Construction in Process	Total
Cost									
Beginning balance	\$ 330,069	\$ 728,683	\$ 23,566,163	\$ 2,378,832	\$ 2,178,416	\$ 146,272	\$ 2,527,228	\$ 88,666	\$ 31,944,329
Addition	-	-	15,958	3,882,660	-	-	32,604	131,116	4,062,338
Sale or disposal	-	-	665,626	-	-	-	119,875	-	785,501
Reclassification	-	-	(9,856)	-	-	-	219,782	(219,782)	(9,856)
Ending balance	<u>\$ 330,069</u>	<u>728,683</u>	<u>22,906,639</u>	<u>6,261,492</u>	<u>2,178,416</u>	<u>146,272</u>	<u>2,659,739</u>	<u>\$ -</u>	<u>35,211,310</u>
Accumulated depreciation									
Beginning balance	126,549	12,502,218	247,915	2,017,397	126,029	1,416,245	-	-	16,436,353
Addition	13,807	2,185,770	429,713	32,214	3,628	194,058	-	-	2,859,190
Sale or disposal	-	-	655,786	-	-	119,775	-	-	775,561
Reclassification	-	-	(9,856)	-	-	-	-	-	(9,856)
Ending balance	<u>140,356</u>	<u>14,022,346</u>	<u>677,628</u>	<u>2,049,611</u>	<u>129,657</u>	<u>1,490,528</u>	<u>-</u>	<u>-</u>	<u>18,510,126</u>
	<u>\$ 588,327</u>	<u>\$ 8,884,293</u>	<u>\$ 5,583,864</u>	<u>\$ 128,805</u>	<u>\$ 16,615</u>	<u>\$ 1,169,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,701,184</u>

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 or 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>12,502,218</u>	<u>247,915</u>	<u>2,017,397</u>	<u>126,029</u>	<u>1,416,245</u>	<u>-</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>\$ -</u>	<u>\$ -</u>	<u>\$ 15,507,976</u>

The Corporation leases containers and chassis under capital lease agreements. The related information for future rentals is shown in Note 25. The terms of the leases were from nine years to ten years for containers. 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, 2009 and 2008 were as follows:

	December 31			
	2009		2008	
	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)
Total capital lease obligations (undiscounted)	\$ 4,520	\$ 144,769	\$ 7,236	\$ 237,757
Less: Unamortized interest expense	<u>(307)</u>	<u>9,840</u>	<u>(563)</u>	<u>(18,488)</u>
	<u>\$ 4,213</u>	<u>\$ 134,929</u>	<u>\$ 6,673</u>	<u>\$ 219,269</u>

10. ASSETS LEASED TO OTHERS, NET

	December 31	
	2009	2008
Cost		
Land	\$ 2,928,721	\$ 2,928,721
Buildings	<u>1,244,328</u>	<u>1,244,328</u>
	4,173,049	4,173,049
Accumulated depreciation - buildings	<u>160,050</u>	<u>132,303</u>
	<u>\$ 4,012,999</u>	<u>\$ 4,040,746</u>

Future rental payments receivable were summarized as follows:

Fiscal Year	Amount
2010	\$ 78,608
2011	50,586
2012	18,622
2013	11,605
2014	7,934

11. NONOPERATING ASSETS, NET

	December 31	
	2009	2008
Cost		
Land	\$ 318,515	\$ 217,715
Buildings	<u>3,737</u>	<u>4,188</u>
	322,252	221,903
Accumulated depreciation - buildings	<u>3,115</u>	<u>3,845</u>
	<u>\$ 319,137</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 \$691,554 thousand (construction in process) into advances on long-term rent agreement which are amortized over 23 years and 10 months.

13. SHORT-TERM LOANS

	December 31	
	2009	2008
Unsecured bank loans - interest of 1.84%	<u>\$ -</u>	<u>\$ 500,000</u>

14. INTEREST-BEARING LONG-TERM DEBTS

	Current	Long-term	Total
<u>December 31, 2009</u>			
Long-term unsecured bank loans	\$ -	\$ 1,900,000	\$ 1,900,000
Long-term secured bank loans	3,022,605	14,952,510	17,975,115
Domestic unsecured bonds	2,082,000	15,040,000	17,122,000
Commercial paper	-	2,300,000	2,300,000
Obligation under capital leases	<u>30,817</u>	<u>104,112</u>	<u>134,929</u>
	<u>\$ 5,135,422</u>	<u>\$ 34,296,622</u>	<u>\$ 39,432,044</u>
<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>

Long-term Unsecured Bank Loans

The unsecured bank loan is repayable in New Taiwan dollars in one-lump sum payment at maturity in July 2012. Interest rate was 0.98%-1.00% on December 31, 2009.

Long-term Secured Bank Loans

Secured bank loans are repayable in installments at varying amounts in New Taiwan dollars with the latest maturity in June 2016. Interest rates were 0.84253% to 2.1% and 2.25% to 2.78% on December 31, 2009 and 2008, respectively. The Corporation mortgaged ships, assets leased to others, and the ships of a subsidiary, All Oceans Transportation, Inc., as collaterals for the secured loans.

Domestic Unsecured Bonds

On various dates, the Corporation issued domestic unsecured bonds; the dates and the aggregate face values were as follows: \$1,800,000 thousand on June 1, 2000 (the "June 2000 Bonds"); \$2,400,000 thousand on November 20, 2000 (the "November 2000 Bonds"); \$1,100,000 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 were 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 \$1,188,000 thousand as of December 31, 2009.

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 July 15, 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. The Corporation had paid off \$990,000 thousand as of December 31, 2009.

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 August 7, 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.

Commercial Paper

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

Obligations Under Capital Leases

Obligations under capital leases are summarized in Note 9.

15. ACCRUED EXPENSES

	December 31	
	2009	2008
Fuel	\$ 2,369,152	\$ 1,401,176
Vessel charter hire	942,914	4,410
Space hire	468,524	832,826
Container lease	399,842	562,879
Interest	131,962	167,463
Salary	61,855	181,761
Others	<u>341,927</u>	<u>248,133</u>
	<u>\$ 4,716,176</u>	<u>\$ 3,398,648</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. PENSION PLAN

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

- a. The pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The pension fund, to which the Corporation contributes amounts equal to 3% and 13% of salaries every month in 2009 and 2008, respectively, is administered by the pension fund monitoring committee and deposited in the committee's name in the Bank of Taiwan.

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

	<u>Year Ended December 31</u>	
	<u>2009</u>	<u>2008</u>
Service cost	\$ 102,972	\$ 107,391
Interest cost	43,481	51,797
Projected return on plan assets	(12,301)	(13,834)
Amortization of net transition asset or obligation	(328)	(328)
Amortization of prior service cost	(1,544)	436
Amortization of unrecognized pension cost	<u>21,837</u>	<u>19,991</u>
Pension cost	154,117	165,453
Add: Investment deducted from long-term receivables from related parties	<u>(34,202)</u>	<u>(45,416)</u>
Net periodic pension cost	<u>\$ 119,915</u>	<u>\$ 120,037</u>

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

	Year Ended December 31	
	2009	2008
Benefit obligation		
Vested benefit obligation (VBO)	\$ 856,307	\$ 635,442
Non-vested benefit obligation	<u>679,989</u>	<u>753,075</u>
Accumulated benefit obligation (ABO)	1,536,296	1,388,517
Additional benefit based on future salaries	<u>524,089</u>	<u>553,000</u>
Projected benefit obligation	2,060,385	1,941,517
Fair value of plan assets	<u>(569,522)</u>	<u>(546,267)</u>
Plan funded status	1,490,863	1,395,250
Unrecognized net transition asset	1,018	1,346
Unrecognized prior service cost	33,018	34,562
Unrecognized pension cost	(490,933)	(500,141)
Additional minimum pension liability	<u>22,428</u>	<u>36,355</u>
Accrued pension cost	<u>\$ 1,056,394</u>	<u>\$ 967,372</u>
Vested benefit	<u>\$ 1,229,862</u>	<u>\$ 900,044</u>
3) Actuarial assumptions		
Discount rate	2.25%	2.25%
Rate of increase in compensation	2.50%	2.75%
Expected return on plan assets	1.50%	2.25%
4) Contributions to the fund	<u>\$ 23,779</u>	<u>\$ 80,030</u>
5) Payments from the fund	<u>\$ 4,204</u>	<u>\$ 5,915</u>

- 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 \$38,512 thousand and \$32,884 thousand for the years ended December 31, 2009 and 2008, respectively.

18. 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 2009, there were 4,769,596 units outstanding, representing 47,696,037 shares, 1.86% 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.

The Corporation did not accrue bonus to employees and remuneration to directors and supervisors due to the operating loss in 2009. The bonus to employees for the year ended December 31, 2008 was \$59,261 thousand which was represented 1% of distributable retained earnings. Material difference between such estimated amount and the amount proposed by the Board of Directors in the following year is adjusted for in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

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

Under the 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 2008 and 2007 earnings on June 19, 2009 and June 18, 2008, respectively, as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2008	2007	2008	2007
Legal reserve	\$ 54,730	\$ 601,992		
Bonus to employees - cash	-	102,876		
Cash dividends	384,370	2,329,054	\$0.15	\$1.00
Stock dividends	-	2,329,054	-	1.00

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

The stockholders resolved to distribute stock dividends out of undistributed earnings in the amount of \$2,329,054 thousand on June 18, 2008, after that, the capital stock increase amounted to \$25,624,665 thousand. The above capital increase was approved by the Financial Supervisory Commission of Executive Yuan on July 8, 2008. The Corporation's board of directors resolved September 6, 2008 as the record date ex-dividends and ex-rights. Registration of the modification had been completed on September 21, 2008.

