

Stock Code: 2615

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WAN HAI LINES LTD.
2019 Annual General Shareholders' Meeting

Time: June 18, 2019

Venue: 2F, No.16, Section 4, Jhongshan North Road, Taipei City
Jing-Guo Memorial Hall, China Youth Corps Chientan
Youth Activity Center, Auditorium

Market Observation Post System <http://mops.twse.com.tw>

Website of the company <http://www.wanhai.com>

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WAN HAI LINES LTD.

2019 Annual General Shareholders' Meeting Procedures

1. Commence Meeting

2. Chairman's Speech

3. Reports

4. Acknowledgements

5. Discussions

6. Elections

7. Special Motions

8. Dismissal

WAN HAI LINES LTD.

2019 Annual General Shareholders' Meeting Agenda

- (1) Time: 9:00 a.m. Tuesday, June 18, 2019
- (2) Venue: 2F, No.16, Section 4, Jhongshan North Road, Taipei City Jing-Guo Memorial Hall, China Youth Corps Chientan Youth Activity Center, Auditorium
- (3) Commence Meeting
- (4) Chairman's Speech
- (5) Reports
 1. 2018 Annual Employees' Remuneration and Directors' Remuneration Report for Acknowledgments
 2. 2018 Business Report
 3. Audit Committee's Review Report on the 2018 Financial Statements
 4. Set up 「Ethical Corporate Management Best Practice Principles」 and 「Ethical Corporate Management Procedures and Conduct Guidelines」 for acknowledgments
 5. Issue of 2019 Domestic Unsecured Corporate Bond
- (6) Acknowledgements
 1. Presenting the 2018 Financial Statements and Business Report
 2. Presenting the 2018 Earnings Appropriation
- (7) Discussions
 1. Amendment to the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its Subsidiaries
 2. Amendment to the Procedures for Acquisition or Disposal of Derivatives by Wan Hai Lines Ltd. and its Subsidiaries
 3. Amendment to the Procedures for Loaning of Funds by Wan Hai Lines Ltd. and its Subsidiaries
 4. Amendment to the Procedures for Endorsement and Guarantees by Wan Hai Lines

Ltd. and its Subsidiaries

5. Amendment to the Procedures for General Shareholders Meeting Rules

- (8) Elections: Independent director By-election
- (9) Special Motions
- (10) Dismissal

【 Reports 】

- (1) 2018 Annual Employees' Remuneration and Directors' Remuneration Report for Acknowledgments

Details:

1. The Company's 2018 annual profit was NT\$1,704,479,414 (pre-tax benefit before the deduction of employees' remuneration and directors' remuneration, and after deducting accumulated losses), with a provision of 1% for employees' remuneration as NT\$17,044,794 and 1% for Directors' remuneration as NT\$17,044,794. The employees' remuneration and directors' remuneration are to be distributed in cash.

- (2) Please examine the 2018 Business Report.

Details: Please refer to Attachment 1. (Pages 10~16)

- (3) Please examine the Audit Committee's Review Report on the 2018 Financial Statements.

Details: Please refer to Attachment 3. (Pages 32 ~33)

- (4) Please examine the set up of 「 Ethical Corporate Management Best Practice Principles 」 and 「 Ethical Corporate Management Procedures and Conduct Guidelines 」

Details:

1. To enhance the corporate culture of ethical corporate management and the well-rounded development of the Company, the Company has referred to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and set up 「 Ethical Corporate Management Best Practice Principles 」 and 「 Ethical Corporate Management Procedures and Conduct Guidelines. 」
Please refer to Attachment 6 and 7. (Pages 36 ~56)

2. This is approved by 20th Board directors' 10th meeting on December 19th, 2018.

- (5) Please examine the Issue of 2019 Domestic Unsecured Corporate Bonds

Details: In order to conform to the needs of commercial practice, the Board approved to issue single or multiple times of Domestic Unsecured Corporate Bonds on March 22nd, 2019. The total amount shall not excess NTD \$8 billion. Board of director authorized the chairman to decide all the terms of the bond based on the actual market situation. This is proposed to repay loans and to strengthen financial structure.

【Acknowledgements】

1st Motion:

Agenda: Presenting the 2018 Financial Statements and Business Report for acknowledgements. (Proposed by Board of Directors)

Details:

1. The Company's 2018 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows (including Consolidated Financial Statements) have been audited by independent Auditors. The Financial Statements and Business Report have also been sent to the Audit Committee, and the Audit Committee has completed the examination. An Independent Auditor's Report has been included on the record.
2. For the Business Report and Financial Statements mentioned above, please refer to Attachments 1&2. (Pages 10~31)
3. The topic is ready for acknowledgements.

Resolution:

2nd Motion:

Agenda: Presenting the 2018 Earnings Appropriation for acknowledgements.

(Proposed by Board of Directors)

Details:

1. The Company's 2018 net income after tax was NT\$1,117,906,283. In accordance with relevant laws and the Memorandum of Association, 10% of net income which equates to the amount of NT\$111,790,628 was appropriated as legal reserve and also the provision of special reserve of NT\$316,782,249. After the addition of beginning period undistributed earnings of NT\$2,655,462,338, IFRS 9's net adjusted balance of NT\$271,382,531, and the other comprehensive income of NT\$20,569,379 (the 2018 annual remeasurement of defined benefit obligation), the available undistributed earnings was NT\$4,270,312,152. The 2018 annual earnings appropriation was NT\$ 1,343,467,283 for distribution to shareholders as cash dividend of NT\$0.605629905 per share.
2. In accordance with the Ministry of Finance's Regulatory Letter No. 871941343, a company shall first determine the year to which earning dividends or surpluses belong. The Company's earnings appropriation principle has allocated the undistributed earnings to 2018.
3. Cash dividends which are listed in the shareholders' ledger on the ex-dividend date, will be proportionally calculated to the nearest NT Dollar. Any amount less than NT\$1 will be forfeited. Less than a dollar fractional totals are adjusted in order from large to small decimal points and shareholders numbers are ordered from first to last to meet the distribution of the cash dividend total. The shareholders meeting is requested to ratify authorization for the Board of Directors to stipulate record date and cash dividend payment date.
4. The shareholders meeting is requested to ratify authorization for the Board of Directors to make all necessary adjustments if changes in share capital impact volume of shares in circulation and subsequently affect the dividend yield.
5. For the company's 2018 Earnings Appropriation table, please refer to Attachment 4 (Page 34).
6. The topic is ready for acknowledgements.

Resolution:

【Discussions】

1st Motion:

Agenda: Amendment to 「 the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its Subsidiaries 」 for discussion

Details:

1. According to the amendment of 「 Regulations Governing the Acquisition and Disposal of Assets by Public Companies 」and 「 Regulations Governing the Acquisition and Disposal of Assets by Public Companies: Q&A 」 by the Securities and Futures Commission, the Company shall amend 「 the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its Subsidiaries 」
2. Please refer to attachment 8 for Comparison Table of Amendments. (Pages 57~70) Please also refer to appendix 3 for amended procedures (Pages 90~98)
3. The topic is ready for discussion

Resolution:

2nd Motion:

Agenda: Amendment to 「 the Procedures for the Acquisition or Disposal of Derivatives by Wan Hai Lines Ltd. and its Subsidiaries 」 for discussion

Details:

1. According to the amendment of 「 Regulations Governing the Acquisition and Disposal of Assets by Public Companies 」 by the Securities and Futures Commission, the Company shall amend 「 the Procedures for Acquisition or Disposal of Derivatives by Wan Hai Lines Ltd. and its Subsidiaries 」
2. Please refer to attachment 9 for Comparison Table of Amendments. (Pages 71~73) Please also refer to appendix 4 for amended procedures. (Pages 99~104)
3. The topic is ready for discussion

Resolution:

3rd Motion:

Agenda: Amendment to 「 the Procedures for Loaning of Fund by Wan Hai Lines Ltd. and its Subsidiaries 」 for discussion

1. Details: According to the amendment of 「 Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies 」 by the Securities and Futures Commission, the Company shall amend 「 the Procedures for Loaning of Fund by Wan Hai Lines Ltd. and its Subsidiaries 」
2. Please refer to attachment 10 for Comparison Table of Amendments. (Pages 74~75) Please also refer to appendix 5 for amended procedures. (Pages

105~107)

3. The topic is ready for discussion

Resolution:

4th Motion:

Agenda: Amendment to 「 the Procedures for Endorsement and Guarantees by Wan Hai Lines Ltd. and its Subsidiaries 」 for discussion

Details:

1. According to the amendment of 「 Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies 」 by the Securities and Futures Commission, the Company shall amend 「 the Procedures for Endorsement and Guarantees by Wan Hai Lines Ltd. and its Subsidiaries 」
2. Please refer to attachment 11 for Comparison Table of Amendments. (Pages 76~78)Please also refer to appendix 6 for amended procedures. (Pages 108~115)
3. The topic is ready for discussion

Resolution:

5th Motion:

Agenda: Amendment to 「 the Procedures for General Shareholders Meeting Rules by Wan Hai Lines Ltd. 」 for discussion

Details:

1. According to the amendment of Company Act, the Company shall amend 「 the Procedures for General Shareholders Meeting Rules by Wan Hai Lines Ltd. 」
2. Please refer to attachment 12 for Comparison Table of Amendments. (Pages 79~80)Please also refer to appendix 7 and 8 for amended procedures. (Pages 116~129)
3. The topic is ready for discussion

Resolution:

【Elections】

1st Motion:

Agenda: Please by-elect Company's 20th independent directors.