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

19. INCOME TAX

According to regulations stipulated by Ruling Letter No. 910458039 dated February 22, 2003, "Principles and regulations of profit seeking businesses filing joint tax returns in accordance with Article 49 of the Financial Holding Company Law and Article 40 of Enterprise Merger Law", when a company holds more than 90% of the shares of a domestic subsidiary, the company and the subsidiary can file a joint tax return once the company holds more than 90% of the subsidiary for 12 months during a taxable year. The Company and Kuang Ming Shipping Corp. jointly filed income tax returns for 2009.

- 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:

	Year Ended December 31	
	2009	2008
Income tax expense (benefit) at 25% statutory rate	\$ (4,465,496)	\$ 197,844
Tax effect on adjusting items:		
Permanent differences	(363,892)	(322,120)
Temporary differences	949,470	157,299
Loss carryforwards used	3,879,918	-
Additional income tax under the Alternative Minimum Tax Act	-	79,353
Additional 10% income tax on undistributed earnings	-	<u>65,731</u>
Income tax payable - current	-	178,107
Overseas income tax	189,504	188,885

(Continued)

	Year Ended December 31	
	2009	2008
Deferred income tax expenses		
Temporary differences	\$ (937,538)	\$ (157,299)
Loss carryforwards	(2,881,634)	-
Effect of tax law changes on deferred income tax	(193,327)	-
Adjustment in valuation allowance	1,992,347	-
Tax effect on consolidated tax returns	(222,300)	-
Adjustment of prior years' taxes	31,788	34,125
Others	<u>307</u>	<u>264</u>
Income tax expense (benefit) - current	<u>\$ (2,020,853)</u>	<u>\$ 244,082</u> (Concluded)

In January 2009, the Legislative Yuan passed the amendment of Article 39 of the Income Tax Law, which extends the operating losses carryforward period from five years to ten years. In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 20%, effective 2010. The Corporation recalculated its deferred tax assets and liabilities in accordance with these amended Articles and recorded the resulting difference as deferred income tax benefit or expense.

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

	December 31	
	2009	2008
Current (included in other current assets)		
Deferred income tax assets		
Unrealized loss shipping fuel valuation losses	\$ 2,304	\$ 141,050
Unrealized foreign exchange loss	4,792	64,652
Deferred contribution	-	4,898
Others	<u>2,021</u>	<u>2,526</u>
	<u>\$ 9,117</u>	<u>\$ 213,126</u>
Noncurrent		
Deferred income tax assets		
Loss carryforwards	\$ 2,881,634	\$ -
Unrealized impairment loss on long-term leases for chartered-in vessels	187,776	-
Deferred pension cost	128,150	140,473
Investment loss recognized on overseas equity-method investments	81,638	6,411
Unrealized impairment loss on financial assets	10,863	-
Unrealized loss on financial instruments	<u>3,119</u>	<u>-</u>
	3,293,180	146,884
Less: Valuation allowance	<u>(1,992,347)</u>	<u>-</u>
	<u>1,300,833</u>	<u>146,884</u>
Deferred income tax liabilities		
Investment income recognized on overseas equity-method investments	(1,172,376)	(2,134,312)
Differences in estimated service lives of containers	(18,473)	(129,867)
Unrealized gain on financial instruments	<u>-</u>	<u>(5,902)</u>
	<u>(1,190,849)</u>	<u>(2,270,081)</u>
	<u>\$ 109,984</u>	<u>\$ (2,123,197)</u>

Loss carryforwards as of December 31, 2009 comprised of:

Unused Amount	Expiry Year
\$ 14,408,170	2019

The tax returns through 2007 had been assessed by the tax authorities.

c. Information about integrated income tax was as follows:

	December 31	
	2009	2008
Balance of the imputation credit account (ICA)	\$ 957,245	\$ 870,836
Unappropriated earnings generated before June 30, 1998	1,141,939	2,064,438

The actual creditable ratio for distribution on 2008 earning was 20.30%. Due to the fact that deficit was resulted from operating losses in 2009, the creditable ratio for distribution on 2009 earnings will be calculated in the future when unappropriated earnings are generated from future operating gains.

20. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Year Ended December 31, 2009			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 610,196	\$ 768,741	\$ -	\$ 1,378,937
Insurance	32,460	63,209	-	95,669
Pension	62,463	95,964	-	158,427
Others	48,478	85,309	-	133,787
Depreciation	2,752,019	70,508	27,467	2,849,994
Amortization	56,673	37,604	2,569	96,846
	<u>\$ 3,562,289</u>	<u>\$ 1,121,335</u>	<u>\$ 30,036</u>	<u>\$ 4,713,660</u>
	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	50,310	12,546	2,727	65,583
	<u>\$ 3,385,827</u>	<u>\$ 1,236,066</u>	<u>\$ 31,809</u>	<u>\$ 4,653,702</u>

21. EARNINGS PER SHARE

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

	<u>Amount (Numerator)</u>		<u>Shares (Denominator) (In Thousand Shares)</u>	<u>EPS (NT\$)</u>	
	<u>Before Income Tax</u>	<u>Net Income(loss)</u>		<u>Income Before Income Tax</u>	<u>Net Income(loss)</u>
<u>Year ended December 31, 2009</u>					
Basic EPS	\$(17,861,982)	\$(15,841,129)	2,562,466	<u>\$ (6.97)</u>	<u>\$ (6.18)</u>
Impact of dilutive potential common shares					
Bonus to employees	<u>-</u>	<u>-</u>	<u>-</u>		
Diluted EPS	<u>\$(17,861,982)</u>	<u>\$(15,841,129)</u>	<u>2,562,466</u>	<u>\$ (6.97)</u>	<u>\$ (6.18)</u>
<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	<u>-</u>	<u>-</u>	<u>5,867</u>		
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>

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

22. DISCLOSURE FOR FINANCIAL INSTRUMENTS

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

	<u>December 31</u>			
	<u>2009</u>		<u>2008</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 254,214	\$ 254,214	\$ 162,625	\$ 162,625
Available-for-sale financial assets - current	777,887	777,887	579,719	579,719
Available-for-sale financial assets - noncurrent	3,297,334	3,297,334	2,855,096	2,855,096
Investments accounted for using equity method	20,563,915	-	22,779,015	-
Financial assets carried at cost - noncurrent	844,094	-	803,407	-
Refundable deposits	323,927	323,927	53,752	53,572
Long-term receivables from related parties	20,517,972	20,517,972	28,190,788	28,190,788
Hedging derivative financial assets - noncurrent	-	-	23,607	23,607

(Continued)

	December 31			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	\$ -	\$ -	\$ 145,134	\$ 145,134
Hedging derivative financial liabilities - noncurrent	15,595	15,595	-	-
Long-term bank loans	22,175,115	22,175,115	7,500,000	7,500,000
Bonds	17,122,000	17,343,352	18,706,000	18,949,368
Capital lease obligations	134,929	134,929	219,269	219,269
				(Concluded)

Place of transaction:

Place of Transaction	December 31			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial asset</u>				
Overseas (including foreign institutions in Taiwan)	\$ 7,086	\$ 7,086	\$ 149,276	\$ 149,276
<u>Financial liability</u>				
Overseas (including foreign institutions in Taiwan)	15,595	15,595	145,134	145,134

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

- 1) Cash and cash equivalents, accounts receivable, accounts receivable from related parties, other receivable from related parties, advances to shipping agents, short-term bank loans, short-term bills payable, 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, long-term bank loans, long-term commercial paper and lease payables are measured at the present values of expected cash flows which are discounted at the interest rate for bank loans with similar maturities.
- 5) Refundable deposits uses carrying amounts to estimate their fair market values since the amounts refundable approximate the carrying amounts.
- 6) The fair value of bonds is market value.
- c. Fair values of financial assets and financial liabilities, based on quoted prices or valuation techniques, were as follows:

	Market Price		Valuation Techniques	
	December 31		December 31	
	2009	2008	2009	2008
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 247,128	\$ 36,956	\$ 7,086	\$ 125,669
Available-for-sale financial assets - current	777,887	579,719	-	-
Available-for-sale financial assets - noncurrent	3,297,334	2,855,096	-	-
Hedging derivative financial assets noncurrent	-	-	-	23,607
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	-	145,134
Hedging derivative financial liability - noncurrent	-	-	15,595	-
Bonds	17,343,352	18,949,368	-	-

- d. Net gain (loss) on changes of the fair value determined using valuation technique were \$223,278 thousand and \$(73,201) thousand for the years ended December 31, 2009 and 2008.
- e. Financial assets and liabilities affected by interest rate were as follows:

	December 31			
	2009		2008	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
<u>Risk of interest rate change</u>				
Fair value risk	\$ 1,915,435	\$ 16,256,929	\$ 2,670,057	\$ 18,425,269
Cash flow risk	1,819,273	23,175,114	1,949,909	8,500,000

- f. Information about financial risks

1) Market risk

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

For the years ended December 31, 2009 and 2008, 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 is exposed to credit risk on counter-parties' default on contracts. The Corporation's maximum exposure to credit risk is equal to book value. The Corporation conducts transactions only with selected financial institutions and corporations with good credit ratings. Thus, management does not anticipate any material 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, 2009 and 2008. 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 demand deposits, time deposits, long-term bank loans and bonds have floating interest rates. Effective rate and future cash flow of the Corporation will fluctuate as a result of changes in market interest rate.

g. Cash flow hedge

The Corporation uses interest rate swap 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					
		2009		2008			
	Notional Amount	Fair Value	Notional Amount	Fair Value			
Bonds with floating interest rate	Interest rate swap	\$ (500,000)	\$ (7,167)	\$ (500,000)	\$ 6,062	June 18, 2004 - June 18, 2011	June 18, 2004 - June 18, 2011
Bonds with floating interest rate	Interest rate swap	(500,000)	(8,428)	(500,000)	17,545	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 of the reclassified financial assets (excluding those that had been derecognized) at the reclassification date were as follows:

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

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

The carrying amounts and fair values of the reclassified financial assets (excluding those that had been derecognized) as of December 31, 2009 and 2008 were as follows:

	Year Ended December 31			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Available-for-sale financial assets - current	\$ 439,922	\$ 439,922	\$ 434,185	\$ 434,185

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized before December 31, 2009 and 2008, respectively) for the years ended December 31, 2009 and 2008 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	Year Ended December 31			
	2009		2008	
	Gains (Losses) Recorded	Pro Forma Gains (Losses)	Gains (Losses) Recorded	Pro Forma Gains (Losses)
Available-for-sale financial assets	\$ -	\$ 223,479	\$ 431	\$ (290,307)

23. RELATED-PARTY TRANSACTIONS

The significant transactions with related parties for the years ended December 31, 2009 and 2008 and the related balances, in addition to those mentioned in Notes 8, 14 and 25 and Schedules E and F, are summarized in the accompanying schedules C and D.

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

The transactions with related parties were conducted under contract terms.

Compensation of directors, supervisors and management personnel:

	Year Ended December 31	
	2009	2008
Salaries	\$ 17,558	\$ 22,345
Incentives	4,292	17,839
Special compensation	-	-
Bonus	<u>683</u>	<u>919</u>
	<u>\$ 22,533</u>	<u>\$ 41,103</u>

24. ASSETS PLEDGED OR MORTGAGED

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

	December 31	
	2009	2008
Properties, net	\$ 5,652,160	\$ 2,120,824
Restricted time deposits (included in other current assets)	1,426,501	1,435,535
Nonoperating assets, net	<u>89,230</u>	<u>89,230</u>
	<u>\$ 7,167,891</u>	<u>\$ 3,645,589</u>

25. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Note 23 and Schedule F, commitments and contingent liability as of December 31, 2009 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, 2009 was \$8,583,307 thousand. An amount of refundable deposit withdrawn due to the lease contract was \$323,521 thousand, and future minimum rentals are as follows:

Fiscal Year	Amount
2010	\$ 5,092,488
2011	2,163,240
2012	1,879,454
2013	1,739,760
2014	1,558,783

Rentals after 2015 amount to \$6,430,941 thousand. The present value of those rentals, computed at an annual interest rate of 0.9%, is \$5,987,561 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, 2009 was about \$80,641 thousand (deducted from leases payable). Future minimum rentals are as follows:

Fiscal Year	Amount
2010	\$ 34,328
2011	21,066
2012	14,511
2013	14,511
2014	14,511

- 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
All Oceans Transportation, Inc.	Subsidiary	US\$ 20,000
Yang Ming (Liberia) Corp.	Subsidiary	US\$ 644,170
Kuang Ming (Liberia) Corp.	Subsidiary	US\$ 369,043
Kao Ming Container Terminal Corp.	Subsidiary	NT\$ 3,000,000
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

26. 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:

	2008
Operating revenue	\$ 2,733,663
Operating costs	<u>(1,830,033)</u>
Gross profit	903,630
Operating expense	<u>(7,899)</u>
Operating income	895,731
Nonoperating income and gains	292,253
Nonoperating expenses and income before income tax	<u>(92)</u>
Income before income tax	1,187,892
Income tax expense	<u>(296,973)</u>
Net income	<u>\$ 890,919</u>
Basic earnings per share (EPS)	<u>\$0.35</u>

27. ADDITIONAL IMPORTANT DISCLOSURES

On January 8, 2010, the corporation's board of directors had resolved to approve a proposal to raise funds through the fourteenth issuance of domestic secured bonds. The estimated date of issuance is under the premise of being less than 5 years and the amount being up to NT\$5,000,000 thousand.

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: Please see Schedule I attached;
- 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 J attached;
- i. Names, locations, and related information of investees on which the Corporation exercises significant influence: Please see Schedule K 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 L 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	2009		2008	
	Amount	%	Amount	%
U.S. Western coast line	\$ 22,248,617	30	\$ 39,823,325	34
Northwest European line	15,404,340	21	25,242,611	22
Asia line	13,117,156	18	15,601,529	13
U.S. Eastern coast line	12,217,493	16	15,170,071	13
Mediterranean line	4,744,868	6	8,457,739	7

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

YANG MING MARINE TRANSPORT CORPORATION**OVERSEAS DEPOSITS
DECEMBER 31, 2009**

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

SCHEDULE B**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

YANG MING MARINE TRANSPORT CORPORATION

RELATED PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(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									
		Charter Hire		Agents' Income		Rent of Container		Cargo Transport Revenue		Ship Management		Ship Rental		Other Operating Income		Haulage		Others		Donation		Interest Income		Rental Income		Purchase of Properties					
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%				
2009																															
Kuang Ming Shipping Corp.	A	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 56,827	14	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 1,673	2	\$ -	-
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	288,981	E 83	113,397	99	781,153	100	-	-	109,908	28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Italy S.p.A.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Line (India) Pvt. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Shipping (B.V.I.) Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Vietnam) Corp.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
West Basin Container Terminal LLC	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Olympic Container Terminal LLC	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Belgium) N.V.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Korea) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Taiwan Navigation Co., Ltd.	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Cultural Foundation	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Kuang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	176,011	45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Anatolia Shipping Agency S.A.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Sunbright Insurance Pte. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		<u>\$ 288,981</u>	<u>83</u>	<u>\$ 113,397</u>	<u>99</u>	<u>\$ 781,153</u>	<u>100</u>	<u>\$ 483,321</u>	<u>1</u>	<u>\$ 342,746</u>	<u>87</u>	<u>\$ 60,235</u>	<u>15</u>	<u>\$ 33,461</u>	<u>1</u>	<u>\$ 9,590,237</u>	<u>34</u>	<u>\$ 6,639,757</u>	<u>22</u>	<u>\$ 38,482</u>	<u>100</u>	<u>\$ 634,040</u>	<u>97</u>	<u>\$ 8,357</u>	<u>8</u>	<u>\$ 3,882,661</u>	<u>62</u>				
2008																															
Kuang Ming Shipping Corp.	A	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 175,794	42	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Italy S.p.A.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Line (India) Pvt. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Shipping (B.V.I.) Inc.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Vietnam) Corp.	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
West Basin Container Terminal LLC	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Olympic Container Terminal LLC	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Belgium) N.V.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Korea) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taiwan Navigation Co., Ltd.	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Cultural Foundation	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Kuang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		<u>\$ 778,489</u>	<u>30</u>	<u>\$ 115,527</u>	<u>99</u>	<u>\$ 884,459</u>	<u>99</u>	<u>\$ 97,810</u>																							