Details:

1. Chih-Chuan Chen Independent director had resigned the director position on October 29th, 2018 and Rung-Nian Lai independent director had deceased on April 13th, 2019. According to the Securities and Exchange Act 14-2 Paragraph 6, by-election shall be performed on this shareholder meeting.
2. Pursuant to Article 14-4 Paragraph 2 of the Securities and Exchange Act, the regulation of the Audit Committee, one of the by-election independent directors should have the specialty of financial, accounting, or internal auditing.
3. Both independent directors are elected by this by-election have term through June 21st, 2020.
4. Pursuant to Company Act article 7 and 「Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers」 article 5, The Company adopts the candidate nomination system to elect its directors. Please see attachment 5 for the Candidates Lists along with his/her education, experience background, and stockholding status for this Independent director's by-election.
5. The topic is ready for election.

【Special Motions】

【Dismissal】

Attachment 1

WAN HAI LINES LTD. Business Report

I. Operating Principles

The growth rate of the global economy has gradually slowed down last year due to an increase in international economic risk variables such as US-China trade conflict, Brexit anomalies, and changes in international crude oil and commodity prices. Even in this rapidly changing business environment, the Company continues to maintain its competitiveness, achieve high performances and enhance the value of shareholders' investment. . The Company also adopts various flexible, innovative and refined management strategies, and enhances environmental adaptation flexibilities to meet the immediate market trend when it comes to operation management and route layouts. Our goal is to plan and integrate evaluations discreetly and carefully, control and reduce costs strictly, and improve operational efficiency.

In order to uphold our corporate policy of "Customer First, Full Participation, Environmental Protection and Sustainable Operations," the Company implements customer services, fulfills social obligations, practices environmental protections, and strives for robust development of sustainable operation. The Company ensure the development and execution of the best business strategy for optimizing corporate performance in order to deliver the best investment returns for our shareholders and to live up to the expectations of the general public.

II. Operation Overview

1. External Environment Changes

(1) Economic prosperity: The global economy continues to grow in the first half of 2018 with the strongest driving force from the U.S. However, the global trading performance has been slowing down in the last half of 2018 due to reasons such as US-China trade conflicts, Fed rate hikes, and the pressure of expecting an economic stagnation in the future. According to the United Nations (U.N.) survey, the growth rate of global trading was 3.8% in 2018, which is lower than 4.3% in 2017. According to the International Monetary Fund (IMF), the growth rate of the global economy was 3.7% in 2018, which is

- the same as 3.7% in 2017. According to IHS Markit, the growth rate of the global economy was 3.2% in 2018, which is a slight decline from 3.3% in 2017.
- (2) Bunker Fuel price: The Cost Insurance and Freight (CIF) of Brent oil was pushed to a 4 year historical high of US\$86.29/barrel at the beginning of October 2018 due to the consensus on reducing oil production by Organization of Petroleum Exporting Countries (OPEC) and non-OPEC oil-producing countries in 2018. The average price of Brent oil was US\$71.310/barrel in 2018, which is a US\$17/barrel increase from the average price of US\$54.332/barrel in 2017. It is estimated that the demand may be affected due to the concerns of an economic stagnation in the market in 2019. The US Energy Information Administration (EIA) estimates that oil prices will fall to US\$61/barrel in 2019. With implementation of the low-sulfur fuel requirement in the coastal regions of China since 2019, the International regulations will also implement the same requirement in 2010. This will significantly increase the cost of oil for operating carriers, which will affect the operating profit margin.
- (3) Charter market: Many shipping companies have increased investments on routes and freight spaces due to the optimistic view of market recovery at the beginning of 2018. This has caused the number of suspended vessels to decrease and pushed up rent in the charter market. According to the Alphaliner Charter Rate Index and Freight Rate Indices statistics, the charter rate index reached the highest point of 81.2 in June 2018, which is roughly a 49% increase compared to 54.4 of June 2017. In the meantime, all charter rate indices for different types of ships rose simultaneously. Of which, the charter rate index of Panamax ships, which is around 4,000 teu, has increased the most. The daily rental price has increased from US\$7,500 to US\$13,700 with the highest increase of 83%; while the index decreased to 55.9 in December 2018 due to excessive freight spaces, which is a 4% decrease from the index of 58 for the same period of last year, the daily rental price of Panamax model has remained at US\$9,500, a US\$1,700 increase from US\$7,800 of the same period in 2018.
- (4) Market competition: There were only 66 container vessels that were dismantled or lost globally in 2018 based on the statistic data from Alphaliner. The total number of freight spaces reduced was 111,233 TEU, which was the

least reduction of container ships in the past seven years. With the limited amount of reduction in old container vessels and the continuous delivery of new ultra-large vessels, the number of container vessels has increased from 5,181 ships/21,109,734 Teu at the end of 2017 to 5,284 ships/22,321,078 Teu at the end of 2018, which is roughly a growth rate of 5.7%. The supply of freight spaces in the market has continually increased, resulting in fiercer competition. For example, the main routes in the east-west continue to invest in ultra-large vessels, which force the Asian nearshore routes and vessels sizes to expand. Freight spaces is still a buyer's market, which makes it difficult for most shipping companies to maintain profitability.

- (5) Market Fluctuations: The U.S. had strong economic driving forces in 2018. The job market improved and unemployment rates continued to fall. However, the overall economic momentum in the second half of the year gradually slowed down due to the impact of interest rate hikes and trade disputes. According to Global Insight (GI) forecast, the economy growth rate of the U.S. would be 2.9%, rising significantly from 2.2% in 2017; the economic growth rate of Euro Zone continues to slow down due to the Brexit dispute. The expected growth rate for 2018 is 2.0%, which is slightly lower than 2.5% in 2017; Japan would report an annual economic growth rate of 0.8%, which is a significant decrease from 1.8% in 2017 due to the impact of natural disasters and trade disputes; The import and export of China are less than expected due to the continuance of US-China trade conflict. The economic growth rate would be 6.6% in 2018, a slight decline from the growth rate of 6.9% in 2017. Overall, according to the forecast of GI the global economic growth in 2018 would be stagnant due to uncertain trade situations between China and the United States, the slow economic growth in China and the fluctuations in global commodities.

2. Countermeasures

With global economic growth being unexpected slow and the shipping market continues to be a buyer's market, all employees of the Company in 2018 worked together to deploy routes, optimize adjustment of freight spaces and allocate the most suitable ships so as to reinforce operations and boost the competitiveness of our services. The Company also conducted joint

venture and exchange freight spaces under cooperation with major shipping companies around the world timely so as to diversify risks and maintain its competitive edge. In terms of service and market development, the Company continues to anchor itself in short-haul service routes and cautiously manage its exposure in mid-to-long haul service routes and markets. Furthermore, in response to changes in the international crude oil price and the trend for larger vessels across the entire market, the Company adopted the approach to adjust its fleet flexibly, changing business routes and effectively increasing the market share. The Company also adheres to a flexible joint venture strategy with other shipping companies to increase its competitive edge and reduce operating costs.

III. Results of Business Plan Implementation

1. Analysis of the Company's Major Service Areas and the correspondent Markets

The operations of the Company are mainly based on regular routes in full container vessels. The scope of service covers Northeast Asia, China, Southeast Asia, the Middle East, India, Pakistan, the West Coast and the West Coast of South America. The explanation for each of the regions are as follows:

(1) Northeast Asia:

The company has been expanding its presence in regions ranging from Japan, Korea, to other Asian countries for many years, and has maintained close relationships with customers and established prestige through word of mouth, thereby playing an influential role in the market. In order to boost its operating competitiveness and maintain existing service quality and reliable shipping services, the Company took an opportunity to launch additional Japan-Korean-Haiphong route (JKH Service) to offer additional service to our customer in Northeast Asia region. The Company also adopted strategic cooperation with other shipping companies to boost the space utilization of its services and lower operating cost.

(2) Southeast Asia:

Economic activities in Southeast Asia continue to grow with Vietnam being the most robust market in 2018. The Company started offering new services

through the launch of China-Vietnam route (CV3 Service) in March to strengthen the route in Southeast Asia and offer additional service to our customer. ; the company also expanded North China and Thailand (CT1 Service) in October. Through joint venture and cooperation with other shipping companies, exchange of freight spaces and reduction of operating cost, the Company has provided a denser service network to maintain its competitiveness and market share in the Southeast Asian market.

(3) Middle East, India and Pakistan:

For the purpose of providing better service coverage in the Middle East, India, and Pakistan, the Company launched a new China-India route (CI3 Service) through a joint venture with OOCL, New Golden Sea Shipping, X-Press Feeders, and Interasia Lines Ltd. With this services, the company is able to strengthen the direct service from China to India; the Company also launched a new China-Red Sea route (AR1 Service) with Yang Ming Marine Transport Corporation and ONE Alliance in April to increase direct service from China to the Red Sea region. The Company continued to its joint venture and cooperation with major worldwide shipping companies in markets across in Far East-Middle East, India, and Pakistan routes and made flexible adjustments in response to market changes so as to provide more competitive routings and services in 2018.