YANG MING MARINE TRANSPORT CORPORATION

RELATED-PARTY ACCOUNT BALANCES
DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (See Notes Below)	Receivables from Related Parties						Advances to Shipping Agents				Prepaid Expense		Long-term Receivable from Related Parties		Payables to Related Parties					
		Accounts Receivables		Other Receivables		Total		Shipping Agents		Prepaid Expense		Related Parties		Accrued Expense		Payables to Shipping Agents		Total			
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
<u>2009</u>																					
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 228,173	K -	\$ 228,173	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-		
All Oceans Transportation, Inc.	A	-	-	18,757	1	18,757	1	-	-	-	-	19,724,282	H and I 95	-	-	-	-	-	-		
Jing Ming Transportation Co., Ltd.	A	-	-	372	-	372	-	-	-	-	-	-	-	43,642	6	-	-	43,642	6		
Yang Ming (America) Co.	A	24,404	1	2,143	-	26,547	1	790,608	60	-	-	-	-	-	-	-	-	-	-		
Yangming (Japan) Co., Ltd.	A	45,887	2	-	-	45,887	2	-	-	-	-	-	-	-	-	75,763	10	75,763	10		
Young-Carrier Company Limited	A	786,286	36	-	-	786,286	36	-	-	-	-	-	-	-	-	161,961	21	161,961	21		
Yangming (UK) Ltd.	A	42,041	2	688,000	G 32	730,041	34	40,189	3	-	-	-	-	737	-	-	-	737	-		
Yang Ming Shipping Europe GmbH	A	33,020	2	-	-	33,020	2	7,710	1	-	-	-	-	-	-	19,309	3	19,309	2		
Yang Ming Line (Hong Kong) Ltd.	A	50,786	2	-	-	50,786	2	-	-	-	-	-	-	-	-	54,452	7	54,452	7		
Yangming Shipping (Singapore) Pte. Ltd.	A	6,018	-	-	-	6,018	-	591	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Line (M) Sdn. Bhd.	A	14,608	1	63	-	14,671	1	-	-	-	-	-	-	-	-	29,943	4	29,943	4		
Yes Logistics Corp.	A	-	-	10,785	-	10,785	-	-	-	-	-	-	-	1,024	-	18,165	2	19,189	3		
Yang Ming Italy S.p.A.	A	170,938	8	-	-	170,938	8	3,397	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Korea) Co., Ltd.	A	33,613	2	-	-	33,613	2	-	-	-	-	-	-	-	-	79,836	11	79,836	11		
Yang Ming (Netherlands) B.V.	A	6,955	-	-	-	6,955	-	-	-	-	-	-	-	-	-	46,640	6	46,640	6		
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	188,672	F 1	-	-	-	-	-	-		
Yang Ming (Vietnam) Corp.	B	124,742	6	53	-	124,795	6	-	-	-	-	-	-	-	-	92,945	12	92,945	12		
Yang Ming Line (India) Pvt. Ltd.	A	22,369	1	-	-	22,369	1	-	-	-	-	-	-	-	-	37,050	5	37,050	5		
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	605,018	I and J 4	-	-	-	-	-	-		
Yang Ming (Belgium) N.V.	A	29,631	1	-	-	29,631	1	-	-	-	-	-	-	-	-	34,008	5	34,008	5		
Taiwan Navigation Co., Ltd.	C	-	-	-	-	-	-	-	-	-	-	-	-	16,071	2	-	-	16,071	2		
Kuang Ming (Liberia) Corp.	A	-	-	10,197	-	10,197	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Anatolia Shipping Agency	A	35,732	2	-	-	35,732	2	-	-	-	-	-	-	-	-	38,579	5	38,579	5		
Sunbright Insurance Pte. Ltd.	A	-	-	-	-	-	-	-	-	7,874	1	-	-	-	-	-	-	-	-		
Yang Ming Shipping (Canada) Ltd.	A	18,457	1	-	-	18,457	1	2,586	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Line B.V.	A	-	-	1,060	-	1,060	-	-	-	-	-	-	-	4,045	1	-	-	4,045	1		
		<u>\$ 1,445,487</u>	<u>67</u>	<u>\$ 959,603</u>	<u>33</u>	<u>\$ 2,182,790</u>	<u>100</u>	<u>\$ 845,081</u>	<u>64</u>	<u>\$ 7,874</u>	<u>1</u>	<u>\$ 20,517,972</u>	<u>100</u>	<u>\$ 65,519</u>	<u>9</u>	<u>\$ 688,651</u>	<u>91</u>	<u>\$ 754,170</u>	<u>100</u>		
<u>2008</u>																					
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 46,177	2	\$ 46,177	2	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-		
All Oceans Transportation, Inc.	A	-	-	-	-	-	-	-	-	-	-	25,390,306	E 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	G 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	F 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	H 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		
Yang 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>\$ -</u>	<u>-</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>		

- Notes: A. Subsidiary of the Corporation
B. An equity-method investee of subsidiary of the Corporation.
C. More than half of the directors are identical.
D. The Corporation's donation is equal to the foundations capita.
E. Including dividends receivable, the amount of proceeds from disposal of ships and financing provided.
F. Dividends receivable.
G. Represents freight expense paid and held on behalf of Yangming (UK) Ltd.
H. Including the amount of proceeds from disposal of ships and dividends payable.
I. Receivables from disposal of ships from All Oceans Transportation Inc., Kuang Ming (Liberia) Corp. and from Yang Ming (Liberia) Corp. will be offset by rentals payable and the payment made for All Oceans Transportation Inc. periodically.
J. Has deducted the credit balance of the corporations long-term in Yang Ming(Liberia) Corp.
K. Mainly the tax receivables resulted from the election of consolidated tax returns.
L. Other related parties, with which the Corporation had no transactions for the year ended December 31, 2009, are listed in Schedule K.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

FINANCING PROVIDED

DECEMBER 31, 2009

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

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Year (Note J)	Ending Balance (Note J)	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	\$ 1,905,369 (US\$ 59,487,000)	\$ -	2.28%	1	\$ 3,872,050	Repayment of loans	\$ -	-	\$ -	\$ 3,872,050 (Note C)	\$ 9,528,093 (Note B)
		Antwerp International Terminal	Other receivables	15,035 (EUR 327,000)	15,017 (EUR 327,000)	1.77%	1	568,110 (EUR 13,154,000)	Improve financial structure	-	-	-	529,595 (Note C)	9,528,093 (Note B)
		All Oceans Transportation, Inc.	Other receivables	4,950,000	-	2.28%	1	6,591,094	Acquisition of ships	-	-	-	4,764,047 (Note C)	9,528,093 (Note B)
1	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	438,811 (US\$ 13,700,000)	438,811 (US\$ 13,700,000)	2.00%	2	-	Obtain working capital	-	-	-	518,886 (Note E)	576,540 (Note D)
2	Yang Ming Shipping (B.V.I.) Inc.	Karman Properties Limited	Temporary debits	99,694 (HK\$ 24,153,000)	330 (HK\$ 80,000)	-	2	-	Acquisition of office building	-	-	-	397,943 (Note G)	497,429 (Note F)
3	Kuang Ming Shipping Corp.	Yang Ming (Liberia) Corp.	Other receivables	512,480 (US\$ 6,000,000)	-	2.725%	2	-	Obtain working capital	-	-	-	821,768 (Note I)	2,191,381 (Note H)

Notes:

A. Nature of Financing:

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

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

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

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

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

F. Represents the lender's net asset value.

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

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

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

J. United States dollars and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.03 and HK\$1=NT\$4.1276 and EUR1=NT\$45.9791 as of December 31, 2009.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

ENDORSEMENT/GUARANTEE PROVIDED

DECEMBER 31, 2009

(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	\$ 38,112,372 (Note B)	\$ 48,045 (US\$ 1,500,000)	\$ -	\$ -	-	\$ 47,640,465 (Note A)
		All Oceans Transportation, Inc.	Subsidiary	38,112,372 (Note B)	640,600 (US\$ 20,000,000)	640,600 (US\$ 20,000,000)	-	2.00%	47,640,465 (Note A)
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	38,112,372 (Note B)	160,150 (US\$ 5,000,000)	160,150 (US\$ 5,000,000)	-	0.50%	47,640,465 (Note A)
		Yang Ming (Liberia) Corp.	Subsidiary	38,112,372 (Note B)	20,632,765 (US\$ 644,170,000)	20,632,765 (US\$ 644,170,000)	-	64.96%	47,640,465 (Note A)
		Kuang Ming Shipping Corp.	Subsidiary	38,112,372 (Note B)	12,620,717 (US\$ 394,028,000)	11,820,446 (US\$ 369,043,000)	-	37.22%	47,640,465 (Note A)
		Kao Ming Container Terminal Corp.	Subsidiary	38,112,372 (Note B)	4,000,000	3,000,000	-	9.45%	47,640,465 (Note A)
		United Terminal Leasing LLC	Equity-method investee of subsidiary	38,112,372 (Note B)	504,440 (US\$ 15,749,000)	488,084 (US\$ 15,238,000)	-	1.54%	47,640,465 (Note A)
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	38,112,372 (Note B)	520,936 (US\$ 16,264,000)	520,936 (US\$ 16,264,000)	-	1.64%	47,640,465 (Note A)
		Olympic Container Terminal LLC	Subsidiary	38,112,372 (Note B)	150,541 (US\$ 4,700,000)	150,541 (US\$ 4,700,000)	-	0.47%	47,640,465 (Note A)
1	Yang Mine Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	461,232 (Note D)	23,030 (US\$ 719,000)	18,413 (US\$ 575,000)	-	0.06%	576,540 (Note C)
2	Yes Logistics Corp.	Yes Logistics Co., Ltd.	Subsidiary	600,000 (Note F)	525,452 (US\$ 16,405,000)	-	-	-	1,200,000 (Note E)
3	Yang Ming Line (Hong Kong) Ltd.	Karman Properties Limited	Subsidiary	66,042 (Note H)	70,293 (HK\$ 17,030,000)	66,042 (HK\$ 16,000,000)	-	0.21%	82,552 (Note G)
4	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	Subsidiary	2,652,212 (Note J)	36,984 (GBP 715,000)	36,984 (GBP 715,000)	-	0.12%	3,315,265 (Note I)
5	All Oceans Transportation, Inc.	Ming Marine Transport Corporation	Parent	21,209,142 (Note L)	12,466,000	12,466,000	12,466,000 (Note N)	39.00%	26,511,427 (Note K)

(Continued)

Notes:

- A. Represents 15% 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\$32.03, GBP1=NT\$51.7252 and HK\$1=NT\$4.1276 on December 31, 2009.
- N. Represents 14 ships used as guarantees, with carrying value \$13,711,150 thousand as of December 31, 2009.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2009