(4) West South America region:

The Company maintained the direct shipping service from major Asian ports to the west coast of South America. At the same time, the Company enlarges the ship type to correspond with market and maintains flexibility in its space provision by adjusting its vessel deployment in accordance to changes in market demands. The Company also exchanges space with other shipping companies to secure additional service routes to West Coast of South America (WSA Service) and West Coast of South America 3 (WSA3 Service), thereby providing three sailings a week to the customers and ensuring the company's competitive edge for direct shipping service to the South American market.

(5) West America region:

The US labor market has improved since the beginning of 2018, demands in consumer markets were robust, and the economic development substantially improved beyond expectation. The Company continues to enhance its operating performance for its Trans-Pacific route and made flexible adjustments based on the market condition to provide more competitive and advantageous routes under joint venture. In response to market demands, the Company adjusted the South China-West America route (CP1 Service) and Mid China-West America route (CP2 Service) which are under joint venture by Cosco and PIL since August. The Company also exchanged space on South China-West America route (CP3 Service) and Mid China-West America route (CEN Service) to increase route products and meet market demands.

2. Future Market Outlook

The International Monetary Fund (IMF) estimates that the growth of global economy will gradually slowdown in 2019 due to global trading being affected by the increased of US-China trade conflict and weaken growth of economic expansion since mid-2018. In response to the rapidly changing business environment and the challenges of expanding ship types from major shipping companies around the world, which would result in the impact of imbalance between supply and demand, Wan Hai upholds the concept of "customer first, full participation, environmental protection, sustainable management" and endeavors to conduct prudent and comprehensive planning and assessments of its operations of service routes so as to mitigate the challenges arising from rapid changes in the market. The Company also strictly control and reduce costs to improve operational efficiency and establish a stable and sustainable company brand.

IV. Revenue and Expenditure

1. Operating revenue

The consolidated operating revenue was NT\$66,778,680,000 in 2018, which was a NT\$6,009,030,000 increase from NT\$60,769,650,000 in 2017.

2. Operating expense

The consolidated operating expenses of the Company was NT\$61,776,300,000 in 2018, which was a NT\$8,122,070,000 increase from NT\$53,654,230,000. Main reasons were as below:

- (1) A substantial surge in the average unit price of ship fuel.
- (2) Terminal handling charges were affected by the increase in sales volume.

V. Profitability Analysis

Consolidated net profit after tax in 2018 was NT\$1,117,910,000, and earnings per share was NT\$0.5.

VI. Research and Development Status

In order to cope with the challenge of ever-changing economic environment and intensified shipping market competitions in the future, the Company will continue monitoring the existing route planning and organizational functions. It endeavors to become a premium enterprise with international visibility and plans to adopt the following approaches:

1. To focus on cultivation of employees with an international perspective and strengthen the ability to integrate and implement organizational management so as to provide customers with the most optimal services.
2. To grasp the opportunity to develop emerging markets and steadily lay out plans for more routes so as to satisfy customers' demands.
3. To strictly control the fuel and relevant transportation cost. To adjust the available container volumes and fleet plan with flexibility; to promote energy saving and reduce carbon emissions, and install fuel saving devices in ships so as to effectively reduce fuel consumption and emissions and bring energy saving into full play.
4. To conduct discreet and inclusive planning for a variety of operational policies, and demand a high degree of performance, pursuit of glory and teamwork from all employees, thereby creating better sales performance.

Attachment 2-1

Independent Auditors' Report

To the Board of Directors of Wan Hai Lines Ltd.:

Opinion

We have audited the financial statements of Wan Hai Lines Ltd.(“the Company”), which comprise the statement of financial position as of December 31, 2018 and 2017, and the statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the year ended December 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to Note(4)(n) “Revenue” , Note (5)(b) “Uncertainty associated with the assumptions and estimates for revenue recognition” and Note(6)(o) “Revenue disclosures” of the financial statements.

How the matter was addressed in our audit

The freight revenue is recognized in proportion to the stage of completion of the voyage measured by reference to the proportion of the actual shipping days incurred in balance sheet date. The voyage days is estimated depending on historical experience which involved high uncertainty. Consequently, this is one of the key areas our audit focused on.

Our principal audit procedures included:

Understanding how the management estimates the voyage days of each route including its method and source; sampling the source data from the system and obtaining the method on how the system compute the voyage days to evaluate the reasonableness of the estimated voyage days of each route from the management.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yi-Chun Chen and Chung-Yi Chiang.

KPMG

Taipei, Taiwan (Republic of China)

March 22, 2019

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the 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.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)
WAN HAI LINES LTD.
BALANCE SHEETS
December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

Assets		2018.12.31		2017.12.31		Liabilities and Equity		2018.12.31		2017.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 7,834,162	12	12,850,798	20	2170	Accounts payable	5,930,506	9	5,126,811	8
1110	Current financial assets at fair value through profit or loss	2,345,430	4	-	-	2200	Other payables	1,605,176	2	2,026,626	3
1125	Current available-for-sale financial assets, net	-	-	4,242,631	7	2230	Current tax liabilities	40,006	-	141,542	-
1150	Notes receivable, net	26,618	-	23,207	-	2320	Current portion of long-term loans	6,552,098	10	7,099,279	11
1170	Accounts receivable, net	1,203,494	2	1,940,208	3	2350	Payables to agents	708,829	1	707,972	1
1140	Current Contract Assets	751,084	1	-	-	2300	Other current liabilities	625,815	1	307,453	1
1200	Other receivables, net	1,043,354	2	792,150	1			15,462,430	23	15,409,683	24
1330	Inventories, net	990,095	1	980,350	2	Non-Current liabilities:					
1475	Receivables from agents	2,136,118	3	1,551,315	2	2530	Bonds payable	5,900,000	9	6,900,000	11
1479	Other current assets	734,238	1	850,519	1	2540	Long-term borrowings	8,194,780	12	6,606,328	10
		17,064,593	26	23,231,178	36	2570	Deferred tax liabilities	1,995,393	3	1,088,928	1
Non-current assets:						2640	Accrued pension liabilities	516,979	1	559,525	1
1510	Non-current financial assets at fair value through profit or loss	1,127,838	2	-	-	2645	Guarantee deposits received	2,828	-	1,235	-
								16,609,980	25	15,156,016	23
1517	Non-current financial assets at fair value through other comprehensive income	3,036,010	4	-	-	Total liabilities		32,072,410	48	30,565,699	47
1523	Non-current available-for-sale financial assets, net	-	-	177,746	-	Equity:					
1543	Non-current financial assets at cost, net	-	-	708,967	1	3100	Common stock	22,182,975	33	22,182,975	34
1546	Non-current investments in debt instrument without active market	-	-	1,187,200	2	3200	Capital surplus	1,261,681	2	1,261,681	2
							Retained earnings:				
1550	Investments accounted for using equity method, net	29,568,822	44	25,905,948	40	3310	Legal reserve	6,757,693	10	6,503,503	10
1600	Property, plant and equipment	14,683,088	22	12,944,060	20	3320	Special reserve	1,127,482	2	-	-
1780	Intangible assets	94,240	-	52,139	-	3350	Retained earnings — unappropriated	4,065,321	6	5,146,283	8
1900	Other non-current assets	1,082,271	2	325,421	1			11,950,496	18	11,649,786	18
		49,592,269	74	41,301,481	64	Other equity interest:					
						3411	Exchange differences on translation of foreign financial statements	(604,711)	(1)	(1,480,258)	(2)
						3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	(205,989)	-	-	-
						3426	Total unrealized gains (losses) on available-for-sale financial assets	-	-	352,776	1
								(810,700)	(1)	(1,127,482)	(1)
Total assets		\$ 66,656,862	100	64,532,659	100	Total equity		34,584,452	52	33,966,960	53
						Total liabilities and equity		\$ 66,656,862	100	64,532,659	100

(English Translation of Financial Statements Originally Issued in Chinese)
WAN HAI LINES LTD.

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		For the Years Ended December 31, December 31			
		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue	\$ 53,934,045	100	50,300,722	100
5000	Operating costs	53,588,321	99	45,846,586	91
	Gross profit	345,724	1	4,454,136	9
6000	Operating expenses	1,956,923	4	2,108,020	4
	Income from operations	(1,611,199)	(3)	2,346,116	5
	Non-operating income and expenses:				
7010	Other income	347,462	1	363,335	1
7020	Other gains and losses	875,984	2	11,542	-
7050	Finance costs	(356,717)	(1)	(326,530)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	2,414,860	4	638,756	1
	Total non-operating income and expenses	3,281,589	6	687,103	1
	Profit before tax	1,670,390	3	3,033,219	6
7950	Less: Income tax expense	552,484	1	491,330	1
	Loss for the period	1,117,906	2	2,541,889	5
	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit and loss				
8311	Remeasurements from defined benefit plans	(19,381)	-	(53,991)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(46,035)	-	-	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	34,559	-	(38,545)	-
8349	Less: Income tax benefit (expense) related to items that will not be reclassified subsequently	5,392	-	9,178	-
	Total items that will not be reclassified subsequently to profit and loss	(25,465)	-	(83,358)	-
8360	Other components of other comprehensive income that will not be reclassified to profit or loss				
8361	Exchange differences on translation	876,341	2	(2,057,990)	(4)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	340,626	1
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	30	-
8399	Other components of other comprehensive income that will be reclassified to profit or loss	(794)	-	5,132	-
	Total items that will not be reclassified subsequently to profit and loss	875,547	2	(1,712,202)	(3)
	Other comprehensive income (net of tax)	850,082	2	(1,795,560)	(3)
8500	Total comprehensive income	<u>\$ 1,967,988</u>	<u>4</u>	<u>746,329</u>	<u>2</u>
9750	Basic earnings per share (New Taiwan Dollars)	<u>\$</u>	<u>0.50</u>		<u>1.15</u>
9850	Diluted earnings per share (New Taiwan Dollars)	<u>\$</u>	<u>0.50</u>		<u>1.14</u>

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

WAN HAI LINES LTD.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Total other equity interest			Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	
Balance at January 1, 2017	\$ 22,182,975	1,261,681	6,389,335	1,053,282	2,635,957	572,600	-	12,120	34,107,950
Net profit	-	-	-	-	2,541,889	-	-	-	2,541,889
Other comprehensive income	-	-	-	-	(83,358)	(2,052,858)	-	340,656	(1,795,560)
Total comprehensive income	-	-	-	-	2,458,531	(2,052,858)	-	340,656	746,329
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	114,168	-	(114,168)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(887,319)	-	-	-	(887,319)
Reversal of special reserve	-	-	-	(1,053,282)	1,053,282	-	-	-	-
Balance at 2017.12.31	22,182,975	1,261,681	6,503,503	-	5,146,283	(1,480,258)	-	352,776	33,966,960
Effects of retrospective application	-	-	-	-	271,383	-	(159,954)	(352,776)	(241,347)
Equity at beginning of period after adjustments	22,182,975	1,261,681	6,503,503	-	5,417,666	(1,480,258)	(159,954)	-	33,725,613
Net profit	-	-	-	-	1,117,906	-	-	-	1,117,906
Other comprehensive income	-	-	-	-	20,570	875,547	(46,035)	-	850,082
Total comprehensive income	-	-	-	-	1,138,476	875,547	(46,035)	-	1,967,988
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	254,190	-	(254,190)	-	-	-	-
Special reserve appropriated	-	-	-	1,127,482	(1,127,482)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,109,149)	-	-	-	(1,109,149)
Balance at 2018.12.31	\$ 22,182,975	1,261,681	6,757,693	1,127,482	4,065,321	(604,711)	(205,989)	-	34,584,452

WAN HAI LINES LTD.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,670,390	3,033,219
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,302,119	1,009,685
Amortization expense	45,755	22,204
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(64,405)	-
Interest expense	356,717	326,530
Interest income	(154,448)	(178,652)
Dividend income	(193,014)	(184,683)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(2,414,860)	(638,756)
Loss (gain) on disposal of property, plant and equipment	(513,937)	(222,304)
Loss (gain) on disposal of other assets	-	(52,817)
Unrealized foreign exchange loss (gain)	223,091	(335,417)
Others	585	85
Total adjustments to reconcile profit (loss)	(1,412,397)	(254,125)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	(3,411)	379
Decrease (increase) in accounts receivable	99,385	(501,901)
Decrease (increase) in construction contracts receivable	(113,755)	-
Decrease (increase) in other receivable	(127,006)	19,984
Decrease (increase) in inventories	(9,745)	(45,343)
Decrease (increase) in biological assets	(584,803)	72,876
Decrease (increase) in other current assets	116,281	95,628
Decrease (increase) in deferred debits	(115,617)	-
Total changes in operating assets	(738,671)	(358,377)
Changes in operating liabilities:		
Increase (decrease) in accounts payable	803,695	121,781
Increase (decrease) in other payable	(169,762)	421,964
Increase (decrease) in provisions	857	(785,596)
Increase (decrease) in other current liabilities	317,703	148,701
Increase (decrease) in net defined benefit liability	(61,927)	(76,182)
Total changes in operating liabilities	890,566	(169,332)
Total changes in operating assets and liabilities	151,895	(527,709)
Total adjustments	(1,260,502)	(781,834)
Cash inflow (outflow) generated from operations	409,888	2,251,385
Income taxes refund (paid)	(239,479)	(240,332)
Net cash flows from (used in) operating activities	170,409	2,011,053
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(262,840)	-
Acquisition of available-for-sale financial assets	-	(94,801)
Proceeds from disposal of available-for-sale financial assets	-	229,395
Acquisition of investments accounted for using equity method	(395,315)	(472,356)
Acquisition of property, plant and equipment	(3,337,194)	(3,101,119)
Proceeds from disposal of property, plant and equipment	572,002	243,117
Acquisition of intangible assets	(58,636)	(28,981)
Decrease in other non-current assets	(398,355)	(68,416)
Interest received	159,689	177,021
Dividends received	254,678	215,025
Net cash flows from (used in) investing activities	(3,465,971)	(2,901,115)
Cash flows from (used in) financing activities:		
Proceeds from issuing bonds	-	2,100,000
Repayments of bonds	(4,500,000)	(2,900,000)
Proceeds from long-term debt	11,530,300	2,724,950
Repayments of long-term debt	(7,250,438)	(1,037,775)
Increase in guarantee deposits received	(450)	(1,316)
Cash dividends paid	(1,109,149)	(887,319)
Interest paid	(391,337)	(330,564)
Net cash flows from (used in) financing activities	(1,721,074)	(332,024)
Net increase (decrease) in cash and cash equivalents	(5,016,636)	(1,222,086)
Cash and cash equivalents at beginning of period	12,850,798	14,072,884
Cash and cash equivalents at end of period	\$ 7,834,162	12,850,798

Attachment 2-2

Independent Auditors' Report

To the Board of Directors of Wan Hai Lines Ltd.:

Opinion

We have audited the consolidated financial statements of Wan Hai Lines Ltd. and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as of December 31, 2018 and 2017, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to Note(4)(p) “ Revenue” , Note (5)(b) “ Uncertainty associated with the assumptions and estimations for revenue recognition” and Note(6)(o) “Revenue disclosures” of the financial statements.

How the matter was addressed in our audit

The freight revenue is recognized in proportion to the stage of completion of the voyage measured by reference to the proportion of the actual shipping days incurred in balance sheet date. The voyage days is estimated depending on historical experience which involved high uncertainty. Consequently, this is one of the key areas our audit focused on.

Our principal audit procedures included:

Understanding how the management estimates the voyage days of each route including its method and source; sampling the source data from the system and obtaining the method on how the system compute the voyage days to evaluate the reasonableness of the estimated voyage days of each route from the management.

2. Impairment of Property, plant and equipment

Please refer to note(4)(l) “Property, plant and equipment”, note(4)(o) “Impairment – non-financial assets” , note(5)(a) “Impairment of property, plant and equipment, and intangible assets” , and note(6)(i) “Property, plant and equipment” .

How the matter was addressed in our audit

The total amount of the Group’s Property, plant and equipment exceeds half of the total assets, and the vessels constituted a considerable proportion. The risk of impairment of the assets may exist due to the highly changeable industry. Consequently, this is one of the key areas our audit focused on.

Our principal audit procedures included:

Understanding the cash generating units included in the Group’s impairment test; understanding the impairment indicators in light of the performance of each asset. The indicators include internal and external factors such as the carrying value exceeding its market capitalization, significant adverse changes in the technological, market, economic or legal environment in which the entity operates, evidence of obsolescence or physical damage to the asset.

Other Matter

Wan Hai Lines Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yi-Chun Chen and Chung-Yi Chiang.

KPMG

Taipei, Taiwan (Republic of China)

March 22, 2019

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WAN HAI LINES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