(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, 2009				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Yang Ming Marine Transport Corporation	Common stock							
	Yang Ming Line (BVI) Holding Co., Ltd.	Subsidiary	Investments accounted for by the equity method	10,351	\$ 3,767,414	100.00	\$ 3,767,414	
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	60,130,000	1,630,396	100.00	1,630,396	
	All Oceans Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	1,000	4,894,610	100.00	4,894,610	
	Kuang Ming Shipping Corp.	Subsidiary	Investments accounted for by the equity method	205,514,000	5,478,453	100.00	5,478,453	
	Yang Ming Line Holding Co.	Subsidiary	Investments accounted for by the equity method	13,500	23,780	100.00	23,780	
	Ching Ming Investment Corp.	Subsidiary	Investments accounted for by the equity method	160,650,000	1,538,107	100.00	1,538,107	
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	31,667,630	346,722	79.17	346,722	
	Jing Ming Transportation Co., Ltd.	Subsidiary	Investments accounted for by the equity method	8,615,923	113,936	50.98	113,936	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	55,251,100	482,341	46.04	482,341	
	Yang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	(266,531)	100.00	(266,531)	Note D
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments accounted for by the equity method	1,345	217,924	49.00	217,924	
	Kao Ming Container Terminal Corp.	Subsidiary	Investments accounted for by the equity method	180,000,000	1,818,097	100.00	1,818,097	
	Yunn Wang Investment Co., Ltd.	Equity-method investee	Investments accounted for by the equity method	5,211,474	252,135	49.75	252,135	
	New Century Infocomm Co., Ltd.	-	Financial asset carried at cost - noncurrent	43,780,180	427,789	1.68	-	
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset carried at cost - noncurrent	41,000,000	406,640	9.76	-	
	Antwerp International Terminal N.V.	-	Financial asset carried at cost - noncurrent	1,486,030	4,665	16.33	-	
	United Stevedoring Corporation	-	Financial asset carried at cost - noncurrent	500,000	5,000	10.00	-	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	70,758,243	3,297,334	16.96	3,297,334	Note S
	Taiwan Fertilizer Co., Ltd.	-	Financial assets at fair value through profit or loss - current	18,000	2,052	0.01	2,052	
	Formosa Plastics Corporation	-	Available-for-sale financial assets - current	1,762,290	118,602	0.04	118,602	
	China Steel Corporation	-	Available-for-sale financial assets - current	823,980	27,191	0.02	27,191	
	Delta Electronics, Inc.	-	Available-for-sale financial assets - current	473,786	47,379	0.02	47,379	
	Greatek Electronics Inc.	-	Available-for-sale financial assets - current	476,236	15,596	0.08	15,596	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	1,795,500	107,191	0.02	107,191	
	Tripod Technology Corporation	-	Available-for-sale financial assets - current	648,043	69,989	0.15	69,989	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets - current	196,959	\$ 31,415	0.14	\$ 31,415	
	Aten International Co., Ltd.	-	Available-for-sale financial assets - current	123,614	8,183	0.10	8,183	
	<u>Mutual fund</u>							
	Polaris New Taiwan Fund	-	Available-for-sale financial assets - current	100,000	2,743	-	2,743	
	BGI Liquidity First Fund (USD)	-	Financial assets at fair value through profit or loss - current	7,362	235	-	235	
	BGI Liquidity First Fund (EUR)	-	Financial assets at fair value through profit or loss - current	1,461,732	67,207	-	67,207	
	BGI Liquidity First Fund (GBP)	-	Financial assets at fair value through profit or loss - current	2,284,050	116,391	-	116,391	
	Fuh Hwa Global Short-Term Income Fund	-	Financial assets at fair value through profit or loss - current	2,998,710.6	31,149	-	31,149	
	Polaris/P-ShTSEC Taiwan Non-Tech50ETF	-	Available-for-sale financial assets - current	450,000	11,633	-	11,633	
	Energy selectspdr	-	Available-for-sale financial assets - current	150,000	273,905	-	273,905	
	<u>Corporate bonds</u>							
	Deutsche Bank AG	-	Available-for-sale financial assets - current	200	64,060	-	64,060	
	<u>Principle guaranteed notes</u>							
	Chunghwa Telecom digital principle guaranteed notes	-	Financial assets at fair value through profit or loss - current	-	30,094	-	30,094	
Ching Ming Investment Corp.	<u>Common stock</u>							
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	3,950,000	43,247	9.88	43,247	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	49,311,077	430,509	41.09	430,509	
	SF Technology Venture Capital Investment Corp.	-	Financial asset carried at cost - noncurrent	2,400,000	4,968	7.24	-	
	United Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	4,800,000	26,352	9.04	-	
	Ascentek Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	784,000	7,896	2.14	-	
	China Technology Venture Capital Corporation	-	Financial asset carried at cost - noncurrent	2,550,000	25,500	8.96	-	
	Kingmax Technology Corp.	-	Financial asset carried at cost - noncurrent	822,115	10,918	1.38	-	
	High Tech Computer Corp.	-	Financial assets at fair value through profit or loss - current	215,275	78,898	0.03	78,898	
	U-Ming Marine Transport Corp.	-	Financial assets at fair value through profit or loss - current	80,000	5,200	0.01	5,200	
	Evergreen Internation Storage &Transport Corp.	-	Financial assets at fair value through profit or loss - current	132,000	3,775	0.01	3,775	
	Polaris Securities Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,590,000	30,290	0.07	30,290	
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	400,000	15,720	-	15,720	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	720,000	16,920	0.01	16,920	
	Largan Precision Co., Ltd.	-	Financial assets at fair value through profit or loss - current	20,000	8,420	0.01	8,420	
	Ardentec Corporation	-	Financial assets at fair value through profit or loss - current	15,000	319	-	319	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Hwacom Systems Inc.	-	Financial assets at fair value through profit or loss - current	25,000	\$ 629	0.03	\$ 629	
	Powertech Technology Inc.	-	Financial assets at fair value through profit or loss - current	210,000	22,785	0.03	22,785	
	Phison Electronics Corp.	-	Financial assets at fair value through profit or loss - current	20,000	5,450	0.01	5,450	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	505,000	23,533	0.12	23,533	Note S
	China Steel Corporation	-	Available-for-sale financial assets - current	369,158	12,182	-	12,182	
	Delta Electronics, Inc.	-	Available-for-sale financial assets - current	40,821	4,082	-	4,082	
	Hon Hai Precision Ind Co, Ltd.	-	Available-for-sale financial assets - current	46,150	6,992	-	6,992	
	AU Optronics Corp.	-	Available-for-sale financial assets - current	370,778	14,386	-	14,386	
	Novatek Microelectronics Corp.	-	Available-for-sale financial assets - current	5,010	2,796	-	2,796	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	3,282,750	195,980	0.03	195,980	
	Wellypower Optronics Co., Ltd.	-	Available-for-sale financial assets - current	115,500	4,620	0.07	4,620	
	Coretronic Corporation	-	Available-for-sale financial assets - current	70,956	3,292	0.01	3,292	
	Radiant Opto-Electronics Corp.	-	Available-for-sale financial assets - current	37,493	1,745	0.01	1,745	
	Taiwan Surface Mounting Technology Corp.	-	Available-for-sale financial assets - current	27,365	2,301	0.01	2,301	
	Formosa Petrochemical Corp.	-	Available-for-sale financial assets - current	31,200	2,571	-	2,571	
	<u>Mutual fund</u>							
	JF (Taiwan) Japan Brilliance	-	Available-for-sale financial assets - current	1,000,000	6,910	-	6,910	
	AIG Global Medallion Fund of Funds	-	Available-for-sale financial assets - current	1,779,107	20,406	-	20,406	
	IBT North American Income Trust Fund	-	Available-for-sale financial assets - current	500,000	5,160	-	5,160	
	Templeton Developing Markets Fund	-	Available-for-sale financial assets - current	2,254	1,598	-	1,598	
	Fidelity Emerging Markets Fund	-	Available-for-sale financial assets - current	2,477	1,457	-	1,457	
	Fidelity European Growth Fund	-	Available-for-sale financial assets - current	5,136	4,799	-	4,799	
	Fidelity European Aggressive Fund	-	Available-for-sale financial assets - current	1,277	628	-	628	
	Hua Nan Global Infrastructure Fund	-	Available-for-sale financial assets - current	200,000	1,552	-	1,552	
	Capital Strategin Growth Fund	-	Available-for-sale financial assets - current	1,000,000	11,670	-	11,670	
	Allianz GIS RCM Little Dragon Fund	-	Available-for-sale financial assets - current	13,623	39,616	-	39,616	
	KBC Concord Taiwan Home Run Equity Fund	-	Available-for-sale financial assets - current	500,000	6,355	-	6,355	
	PCA Global Green Solutions	-	Financial assets at fair value through profit or loss - current	984,252	9,980	-	9,980	
	Cathay Bond Fund	-	Financial assets at fair value through profit or loss - current	2,945,950	35,219	-	35,219	
	SinoPac Bond	-	Financial assets at fair value through profit or loss - current	4,225,014	56,349	-	56,349	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	UPAMC James Bond Fund	-	Financial assets at fair value through profit or loss - current	1,943,605	\$ 31,071	-	\$ 31,071	
	IBT 1699 Bond Fund	-	Financial assets at fair value through profit or loss - current	775,994	10,007	-	10,007	
	PAC Africa Fund	-	Financial assets at fair value through profit or loss - current	809,894	12,683	-	12,683	
	Fuh Hwa Global Short-term Income Fu	-	Financial assets at fair value through profit or loss - current	5,875,495	61,032	-	61,032	
	Prudential Financial Return Fund	-	Financial assets at fair value through profit or loss - current	1,221,126	18,034	-	18,034	
	Cathay Man AHL Futures Fund of Fund	-	Financial assets at fair value through profit or loss - current	1,000,000	9,420	-	9,420	
	PCA Umbrella Fund - Global Bond Fund of Fund	-	Financial assets at fair value through profit or loss - current	6,024,111	65,138	-	65,138	
	Fuh Hwa Strategic High Income Fund of Funds	-	Financial assets at fair value through profit or loss - current	2,199,044	22,474	-	22,474	
	Capital Asia-Pacificmega-Trend Funds	-	Financial assets at fair value through profit or loss - current	234,375	3,005	-	3,005	
	Yuanta India Fund	-	Financial assets at fair value through profit or loss - current	200,000	2,114	-	2,114	
	FSITC China Century Fund	-	Financial assets at fair value through profit or loss - current	500,000	4,975	-	4,975	
	SinoPac Strategic Allocation Balanced Fund	-	Financial assets at fair value through profit or loss - current	1,488,770	15,498	-	15,498	
	Capital Chinese Golden Age Equity Fund	-	Financial assets at fair value through profit or loss - current	200,000	2,000	-	2,000	
	PCA Brazil Fund	-	Financial assets at fair value through profit or loss - current	1,500,000	15,000	-	15,000	
Yang Ming Line (Singapore) Pte. Ltd.	<u>Common stock</u>							
	Yang Ming Shipping (BVI) Inc.	Subsidiary	Investments accounted for by the equity method	510	253,689	51.00	253,689	
	Young-Carrier Company Ltd.	Subsidiary	Investments accounted for by the equity method	910,000	374,105	91.00	374,105	
	Yangming (Japan) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	3,000	41,929	100.00	41,929	
	Sunbright Insurance Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	64,958	100.00	64,958	
	Yangming Shipping (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	67,719	100.00	67,719	
	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	Investments accounted for by the equity method	1,000,000	21,740	100.00	21,740	
	Yang Ming Line (Hong Kong) Ltd.	Subsidiary	Investments accounted for by the equity method	510,000	(86,731)	51.00	(86,731)	Note D
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	Investments accounted for by the equity method	300,000	12,764	60.00	12,764	
	Yang Ming (Korea) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	60,000	22,069	60.00	22,069	
	Yan Ming Anatolia Shipping Agency	Subsidiary	Investments accounted for by the equity method	50,000	26,914	50.00	26,914	
	Yang Ming (Vietnam) Corp.	Equity-method investee	Investments accounted for by the equity method	(Note H)	8,928	49.00	8,928	
	Formosa International Development Corporation	Equity-method investee	Investments accounted for by the equity method	(Note G)	214,469	30.00	89,840	
Yangming (Japan) Co., Ltd.	<u>Common stock</u>							
	Manwa & Co., Ltd.	Subsidiary	Investments accounted for by the equity method	200	3,073	100.00	3,073	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Yang Ming Shipping (BVI) Inc.	<u>Common stock</u> Karman Properties Limited	Subsidiary	Investments accounted for by the equity method	24,000,000	\$ 88,797	100.00	\$ 88,797	
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	(1,971,358)	100.00	(1,971,358)	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	(1,974,290)	100.00	(1,974,290)	Note D
Yang Ming Line B.V.	<u>Common stock</u> Yangming (UK) Ltd.	Subsidiary	Investments accounted for by the equity method	900,000	(2,130,115)	100.00	(2,130,115)	Note D
	Yang Ming Shipping Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note B)	108,289	100.00	108,289	
	Yang Ming (Belgium) B.V.	Subsidiary	Investments accounted for by the equity method	369	(1,191)	60.00	(1,191)	Note D
	Yang Ming (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note I)	12,460	60.00	12,460	
	Yang Ming Italy S.p.A.	Subsidiary	Investments accounted for by the equity method	125,000	24,188	50.00	24,188	
Yangming (UK) Ltd.	<u>Common stock</u> Corstor Ltd.	Equity-method investee	Investments accounted for by the equity method	(Note C)	9,769	50.00	9,769	
	Yes Logistics UK Limited	Subsidiary	Investments accounted for by the equity method	200	(4,042)	100.00	(4,042)	Note D
Yang Ming Shipping Europe GmbH	<u>Common stock</u> Zoll Pool Hafen Hamburg	-	Financial asset carried at cost - noncurrent	(Note N)	460	6.00	460	
Yang Ming Italy S.p.A.	<u>Common stock</u> Yang Ming Naples Srl	Subsidiary	Investments accounted for by the equity method	(Note K)	1,392	60.00	1,392	
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)	590,816	40.00	590,816	
	United Terminal Leasing LLC	Equity-method investee	Investments accounted for by the equity method	(Note F)	93,778	40.00	93,778	
	Yang Ming (America) Corp.	Subsidiary	Investments accounted for by the equity method	5,000	(266,806)	100.00	(266,806)	Note D
	Triumph Logistics INC.	Subsidiary	Investments accounted for by the equity method	200	(3,746)	100.00	(3,746)	Note D
	Olympic Container Terminal LLC	Subsidiary	Investments accounted for by the equity method	(Note L)	(434,030)	100.00	(434,030)	Note D
	Topline Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	100	1,666	100.00	1,666	
	Coastal Tarheel Express, Inc.	Subsidiary	Investments accounted for by the equity method	100	6,976	100.00	6,976	
	Transcont Intermodal Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	7,304	100.00	7,304	
	Yang Ming Shipping (Canada) Ltd.	Subsidiary	Investments accounted for by the equity method	1,000	9,651	100.00	9,651	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Kuang Ming Shipping Corp.	<u>Common stock</u> Kuang Ming Shipping Corp. (Panama)	Subsidiary	Investments accounted for by the equity method	49,500	\$ 96,089	100.00	\$ 96,089	
	Kuang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	1,886,688	100.00	1,886,688	
	<u>Mutual fund</u> Polaris/P-shares Taiwan Electronics Tech ETF	-	Financial assets at fair value through profit or loss - current	403,000	10,354	-	10,354	
	Fuh Hwa Bond Fund	-	Available-for-sale financial assets - current	10,933,932	1,436	-	1,436	
Honming Terminal & Stevedoring Co., Ltd.	<u>Common stock</u> Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	11,068,800	89,292	9.22	89,292	
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> PCA Well Pool Fund	-	Available-for-sale financial assets - current	1,975,740	25,652	-	25,652	
	Mego Diamond Bond Fund	-	Available-for-sale financial assets - current	8,385,744	100,051	-	100,051	
	ING Taiwan Bond Fund	-	Available-for-sale financial assets - current	4,401,143	68,647	-	68,647	
	SinoPac Bond Fund	-	Available-for-sale financial assets - current	22,501,744	300,104	-	300,105	
Yes Logistics Corp.	<u>Common stock</u> Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	4,382,370	48,407	10.96	48,407	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	5,460,000	83,442	100.00	83,442	
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	703,285	(79,656)	100.00	(79,656)	Note D
	B2B Com Holdings Ltd.	-	Financial asset carried at cost - noncurrent	800,000	5,042	9.88	-	
	United Raw Material Solutions Inc.	-	Financial asset carried at cost - noncurrent	295,325	2,953	2.76	-	
	Chang Ming Logistics Company Limited	Equity-method investee	Investments accounted for by the equity method	(Note O)	336,172	49.00	336,172	
	<u>Mutual fund</u> TIIM Bond Fund	-	Financial assets at fair value through profit or loss - current	1,109,468	16,011	-	16,011	
	Prudential Financial Bond Fund	-	Financial assets at fair value through profit or loss - current	398,252	6,028	-	6,028	
	Fuh Hwa Bond Fund	-	Financial assets at fair value through profit or loss - current	291,272	4,024	-	4,024	
	Fuh-Hwa Yuli Bond Fund	-	Financial assets at fair value through profit or loss - current	776,355	10,004	-	10,004	
	The Rsit Enhanced Bond Fund	-	Financial assets at fair value through profit or loss - current	613,405	7,016	-	7,016	
The Forever Fund	-	Financial assets at fair value through profit or loss - current	469,323	7,002	-	7,002		
Jih Sun Bond Fund	-	Financial assets at fair value through profit or loss - current	496,482	7,009	-	7,009		
IBT 1699 Bond Fund	-	Financial assets at fair value through profit or loss - current	1,009,521	13,019	-	13,019		

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	IBT Ta Chong Bond Fund	-	Financial assets at fair value through profit or loss - current	738,722	\$ 10,009	-	\$ 10,009	
	ING Taiwan Select Bond Fund	-	Financial assets at fair value through profit or loss - current	938,310	11,006	-	11,006	
	NAM Short Term Fixed Income Fund	-	Financial assets at fair value through profit or loss - current	1,762	871	-	871	
Yes Yangming Logistics (Singapore)	<u>Common stock</u> Yes Logistics Co., Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	(82,351)	100.00	(82,351)	Note D
	Yes Logistics (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note P)	(235)	100.00	(235)	Note D
	Burger YES B.V.	Subsidiary	Investments accounted for by the equity method	9,000	4,138	50.00	4,138	
Yes Logistics Corp. (U.S.A.)	<u>Common stock</u> Golden Logistics Corp.	Subsidiary	Investments accounted for by the equity method	(Note M)	58,743	100.00	58,743	
	Golden Logistics USA Corporation	Subsidiary	Investments accounted for by the equity method	100	(785)	100.00	(785)	Note D
	YES Logistics Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note J)	2,712	100.00	2,712	
Golden Logistics Corp.	<u>Common stock</u> Golden Logistics (Qingdao) Corp.	Subsidiary	Investments accounted for by the equity method	(Note R)	9,870	60.00	9,870	
	Star Logistics Corp.	Subsidiary	Investments accounted for by the equity method	(Note Q)	11,844	60.00	11,844	