		2018.12.31		2017.12.31				2018.12.31		2017.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets											
Current assets:											
1100	Cash and cash equivalents	\$ 13,418,582	17	19,245,440	25	2100	Short-term loans	\$ 60,000	-	60,000	-
1110	Current financial assets at fair value through profit or loss	2,345,430	3	-	-	2170	Accounts payable	7,644,956	10	6,890,826	9
1125	Current available-for-sale financial assets, net	-	-	4,242,631	5	2200	Other payables	2,692,144	3	3,150,037	4
1150	Notes receivable, net	29,636	-	25,430	-	2230	Current tax liabilities	109,290	-	186,208	-
1170	Accounts receivable, net	2,861,696	4	2,941,263	4	2320	Current portion of long-term loans	8,288,389	11	9,112,404	12
1140	Current Contract Assets	751,084	1	-	-	2350	Payables to agents	10,472	-	3,552	-
1200	Other receivables, net	1,382,358	2	1,011,713	1	2300	Other current liabilities	2,022,554	3	1,491,704	2
1330	Inventories, net	1,341,644	2	1,319,047	2			20,827,805	27	20,894,731	27
1475	Receivables from agents	834,068	1	696,948	1		Non-Current liabilities:				
1479	Other current assets	688,329	1	564,757	1	2530	Bonds payable	5,900,000	8	6,900,000	9
		23,652,827	31	30,047,229	39	2540	Long-term borrowings	12,122,591	16	12,083,130	16
Non-current assets:						2570	Deferred tax liabilities	2,010,571	2	1,095,901	1
1510	Non-current financial assets at fair value through profit or loss	1,127,838	1	-	-	2640	Accrued pension liabilities	767,936	1	822,662	1
1517	Non-current financial assets at fair value through other comprehensive income	3,036,010	4	-	-	2645	Guarantee deposits received	591,042	1	537,763	1
1523	Non-current available-for-sale financial assets, net	-	-	177,746	-			21,392,140	28	21,439,456	28
1543	Non-current financial assets at cost, net	-	-	708,967	1		Total liabilities	42,219,945	55	42,334,187	55
1546	Non-current investments in debt instrument without active market	-	-	1,187,200	2		Equity attributable to owners of parent:				
1550	Investments accounted for using equity method, net	1,141,225	1	713,155	1	3100	Common stock	22,182,975	29	22,182,975	29
1600	Property, plant and equipment	43,419,203	56	42,680,442	56	3200	Capital surplus	1,261,681	2	1,261,681	2
1760	Investment property, net	314,759	1	303,238	-		Retained earnings:				
1780	Intangible assets	95,730	-	53,262	-	3310	Legal reserve	6,757,693	9	6,503,503	8
1900	Other non-current assets	4,249,758	6	642,565	1	3320	Special reserve	1,127,482	1	-	-
		53,384,523	69	46,466,575	61	3350	Retained earnings — unappropriated	4,065,321	5	5,146,283	7
								11,950,496	15	11,649,786	15
							Other equity interest:				
						3411	Exchange differences on translation of foreign financial statements	(604,711)	(1)	(1,480,258)	(2)
						3420	Unrealized gain(losses) on financial assets at fair value through other comprehensive income, parent	(205,989)	-	-	-
						3426	Total unrealized gains (losses) on available-for-sale financial assets	-	-	352,776	1
								(810,700)	(1)	(1,127,482)	(1)
							Total equity attributable to owners of parent:	34,584,452	45	33,966,960	45
						36XX	Non-controlling interests	232,953	-	212,657	-
							Total equity	34,817,405	45	34,179,617	45
Total assets		\$ 77,037,350	100	76,513,804	100		Total liabilities and equity	\$ 77,037,350	100	76,513,804	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WAN HAI LINES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		For the months ended December 31			
		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue	\$ 66,778,676	100	60,769,645	100
5000	Operating costs	61,776,300	92	53,654,228	88
	Gross profit	5,002,376	8	7,115,417	12
6000	Operating expenses	4,013,375	6	3,973,607	7
	Income from operations	989,001	2	3,141,810	5
	Non-operating income and expenses:				
7010	Other income	441,013	1	411,437	1
7020	Other gains and losses	772,064	1	(43,137)	-
7050	Finance costs	(565,345)	(1)	(521,740)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	140,574	-	130,671	-
	Total non-operating income and expenses	788,306	1	(22,769)	-
	Profit before tax	1,777,307	3	3,119,041	5
7950	Less: Income tax expense	640,069	1	560,066	1
	Net Profit	1,137,238	2	2,558,975	4
	Other comprehensive income (loss):				
	Items that will not be reclassified subsequently to profit and loss				
8310	Remeasurements from defined benefit plans	15,178	-	(92,536)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(46,035)	-	-	-
8349	Less: Income tax benefit (expense) related to items that will not be reclassified subsequently	5,392	-	9,178	-
	Total items that will not be reclassified subsequently to profit and loss	(25,465)	-	(83,358)	-
8360	Other components of other comprehensive income that will not be reclassified to profit or loss				
8361	Exchange differences on translation	876,215	1	(2,058,133)	(3)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	340,656	-
8399	Other components of other comprehensive income that will be reclassified to profit or loss	(794)	-	5,132	-
	Total items that will not be reclassified subsequently to profit and loss	875,421	1	(1,712,345)	(3)
	Other comprehensive income (net of tax)	849,956	1	(1,795,703)	(3)
8500	Total comprehensive income	<u>\$ 1,987,194</u>	<u>3</u>	<u>763,272</u>	<u>1</u>
	Profit (loss) attributable to:				
8610	Owners of the parent company	\$ 1,117,906	2	2,541,889	4
8620	Non-controlling interests	19,332	-	17,086	-
		<u>\$ 1,137,238</u>	<u>2</u>	<u>2,558,975</u>	<u>4</u>
	Comprehensive income attributable to:				
8710	Owners of the parent company	\$ 1,967,988	3	746,329	1
8720	Non-controlling interests	19,206	-	16,943	-
		<u>\$ 1,987,194</u>	<u>3</u>	<u>763,272</u>	<u>1</u>
	Basic earnings per share (New Taiwan Dollars)	<u>\$ 0.50</u>		<u>1.15</u>	
	Diluted earnings per share (New Taiwan Dollars)	<u>\$ 0.50</u>		<u>1.14</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

WAN HAI LINES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Non-controlling Interests	Total
	Stock	Retained Earnings				Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax	Other Equity Items		Total Equity Attributable to Owners of Parent			
		Common Stock	Capital Surplus	Legal reserve	Special reserve		Retained Earnings - Unappropriated	Unrealized Gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		Unrealized Gains (losses) on Available for sale Financial Assets		
Balance at January 1, 2017	\$	22,182,975	1,261,681	6,389,335	1,053,282	2,635,957	572,600	-	12,120	34,107,950	197,534	34,305,484
Net profit		-	-	-	-	2,541,889	-	-	-	2,541,889	17,086	2,558,975
Other comprehensive income		-	-	-	-	(83,358)	(2,052,858)	-	340,656	(1,795,560)	(143)	(1,795,703)
Total comprehensive income		-	-	-	-	2,458,531	(2,052,858)	-	340,656	746,329	16,943	763,272
Appropriation of retained earnings:												
Legal reserve		-	-	114,168	-	(114,168)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(887,319)	-	-	-	(887,319)	-	(887,319)
Reversal of special reserve		-	-	-	(1,053,282)	1,053,282	-	-	-	-	-	-
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(1,820)	(1,820)
Balance at 2017.12.31		22,182,975	1,261,681	6,503,503	-	5,146,283	(1,480,258)	-	352,776	33,966,960	212,657	34,179,617
Effects of retrospective application		-	-	-	-	271,383	-	(159,954)	(352,776)	(241,347)	-	(241,347)
Equity at beginning of period after adjustments		22,182,975	1,261,681	6,503,503	-	5,417,666	(1,480,258)	(159,954)	-	33,725,613	212,657	33,938,270
Net profit		-	-	-	-	1,117,906	-	-	-	1,117,906	19,332	1,137,238
Other comprehensive income		-	-	-	-	20,570	875,547	(46,035)	-	850,082	(126)	849,956
Total comprehensive income		-	-	-	-	1,138,476	875,547	(46,035)	-	1,967,988	19,206	1,987,194
Appropriation of retained earnings:												
Legal reserve		-	-	254,190	-	(254,190)	-	-	-	-	-	-
Special reserve appropriated		-	-	-	1,127,482	(1,127,482)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,109,149)	-	-	-	(1,109,149)	-	(1,109,149)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	1,090	1,090
Balance at December 31, 2018	\$	22,182,975	1,261,681	6,757,693	1,127,482	4,065,321	(604,711)	(205,989)	-	34,584,452	232,953	34,817,405

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

WAN HAI LINES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 1,777,307	3,119,041
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	4,124,116	4,089,817
Amortization expense	46,437	22,927
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	-	72
Net (gain) loss on financial assets at fair value through profit or loss	(64,405)	-
Interest expense	565,345	521,740
Interest revenue	(247,999)	(226,754)
Dividend income	(193,014)	(184,683)
Investment income under the equity method	(140,574)	(130,671)
Gain on disposal of property, plant and equipment	(512,526)	(158,683)
Gain on disposal of current available-for-sale financial assets	-	(52,817)
Unrealized foreign exchange loss	223,091	(335,416)
Others	585	85
Total adjustments to reconcile profit (loss)	3,801,056	3,545,617
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(4,206)	693
Accounts receivable (including related parties)	(558,082)	(554,265)
Contract Assets	(113,435)	-
Other receivables	(245,556)	58,204
Inventories	(22,597)	(67,482)
Receivables from agents	(137,120)	16,135
Other current assets	(106,937)	80,464
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(115,617)	-
Total changes in operating assets, net	(1,303,550)	(466,251)
Changes in operating liabilities, net:		
Accounts payable (including related parties)	754,130	488,023
Other payables	(210,121)	580,450
Payables to agents	6,920	(17,496)
Other current liabilities	532,740	204,617
Accrued pension liabilities	(39,548)	(78,922)
Total changes in operating liabilities, net	1,044,121	1,176,672
Total changes in operating assets and liabilities	(259,429)	710,421
Total adjustments	3,541,627	4,256,038
Cash inflow generated from operations	5,318,934	7,375,079
Income taxes paid	(314,206)	(295,877)
Net cash provided by operating activities	5,004,728	7,079,202
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(262,840)	-
Acquisition of available-for-sale financial assets	-	(94,801)
Proceeds from disposal of available-for-sale financial assets	-	229,395
Acquisition of long-term equity investment under equity method	(395,362)	(268,461)
Acquisition of property, plant and equipment	(4,185,886)	(4,550,565)
Proceeds from disposal of property, plant and equipment	555,867	244,070
Acquisition of intangible assets	(59,667)	(29,480)
Acquisition of investment property	(5,267)	(310,706)
Other non-current assets	(3,246,657)	(96,758)
Interest received	252,784	224,287
Dividends received	312,370	232,042
Net cash used in investing activities	(7,034,658)	(4,420,977)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	-	(3,000)
Proceeds from issuing bonds	-	2,100,000
Repayments of bonds	(4,500,000)	(2,900,000)
Proceeds from long-term loans	11,530,300	2,724,950
Repayment of long term loans	(9,298,111)	(3,107,111)
Guarantee deposits	48,686	61,057
Cash dividends paid	(1,109,149)	(887,319)
Interest paid	(596,047)	(528,922)
Change in non-controlling interests	1,090	(1,819)
Net cash used in financing activities	(3,923,231)	(2,542,164)
Foreign exchange rate effects	126,303	(197,812)
Net (decrease) increase in cash and cash equivalents	(5,826,858)	(81,751)
Cash and cash equivalents, beginning of period	19,245,440	19,327,191
Cash and cash equivalents, end of period	\$ 13,418,582	19,245,440

Audit Committee's Review Report

The Board of Directors has prepared the Company's financial statements, business report, and earnings distribution for the year of 2018. Of which, the Company's financial statements for 2018 have been audited by the CPA firm of KPMG through entrustment by the Board of Directors- an audit report with unqualified opinion was issued. Pursuant to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, the Audit Committee completed the examination without discoveries of noncompliance. Hence, we make a report hereby.