Notes:

- A. Market values were based on closing prices at June 30, 2009 or the net asset value of the fund on June 30, 2009, 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 a deduction in long-term other receivables - related parties liability.
- E. This is equivalent to US\$3,800,000, and no shares were issued.
- F. This is equivalent to US\$1,000,000, and no shares were issued.
- G. This is equivalent to US\$7,800,000, and no shares were issued.
- H. This is equivalent to US\$94,000, and no shares were issued.
- I. This is equivalent to EUR11,000, and no shares were issued.
- J. This is equivalent to EUR25,000, and no shares were issued.
- K. This is equivalent to EUR6,000, and no shares were issued.
- L. This is equivalent to US\$1,000,000, and no shares were issued.
- M. This is equivalent to US\$5,000,000, and no shares were issued.
- N. This is equivalent to EUR10,000, and no shares were issued.
- O. This is equivalent to US\$9,301,000, and no shares were issued.
- P. This is equivalent to EUR30,000, and no shares were issued.
- Q. This is equivalent to RMB2,960,000 and no shares were issued.
- R. This is equivalent to RMB3,000,000, and no shares were issued.
- S. 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, 2009
 (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> Chunghwa Investment Co., Ltd.	Investments accounted for by the equity method	Chunghwa Telecom Co., Ltd.	Governed by the MOTC	80,000,000	\$ 739,517	-	\$ -	80,000,000	\$ 756,433	\$ 749,092	\$ 5,164	-	\$ -
	Ming Giant (Shanghai) International Logistics Company Limited	Investments accounted for by the equity method	China Nanshan Development (Group) Incorporation	-	-	235,739	-	-	-	227,625	229,348	26,489	-	-
	<u>Mutual fund</u> SinoPac Bond	Available-for-sale financial asset - current	-	-	-	-	20,268,499	270,000	20,268,499	270,013	270,000	13	-	-
	Capital Income Fund	Available-for-sale financial asset - current	-	-	-	-	12,351,875	190,000	12,351,875	190,024	190,000	24	-	-
	TIIM Bond	Available-for-sale financial asset - current	-	-	-	-	31,310,514	451,000	31,310,514	451,054	451,000	54	-	-
	FSITC Bond Fund	Available-for-sale financial asset - current	-	-	-	-	3,055,356	520,000	3,055,356	520,100	520,000	100	-	-
	Taishin Lucky Fund	Available-for-sale financial asset - current	-	-	-	-	11,317,872	120,000	11,317,872	120,026	120,000	26	-	-
	Hua Nan Phoenix Bond Fund	Available-for-sale financial asset - current	-	-	-	-	25,708,305	400,000	25,708,305	400,021	400,000	21	-	-
	Fu-Hwa Bond Fund	Available-for-sale financial asset - current	-	-	-	-	160,453,213	2,215,000	160,453,213	2,215,114	2,215,000	114	-	-
	Mega Diamond Bond	Available-for-sale financial asset - current	-	-	-	-	57,895,668	690,000	57,895,668	690,092	690,000	92	-	-
	Shin Kong Chi-Shin Fund	Available-for-sale financial asset - current	-	-	-	-	33,773,971	500,000	33,773,971	500,023	500,000	23	-	-
	ING Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	32,072,252	500,000	32,072,252	500,029	500,000	29	-	-
	Unio Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,876,040	200,000	15,876,040	200,016	200,000	16	-	-
	IBT Ta Chong Equity Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	27,353,654	370,000	27,353,654	370,140	370,000	140	-	-
	IBT 1699 Bond Fund	Available-for-sale financial asset - current	-	-	-	-	57,065,775	735,000	57,066	735,057	735,000	57	-	-
	Jih Sun Bond Fund	Available-for-sale financial asset - current	-	-	-	-	32,616,832	460,000	32,616,832	460,042	460,000	42	-	-
	BGI Liquidity First Fund (USD)	Available-for-sale financial asset - current	-	-	-	4,745	156	41,002,617	1,313,310	41,000,000	1,313,230	1,313,230	-	7,362
BGI Liquidity First Fund (GBP)	Financial assets at fair value through profit or loss - current	-	-	-	9,655	459	7,873,395	405,542	5,599,000	289,610	289,610	-	2,284,050	116,391
BGI Liquidity First Fund (EUR)	Financial assets at fair value through profit or loss - current	-	-	-	6,209	288	22,632,523	549,056	21,177,000	482,137	482,137	-	1,461,732	67,207
Ching Ming Investment Corp.	<u>Mutual fund</u> Fuh-Hwa Bond Fund	Financial assets at fair value through profit or loss - current	-	-	3,883,401	53,441	3,725,390	51,395	7,608,791	105,038	104,836	202	-	-
	PCA Well Pool Fund	Financial assets at fair value through profit or loss - current	-	-	2,164,168	28,000	5,842,547	75,760	8,006,715	103,920	103,760	160	-	-
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> PCA Well Pool Fund	Available-for-sale financial assets - current	-	-	6,000,000	77,434	33,984,940	441,000	38,009,200	493,220	492,819	400	1,975,740	25,614
	Central Diamond Bond	Available-for-sale financial assets - current	-	-	-	-	13,925,954	166,000	5,540,210	66,037	66,000	37	8,385,744	100,000
	ING Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	-	-	19,240,143	300,000	14,839,000	231,449	231,375	74	4,401,143	68,624
	SinoPac Bond Fund	Available-for-sale financial assets - current	-	-	-	-	22,501,744	300,000	-	-	-	-	22,501,744	300,000

Notes:

A. Carrying value is original acquisition amount.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2009**

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

Asset Name	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction made by Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
						Owner						
Sec. 2, Nanhai Sec. 86th, 96th, 99th, 100th, 101th land number Zhongzheng Dist., Taipei City	August 27, 2009	\$100,800	Full paid	Northern Region Office, National Property Administration	-	-	-	-	\$ -	Northern Region Office, National Property Administration approved the purchase price of NT\$100,800	Nonoperating land	-

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, 2009

(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	\$ 19,743,039 (Note D)	-	\$ -	-	\$ -	\$ -
	Yang Ming (Liberia) Corp.	A	871,549 (Note E)	-	-	-	-	-
	Yangming (UK) Ltd.	A	730,041 (Note F)	-	-	-	59,817	-
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	188,672 (Note G)	-	-	-	-	-
	Young-Carrier Company Ltd.	A	786,286	-	-	-	776,181	-
	Yang Ming Italy S.p.A.	A	170,938	-	-	-	170,938	-
	Yang Ming (Vietnam) Corp.	A	124,795	-	-	-	124,795	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	B	6,988,209 (Note E)	-	-	-	-	-
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	C	2,443,375 (Note H)	-	-	-	-	-
Young-Carrier Company Ltd.	Yang Ming Marine Transport Corporation	C	161,961	-	-	-	161,961	-
Yang Ming (America) Corp.	Olympic Container Terminal LLC	B	438,811 (Note I)	-	-	-	-	-
Yang Ming Shipping (B.V.I) Inc.	Yang Ming Line (Hong Kong) Ltd.	B	126,399	-	-	-	-	-

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. Proceeds from sale of ship.
- F. Freight and shipping line expense receivable.
- G. Dividends receivable.
- H. Proceeds from sale of ships.
- I. Financing providing.
- J. Collections between related parties have been made according to "Agency Accounting Procedure" by the Corporation and local business conventions.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