To the general shareholders' meeting of 2019

WAN HAI LINES LTD.

Chairman of the Audit Committee: Ruei-Chuen Liu

March 22, 2019

Audit Committee's Review Report (Consolidated)

The Board of Directors has prepared the Company's consolidated financial statements and consolidated business report for year of 2018. Of which, the Company's consolidated financial statements for 2018 have been audited by the CPA firm of KPMG through entrustment by the Board of Directors- an audit report with unqualified opinion was issued. Pursuant to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, the Audit Committee completed the examination without discoveries of noncompliance. Hence, we make a report hereby.

To the general shareholders' meeting of 2019

WAN HAI LINES LTD.

Chairman of the Audit Committee: Ruei-Chuen Liu

March 22, 2019

WAN HAI LINES LTD.
2018 Earnings Appropriation

Unit: NTD

Item	Total
Undistributed earnings for beginning of period	2,655,462,338
Added:	
IFRS's net adjusted balance (Note 1)	271,382,531
Undistributed earnings for beginning of period	2,926,844,869
Added:	
Other consolidated income (the re-measurement of defined benefit obligation, 2018)	20,569,379
Subtotal of undistributed earnings after adjustment	2,947,414,248
Added : Post-tax net income	1,117,906,283
Subtracted: Provided for legal reserve	(111,790,628)
Added : In accordance with legal provisions special reserve	316,782,249
Earnings available for distribution	4,270,312,152
Subtracted: items to be appropriated (Note 2)	
Cash dividends to shareholders (NT\$0.605629905 per share)	(1,343,467,283)
Undistributed earnings for end of period	2,926,844,869

Note 1: This adjustment amount is in accordance with 2018's adaption of IFRS 9

Notes 2: In accordance with the Ministry of Finance's Regulatory Letter No.

871941343, a company shall first determine the year to which earning dividends or surpluses belong. The Company's earnings appropriation principle is allocated from earnings in 2018 available for distribution in 2018.

The Candidates List for the 20th Independent Director

Title	Name	Number of actual participations	Shares	Position held in other company	Major academic qualifications	Licenses
Independent Director	LIN, STEPHANIE	126741	0	PricewaterhouseCoopers LLP, Tax Manager Fox Group, Tax Manager	California State University- Fullerton, Master of Business Administration	Certified Public Accountant License, California
Independent Director	CHEN, PAI-TSUNG	N/A	0	TAKE WELL ENGINEERING INC., CEO	National United University, Electrical Engineering	

Ethical Corporate Management Best Practice Principles of Wan Hai Lines Ltd. and its Subsidiaries

Article 1 To enhance the corporate culture of ethical corporate management and the well-rounded development of the Company, the Company has referred to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" in stipulating these principles for future reference.

The scope of these principles are applicable to the Company's subsidiaries, any foundation to which the TWSE/GTSM listed company's direct or indirect contribution of funds exceeds 50% of the total fund received, and other institutions or juridical persons which are substantially controlled by such company (hereinafter referred to as "business group").

Article 2 When engaging in commercial activities, directors, supervisors, managers, employees, mandatories or persons having substantial control over the Company and the business group, (hereinafter collectively referred to as "Company staff," and people with substantial control referred to as substantial controllers") are not permitted to, directly or indirectly, offer promise to offer, request or accept any improper benefits, or engage in any unethical acts including breach of ethics, illegal acts or breach of fiduciary duty that is in violation of integrity, is illegal, or breaches fiduciary duty for purpose of acquiring or maintaining benefits (hereinafter referred to as "unethical conduct").

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or privately-owned businesses or institutions, and their directors, supervisors, managers, employees, or actual controllers or other stakeholders.

- Article 3 In these Principles, "benefits" means any valuable things, including money, endowments, commissions, positions, services, preferential treatment, or rebates of any type or in any name. However, benefits received or given occasionally in accordance with normal social customs and that do not adversely affect specific rights and obligations shall be excluded.
- Article 4 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/TPEx listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
- Article 5 The Company shall stipulate policies based on integrity with a business philosophy of probity, transparency, and responsibility at their core. The Company shall also establish good corporate governance and risk control mechanisms to create a sustainable management environment.
- Article 6 The Company shall also stipulate various ethical corporate management operating procedures and behavioral guidelines in accordance with actual needs other than the Principles. These procedures and guidelines shall clearly and thoroughly define specific ethical corporate management practices and plans to prevent unethical conducts. The contents shall include operating procedures, behavioral guidelines, training, etc. The contents shall also comply with relevant laws and regulations of locations where domestic business groups are conducting business.
- The Company must communicate with employees and other stakeholders in the process of formulating preventive measures.
- Article 7 The Company and the business groups shall clearly specify ethical corporate management policies and the commitment by the Board of Directors and the management on rigorous and thorough implementation of such policies in their policies and external

documents, and shall carry out the policies in internal management and in commercial activities.

Article 8 The Company shall conduct commercial activities in a fair and transparent manner, based on the Ethical Corporate Management Best Practice Principles.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

The content of the contracts between the Company and the agents, suppliers, clients, or other trading counterparties shall include ethical corporate management policies and include clauses to terminate or release the contracts when the trading counterparties engage in dishonest behavior.

Article 9 The Company and Company staff may not, directly or indirectly, provide, promise, demand or accept any form of improper benefits from or to customers, agents, contractors, suppliers, public servants or other stakeholders when conducting business.

Article 10 When the Company and Company staff provide direct or indirect contributions to political parties or political activities (including organizations and individuals), the Company and its employees shall make certain to comply with the Political Donation Act and Company rules. Neither the Company nor its employees shall use such actions to gain business interest or transaction advantages.

Article 11 The Company and Company staff shall comply with relevant laws and regulations and internal operating procedures for charitable donations or sponsorships, and shall not pay disguised bribes.

Article 12 Neither the Company nor Company staff shall directly or indirectly offer or accept any unreasonable presents, hospitality, or other improper benefits to establish business relationships or influence commercial

transactions.

Article 13 The Company and Company staff shall abide by the relevant regulations of intellectual property, the Company's internal operating procedures, and contractual provisions. Intellectual property shall not be used, disclosed, disposed of, damaged, or otherwise infringed without the consent of the owner of the intellectual property rights.

Article 14 The Company shall engage in business activities in accordance with relevant competition regulations and shall not engage in unfair competition.

Article 15 In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and Company staff shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 16 Company staff shall exercise the due care of a good administrator to supervise and urge the Company to refrain from dishonest behavior. Company staff shall review the implementation results at any time and make continuous improvements to ensure the implementation of the ethical corporate management policy.

The Company has appointed the Department of Management to stipulate and supervise the enforcement of ethical corporate management and formulate preventive measures to improve the management of ethical corporate management. The Department of

Management is also responsible for assisting the Board of Directors and management in checking and evaluating whether the preventive measures established by the ethical corporate management are functioning effectively, and for drafting reports on the evaluation of the compliance level of relevant business procedures.

Article 17 Company staff shall comply with the provisions of laws and regulations and the operating procedures and behavior guidelines of ethical corporate management of the Company.

Article 18 Company staff, substantial controllers and other participating stakeholders, and stakeholders attending or present at the board meetings shall abide by the ethical corporate management operating procedures and behavioral guidelines of the Company and proactively explain whether there is a potential conflict of interest with the Company to allow the Company to identify, monitor, and manage the risk of unethical conducts caused by the conflicts of interest.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at the board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. Directors shall practice self-discipline and must not support one another in improper dealing.

The Company's personnel shall not take advantage of their positions and influence in the Company to obtain improper benefits for themselves, their spouses, parents, children, or any other person.

Article 19 The Company shall comply with the principles of ethical corporate management to establish an effective accounting system and internal control system, and shall not have falsified statements or retained

secret accounts. The Company shall also review the systems at any time to ensure that the design and implementation of the system continue to be effective.

The internal audit unit of the Company shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the Board of Directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 20 The Chairperson, the General Manager, or a senior manager of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall host training sessions and advocacy activities for Company staff periodically and invite counterparties that are engaged in business activities with the Company so they can fully understand the Company's determination toward ethical corporate management, policies, and the consequences for engaging in dishonest behavior.

The Company shall combine the policies of ethical corporate management with employee performance assessment and human resources policies to set a clear and effective incentive and punishment system.

Article 21 The Company's independent reporting mailbox, comment@wanhai.com, is available for internal and external individuals of the Company.

The Company shall process the identity of the whistle-blower and the content of the reported cases in a confidential manner when dealing with whistle-blowing incidents and protect the whistle-blower from improper or unfair treatment because of the whistle-blowing.

The acceptance, investigation process, investigation results, and creation and preservation of the relevant documents of the reported case shall be filed by the dedicated unit in accordance with the whistle-blowing system for unlawful and unethical practices (including corruption). The matter shall be escalated to an independent director if the reported matter involves directors and officers, and a designated person must be appointed for the investigation.

A report shall be drafted and the independent director immediately shall be notified in written form if material violations or significant damage to the Company has been discovered upon investigation.

Article 22 The reporting system for unlawful and unethical practices (including corruption) shall be referenced for disciplinary actions and complaints of violations of policies of ethical corporate management. Information such as the position and name of the violator, violation date, violation details and process status shall be immediately disclosed on the internal website of the Company.

Article 23 The measures adopted by the ethical corporate management, implementing status, and results of promotions shall be disclosed by the Company on the website and in the annual report and prospectuses of the Company. The details of the principles shall also be disclosed through the Market Observation Post System.

Article 24 The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 25 The principles are implemented after the approval of the Board of Directors and should be disclosed in the shareholders' meeting report. The same applies to amendments.

When the principles are submitted to the Board of Directors for discussion by the Company in accordance with the previous article, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. An independent director that cannot attend the Board of Directors meeting in person to express an objection

or reservations shall provide a written opinion before the Board of Directors meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.

Article 26 The principles were enacted on December 19, 2018

Ethical Corporate Management Procedures and Conduct

Guidelines for Wan Hai Lines Ltd. and its Subsidiaries

Article 1 The Company has set up these Operating Procedures and Code of Conduct Guidelines based on the principles of fairness, honesty, trustworthiness, and transparency in commercial activities. This is done for the sake of implementing ethical corporate management policies and actively preventing unethical conducts. This code of conduct complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and relevant laws and regulations of the territory where the Company and its business group are operating. This code of conduct concretely regulates matters that must be noted by the Company's personnel while implementing their duties.

The Operating Procedures and Code of Conduct Guidelines are applicable to the Company's subsidiaries, any foundation to which the TWSE/GTSM listed company's direct or indirect contribution of funds exceeds 50% of the total fund received, and other institutions or juridicial persons which are substantially controlled by such company (hereinafter referred to as "business group").

Article 2 Company personnel in the Operating Procedures and Code of Conduct Guidelines refer to directors, supervisors, managers, employees, or persons with substantial control in the Company or its subsidiaries (hereinafter referred to as "substantial controllers").

Company personnel offer, promise to offer, request, or accept any improper benefits and is presumed to be done by the Company personnel.

Article 3 Unethical conduct, as described in these Operating Procedures and

Code of Conduct Guidelines, refers to company personnel who directly or indirectly offer promise to offer, request, or accept any improper benefits while executing their businesses for purpose acquiring and maintaining benefits. This includes breach of ethics, illegal acts, or breach of fiduciary duty.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees, substantial controllers and other stakeholders.

Article 4 In these Procedures and Guidelines, "benefits" means any valuable things, including money, endowments, commission, positions, services, preferential treatment, rebate, facilitating payment, entertainment, dining, etc. Benefits occasionally received or given in accordance with accepted social customs, and that do not adversely affect specific rights and obligations, shall be excluded.

Article 5 The Company appoints the Department of Management as the dedicated unit (hereinafter referred to as the "dedicated unit") to handle amendment, implementation, interpretation, and consultation regarding the Operating Procedures and Code of Conduct Guidelines. The dedicated unit shall also log the report content into file records and supervise implementation. Its duties mainly include the following items and it shall make regular report to the Board meeting:

- I. Assist in incorporating moral and ethical values into the Company's operating strategy. Set preventive measures to ensure ethical management in compliance with the laws and regulations.
- II. Set proposals that prevent dishonest behavior and set work-related Operating Procedures and Code of Conduct Guidelines within each proposal.

- III. Plan internal organization, structure and allocation of responsibilities. Set up mutual supervision and checks-and-balance mechanisms for operating activities within the business scope that are at high risk of unethical conduct.
- IV. Promote and coordinate awareness and educational activities with respect to ethic policy.
- V. Develop a whistle-blowing system and ensure effective implementation.
- VI. Assist the board and management team in auditing, and assessing whether preventive measures for implementing ethical management are operating effectively, and preparing report on regular assessment of compliance with ethical management in operating procedures.

Article 6 When directly or indirectly offering, promising to offer, requesting, or accepting benefits stipulated in Article 4, the Company's personnel shall conform to Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Ethical Corporate Management Procedures and Conduct Guidelines. The following items can only be implemented after relevant procedures are processed:

- I. Based on business needs, local customs and courtesies are required during domestic/foreign guests' visits, hosting guests, and promoting business and communication.
- II. Based on normal social etiquette and business purposes, invite others (or being invited) to participate normal social activities to improve relationships.
- III. Inviting guests or being invited to participate in specific business activities because of business needs, such as factory tours. Fees and payment methods for such activities shall be

clearly stated before the event, such as the number of participants, level of accommodation, and duration.

- IV. Attendance at folk festivals that are open to and invite the attendance of the general public.
- V. Rewards, emergency assistance, condolence payments, or honorariums from the management.
- VI. In accordance with social customs or in line with company regulations.

Article 7 When the Company's personnel are directly or indirectly offered or promised to offer the benefits as stipulated in Article 4, except for the circumstances set out in the preceding paragraphs or after prior approval, the relevant benefits shall be rejected or refunded, and the personnel shall report to the immediate supervisor and the dedicated unit of the Company, regardless of whether there is benefit in the position. If it cannot be returned, it shall be submitted to the Company's dedicated unit within three days from the date of receipt.

The Company's dedicated unit shall view the nature and value of the previous item benefit and propose it be returned, repaid, turned over to public ownership, or given to charity organizations; or it shall make other appropriate recommendations. The recommendation shall be implemented after reporting it to the President and obtaining approval.

Article 8 The Company shall not offer or promise to offer any bribery.

Personnel of the Company who provide or promise bribes because of threats or intimidation shall record the process and report to their direct supervisor, as well as notify the Company's dedicated unit.

The Company's dedicated unit shall handle the matter immediately when report of the aforementioned items is received. The dedicated

unit shall discuss the event in order to lower the risk of reoccurrence. If the event involves illegality, law enforcement shall be immediately notified.

Article 9 The Company takes a neutral political position. When contributions are directly or indirectly provided to political parties or to political activities (including organizations and individuals), the Company and its employees shall comply with the Political Donation Act and relevant internal rules of the Company. Neither the Company nor its employees shall use such actions to gain business interests or transaction advantages.

The Company's personnel are not allowed to engage in political activities of any political party or political group during working hours and in workplaces. Posting political event posters, articles, and other relevant materials or sending and distributing these materials through email are also not permitted.

Article 10 Charitable donations or sponsorships provided by the Company should be handled in accordance with the relevant provisions of the Company and the following matters:

- I. The donation shall comply with the local laws of the operating site.
- II. A written record of the decision is made.
- III. Charitable donations must be made for charity organizations or governments at all levels instead of being made as a disguised bribe.
- IV. Considering what can be gained in exchange for sponsorship must be clearly defined and reasonable; the recipient of a sponsorship cannot be a business partner or person with interests in the Company.
- V. After the donation or sponsorship has been granted, it must be

confirmed that the funds are used in accordance with the intended purpose.

Article 11 When a proposal at a given Board of Directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, or other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or vote on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings. Directors shall maintain discipline among one another and not inappropriately support one another.

If the Company's personnel discover that they themselves or parties they represent have a conflict of interest while implementing company business, or if they themselves, their spouse, parents, offspring, or other stakeholders obtain improper interests, the situation shall be reported to their direct supervisors and the Company's dedicated unit. Direct supervisors shall provide appropriate guidance.

Personnel of the Company shall not use company resources on commercial activities outside of the Company, and shall not participate in commercial activities outside of the Company that may affect their work performance.

Article 12 All departments of the Company shall strictly implement the management, preservation and confidentiality procedures of the Company's business secrets, trademarks, patents, works, and other

intellectual property, and shall ensure the continued effectiveness of the Company's confidentiality mechanism.

All personnel of the Company shall strictly abide by the relevant regulations of intellectual property, the Company's internal operating procedures, and contractual provisions, and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Company of which they have learned; nor may they inquire about or collect any trade secrets, trademarks, patents, or other intellectual properties of the Company unrelated to their individual duties.

Article 13 The businesses engaged in by the Company shall follow the Fair Trade Law and relevant competition regulations, and shall not be subject to unfair competition.

Article 14 The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of the Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

The Company shall set policies that protect the rights and interests of consumers and other stakeholders, and publish the policy on the Company website. The goal is to prevent products or services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are sufficient facts to determine that the Company's products or services are likely to pose a hazard to the safety and health of consumers or other stakeholders, the Company shall, by principle, recall those products or suspend the services, verify the

facts, and present a review and improvement plan immediately.

The dedicated unit of the Company shall report the event as in the preceding paragraph, the actions taken, and subsequent reviews and corrective measures taken to the Board of Directors.

Article 15 The Company personnel shall adhere to Securities and Exchange Act, and shall not use their knowledge of undisclosed information for insider trading. Undisclosed information shall not be disclosed to others to prevent other from using undisclosed information for insider trading.