YEAR ENDED DECEMBER 31, 2009

(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, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2009	December 31, 2008	Shares	Percentage of Ownership	Carrying Value			
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	\$ 3,272,005	\$ 3,272,005	10,351	100.00	\$ 3,767,414	\$ (1,090,155)	\$ (1,090,155)	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	1,630,396	43,882	43,882	Subsidiary
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,500,013	160,650,000	100.00	1,538,107	39,396	39,396	Subsidiary
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	4,894,610	(644,729)	(644,729)	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	551,944	551,944	55,251,100	46.04	482,341	(74,011)	(34,075)	Subsidiary
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	4,143,884	4,143,884	205,514,000	100.00	5,478,453	1,068,363	1,068,363	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	316,780	316,780	31,667,630	79.17	346,722	2,338	1,851	Subsidiary
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	113,936	8,388	4,276	Subsidiary
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	23,780	(289,266)	(289,266)	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	217,924	320,677	157,132	Equity-method investee
	Chunghwa Investment Co., Ltd.	Taipei, Taiwan	Investment	-	800,000	-	-	-	13,548	5,419	Equity-method investee
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,378	3,378	1	100.00	(266,531) (Note E)	(445,623)	(445,623)	Subsidiary
	Ming Giant (Shanghai) International Logistics Company Limited	Shanghai, China	Warehouse operation and forwarding agency	-	231,700	-	-	-	(1,417)	(1,417)	Subsidiary
Yuan Wang Investment Co., Ltd.	Taipei, Taiwan	Investment	179,810	179,810	5,211,474	49.75	252,135	40,404	20,101	Equity-method investee	
Kao Ming Container Terminal Corp.	Kaohsiung, Taiwan	Terminal operation and stevedoring	1,800,000	800,000	180,000,00	100.00	1,818,097	31,088	31,088	Subsidiary	
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	39,500	39,500	3,950,000	9.88	43,247	2,338	-	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	493,111	493,111	49,311,077	41.09	430,509	(74,011)	-	Subsidiary
Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Los Angeles, USA	Terminal operation and stevedoring	132,050	132,050	(Note F)	40.00	590,816	266,622	-	Equity-method investee
	United Terminal Leasing LLC	Los Angeles, USA	Terminal operation and machine lease	34,750	34,750	(Note G)	40.00	93,778	79,093	-	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	(266,806)	(340,428)	-	Subsidiary
	Triumph Logistics, Inc.	U.S.A.	Container transportation	1,699	1,699	200	100.00	(3,746)	(6,927)	-	Subsidiary
	Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	31,530	31,530	(Note Q)	100.00	(434,030)	(65,090)	-	Subsidiary
	Topline Transportation, Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	1,666	(1,602)	-	Subsidiary
	Coastal Tarheel Express, Inc.	U.S.A.	Container transportation	2,430	2,430	100	100.00	6,976	3,206	-	Subsidiary
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	2,444	2,444	200	100.00	7,304	2,691	-	Subsidiary
Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	-	100,000	100.00	1,000	7,227	-	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	(1,971,358)	(1,467,719)	-	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	(1,974,290)	(1,467,300)	-	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	(2,130,115)	(1,455,916)	-	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100.00	108,289	(8,779)	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2009	December 31, 2008	Shares	Percentage of Ownership	Carrying Value			
Yangming (UK) Ltd.	Yang Ming Italy S.p.A.	Genova, Italy	Shipping agency	\$ 4,319	\$ 4,319	125,000	50.00	\$ 24,188	\$ (3,391)	\$ -	Subsidiary
	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	540	540	(Note I)	60.00	12,460	20,129	-	Subsidiary
	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,651	1,651	375	60.00	(369)	(9,873)	-	Subsidiary
Yangming (UK) Ltd.	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	25	25	(Note C)	50.00	10,532	6,567	-	Equity-method investee
	Yes Logistic UK Limited	U.K.	Forwarding agency	-	-	200	100.00	(4,040) (Note E)	-	-	Subsidiary
Yang Ming Italy S.p.A.	Yang Ming Naples S.r.l.	Naples, Italy	Forwarding agency	238	238	(Note K)	60.00	1,392	(270)	-	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	374,105	(11,429)	-	Subsidiary
Yangming (Japan) Co., Ltd.	Yang Ming Shipping (B.V.I) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51.00	253,689	(23,806)	-	Subsidiary
	Yangming (Japan) Co., Ltd.	Tokyo, Japan	Shipping services; chartering, sale and purchase of ships; and forwarding agency	36,235	36,235	3,000	100.00	41,929	(29,268)	-	Subsidiary
Yangming (Japan) Co., Ltd.	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	32,440	32,440	1,000,000	100.00	64,958	24,610	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(86,731) (Note O)	7,171	-	Subsidiary
Yangming Shipping (Singapore) Pte Ltd.	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	67,719	9,317	-	Subsidiary
Yang Ming Line (M) Sdn. Bhd.	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	21,740	6,696	-	Subsidiary
Yang Ming Line (India) Pvt. Ltd.	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	12,764	695	-	Subsidiary
Yangming (Japan) Co., Ltd.	Yang Ming (Vietnam) Corp.	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note J)	49.00	8,928	10,625	-	Equity-method investee
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	22,069	7,318	-	Subsidiary
Yangming (Japan) Co., Ltd.	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	254,358	254,358	(Note N)	30.00	214,469	37,494	-	Equity-method investee
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	26,914	55,674	-	Subsidiary
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	3,073	(20)	-	Subsidiary
Yang Ming Shipping (B.V.I) Inc.	Karman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	88,797	295	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming Shipping Corp. (Panama)	Panama	Forwarding agency	30,987	30,987	49,500	100.00	96,089	1,295	-	Subsidiary
	Kuang Ming (Liberia) Corp.	Monrovia, Republic of Liberia	Forwarding agency	1,060,904	1,060,904	1	100.00	1,886,689	579,774	-	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	89,292	(74,158)	-	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	83,442	(41,780)	-	Subsidiary
	Yes Yangming Logistics (Singapore) PTE. Ltd.	Singapore	Investment and subsidiaries management	14,428	14,428	703,285	100.00	(79,656) (Note E)	(15,761)	-	Subsidiary
Yes Logistics Corp.	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	43,824	43,824	4,382,370	10.96	48,407	2,338	-	Subsidiary
	Chang Ming Logistics Company Limited	Chongqing, China	Terminal operation and stevedoring	304,326	209,726	(Note D)	49.00	336,172	1,842	-	Equity-method investee
Yes Logistics Corp.	Golden Logistics Corp.	Shanghai, China	Forwarding agency	164,329	164,329	(Note L)	100.00	58,743	(43,936)	-	Subsidiary
	Golden Logistics USA Corporation	USA	Container transportation	328	328	100	100.00	(785)	(2,451)	-	Subsidiary
	Yes Logistics Europe GmbH	Germany	Forwarding agency	1,158	-	(Note H)	100.00	2,712	1,691	-	Subsidiary
Golden Logistics Corp.	Golden Logistics (Qingdao) Corp.	Qingdao, China	Forwarding agency	12,498	12,498	(Note P)	60.00	9,870	(738)	-	Subsidiary
	Star Logistics Corp.	Qingdao, China	Forwarding agency	10,850	10,850	(Note S)	60.00	11,844	(5,261)	-	Subsidiary
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Company, Ltd.	Hong Kong	Forwarding agency	4,304	4,304	1,000,000	100.00	(82,351) (Note E)	(10,105)	-	Subsidiary
	Yes Logistics (Netherlands) B.V.	Netherlands	Forwarding agency	1,224	1,224	(Note M)	100.00	(235)	(3,413)	-	Subsidiary
	Burger YES B.V.	Netherlands	Forwarding agency	7,587	7,587	9,000	50.00	4,138	(3,760)	-	Subsidiary

(Continued)

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is equivalent to EUR818,000, and no shares were issued.
- C. This is equivalent to GBP500, and no shares were issued.
- D. This is equivalent to US\$9,301,000, and no shares were issued.
- E. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- F. This is equivalent to US\$3,800,000, and no shares were issued.
- G. This is equivalent to US\$1,000,000, and no shares were issued.
- H. Paid-in capital was equivalent to EUR25,000, and no shares were issued.
- I. Paid-in capital was equivalent to 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 EUR25,000, 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 RMB3,000,000, and no shares were issued.
- Q. This is equivalent to US\$1,000,000, and no shares were issued.
- R. 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, 2009

(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, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2009	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Value as of December 31, 2009 (Note E)	Accumulated Inward Remittance of Earnings as of December 31, 2009
						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.	\$ 596,463 (US\$ 18,622,000)	\$ -	\$ -	\$ 596,463 (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	224,210 (US\$ 7,000,000)	-	-	224,210 (US\$ 7,000,000) (Note H)	100.00%	(1,417)		-
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.	160,150 (US\$ 5,000,000)	-	-	160,150 (US\$ 5,000,000)	96.35%	(42,332)	56,599	-
	Chang Ming Logistics Company Limited (Note D)	Terminal operation and stevedoring	RMB 144,800,000	Investee's direct investment in Mainland China.	206,081 (US\$ 6,434,000)	91,830 (US\$ 2,867,000)	-	297,911 (US\$ 2,867,000)	47.21%	870	323,902	-

Accumulated Investment in Mainland China as of December 31, 2009	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 820,673 (US\$ 25,622,000)	\$ 820,673 (US\$ 25,622,000)	\$ 19,056,186
458,061 (US\$ 14,301,000)	458,061 (US\$ 14,301,000)	628,594 (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% (\$1,047,656 thousand) of the net assets of Yes Logistics Corp. as of December 31, 2009.
- G. Impairment loss was recognized in 2007.
- H. The Corporation disposed all equities of Ming Giant (Shanghai) International Logistics Company Limited in December, 2009, and had remitted the investment funds. The Corporation will apply for cancelling the investment amounts to the Investment Commission, Ministry of Economic Affairs.
- I. U.S. dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.03.