Other agencies or personnel that participate in the Company's mergers, divisions, acquisitions, share transfers, important memoranda, strategic alliances, and other business cooperation plans or important contracts shall sign a confidentiality agreement with the Company. The signatory shall promise not to disclose the Company's trade secrets or other important information that they are aware of to others. The aforementioned information shall not be used without the Company's approval.

Article 16 The Company shall disclose its honest management policy in internal regulations, annual reports, on the Company's website, or via other announcement methods. The honest management policy shall be announced at an appropriate time at product launches, investor conferences, and other public events so that suppliers, customers, and other business related organizations and personnel can clearly understand the Company's honest management concept and specifications.

Article 17 Before the Company establishes a business relationship with others, the Company shall first assess the legality and honest management policy of the agent(s), supplier(s), customer(s), or other business dealing subjects. The Company shall first determine whether these

subjects have been involved in dishonest behavior to ensure that they operate in a fair manner, have information transparency, and will not request, provide, or accept bribes.

During the assessment, the Company can use appropriate audit procedures to examine business partners according to the following items to understand their ethical management status:

- I. The nation, operating location, organization structure, management policy, and payment location of the Company.
- II. Whether that company has established ethical management policy and the implementation status.
- III. Whether the country that a company operates in carries high corruption risk.
- IV. Whether the business that a company engages in carries a high risk of bribery.
- V. The long-term operating status and business reputation of the corporation.
- VI. Consultation of the opinion of its corporate partners towards the subject corporation.
- VII. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 While conducting business, the Company's personnel shall clarify the Company's ethical management policy and other related regulations to the transaction partner. Company personnel shall clearly refuse to directly or indirectly offer, promise to offer, request, or accept any forms of improper benefits.

Article 19 The Company's personnel shall avoid business with agents, suppliers, customers or other entities who engage in unethical conduct. Any existing business shall be stopped and the entities shall be listed on

the banned list to implement the Company's ethical management policy.

Article 20 When the Company signs a contract with others, the Company shall sufficiently understand the ethical management status of the other party and include the Company's ethical management policy into the contract. It is better to clearly set the following items in the contract:

- I. If any party is aware of personnel who violate regulations on receiving commissions, kickbacks, or other improper interests, the party shall reveal the identity of these personnel, the provided, promised, or requested items, the receiving methods, the amount, and other improper interests to the other party. The aware party shall provide relevant evidence and cooperate with the other party in the investigation. If one party has been harmed, the harmed party can request compensation from the other party, and the compensation can be deducted from the contract price.
- II. If any one party engages in dishonest commercial activity, the Company has the right to terminate the contract at any time without condition.
- III. Clearly set and reasonable payment content, including payment location, method, and relevant tax laws that must be followed.

Article 21 The Company encourages internal and external personnel to report unethical conduct or misconduct. False reports or malicious allegations made by internal personnel will be disciplined based on the conditions and in accordance with Company management rules.

The Company sets up an internal independent mailbox: comment@wanhai.com, on the Company website and internal website for use by internal and external personnel of the Company.

The Company has set up a reporting mailbox and hotline on the Company website and internal website, which can be used by internal or external personnel for reporting violation. The reporting personnel shall provide the following information at a minimum:

- I. The name, ID number, address, phone number, and email of the informant.
- II. The name or other information that can identify the identity of the violator.
- III. Specific evidence that can be used for investigation.

Personnel of the Company who handle reported violations shall use written declarations to ensure that the identity of the reporter and the content of the report is confidential. The Company also promises to protect the reporter from improper and unfair treatment because of the reported violation.

The Company's dedicated unit handles the report in the following procedures:

- I. For reporting that is involved with regular employees, the head of the department shall be notified. For reporting that is involved with directors or managers, the independent directors shall be notified.
- II. The Company's dedicated unit and its supervisors or personnel of the preceding paragraph shall, as soon as possible after receiving the report, ascertain the relevant facts and, if necessary, receive assistance from other relevant departments.
- III. If the person being reported has indeed violated relevant regulations or the Company's honest management policy rules, the person will be asked to immediately cease his/her improper behavior and be appropriately handled. When needed, necessary remedies shall be requested through legal

procedures to maintain the Company's reputation and rights and interests.

- IV. The Company may provide the respondent an opportunity to make a statement or appeal before it makes a decision on disciplinary action.
- V. Written documentation from the reporting, investigation processes, and the investigation result shall be saved for at least five years. The storage method can be in electronic format. If a lawsuit relevant to the report occurs before the expiration of the storage period, the relevant data shall be kept until the conclusion of the lawsuit. Written documentation from the reporting, investigation process and the investigation result shall be saved for at least five years. The storage method can be in electronic format. If a lawsuit relevant to the report occurs before the expiration of the storage period, the relevant data shall be kept until the conclusion of the lawsuit.
- VI. If the reported violations have been verified, the Company's related units shall be instructed to discuss relevant internal control systems and operating procedures, and propose improvement measures to ensure that the same behavior is not repeated.
- VII. The Company's dedicated unit shall report the violations, measures, and follow-up discussions and improvement measures to the Board.

Article 22 If any personnel of the Company discover that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities;

where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 23 The Company's dedicated unit should regularly hold internal promoting activities, and arrange for the Chairman of the Board, the General Manager, or senior executives to convey the importance of integrity to directors, employees, and assignees.

The Company shall include honest management into employee work performance assessments and HR policies. A clear and effective reward, punishment, and complaint system shall be established.

Company personnel who severely violate honest behavior shall be dismissed according to relevant regulations or company management rules.

The Company shall disclose on the internal website the position, name, violation date, violation content, and handling procedure of the violator.

Article 24 These Procedures and Guidelines of Conduct shall be implemented after being passed as a board resolution, and shall be reported at the shareholder's meeting.

When the Procedures and Guidelines are submitted to the Board of Directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and expressed reservations shall be recorded in the minutes of the Board meeting.

If an independent director is unable to attend a Board meeting in person to express objections or reservations, he/she shall provide a written opinion before the Board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the Board meeting.

Article 25 The Procedures and Guidelines of Conduct were established on December 19, 2018.

Attachment 8

Comparison Table of Amendments to the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its Subsidiaries

Clause after Amendments	Clause before Amendments	Reason for Amendments
Article 2: The scope of the assets mentioned in these regulations is listed as follows: -----omitted----- 2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. -----omitted----- 5. <u>Right-of-use assets.</u> 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 8. Other major assets.	Article 2: The scope of the assets mentioned in these regulations is listed as follows: -----omitted----- 2. Real property (including land, houses and buildings, investment property, <u>rights to land use</u>, and construction enterprise inventory) and equipment. -----omitted----- 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 6. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 7. Other major assets.	Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
<u>Article 3:</u> <u>Terms used in these regulations are defined as follows:</u> 1. <u>Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u> 2. <u>Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</u> 3. <u>Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</u> 4. <u>Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</u> 5. <u>Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange</u>		1. This article is new. 2. Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. Terms used in the Regulations are defined in Article 3.

Clause after Amendments	Clause before Amendments	Reason for Amendments
Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located. 6. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.		
Article 4: The process for handling the procurement or disposal of assets as listed in Article 2 is as follows: 1. The acquisition or disposal of <u>property, equipment used, memberships, intangible assets, other important assets and right-of-use assets</u> for business operation should be handled according to the Procedures and the Company's "Rules for Property Procurement and Sale of Scrapped Equipment". -----omitted----- 3. Fixed Quota: (1) The sum of non-business operation related procurement of immovable property and <u>the right-of-use assets</u> by the Company or its subsidiaries shall not exceed 120 percent of the Company's shareholder equity. -----omitted----- 4. A transaction of major assets shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all Audit Committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.	Article 3: The process for handling the procurement or disposal of assets as listed in Article 2 is as follows: 1. The acquisition or disposal of <u>property, equipment used, memberships, or intangible assets and other important assets</u> for business operation should be handled according to the Procedures and the Company's "Rules for Property Procurement and Sale of Scrapped Equipment". -----omitted----- 3. Fixed Quota: (1) The sum of non-business operation related procurement of immovable property by the Company or its subsidiaries shall not exceed 120 percent of the Company's shareholder equity. -----omitted----- 4. <u>Related parties and subsidiaries shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u> 5. <u>Professional appraiser: Refers to a real property appraiser or other person duly authorized by the laws to engage in the value appraisal of real property or equipment.</u> 6. A transaction of major assets shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all Audit Committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.	1. Change the sequential numbers of the Articles. 2. Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. 3. Subparagraph 4 and subparagraph 5 are moved to Article 3.

Clause after Amendments	Clause before Amendments	Reason for Amendments
Article 5: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the Financial Supervisory Commission's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: 1. Intends to acquire or dispose of real property or <u>right-of-use assets</u> thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or <u>right-of-use assets</u> thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds. 2. Conducting mergers, demergers, purchases, or assignment of shares. 3. The types of assets acquired or disposed or right-of-use assets are those used for business purposes, and the object of the transaction object is not related to related party. The transaction amount is more than NT\$ 1 billion. 4. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party</u>, and the amount the company expects to invest in the transaction reaches NT\$500 million. 5. Where an asset transaction other than any of those referred to in the preceding four subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: (1) Trading of <u>domestic</u> government bonds.	Article 4: <u>The Criteria for Announcement of the Acquisition or Disposal of Assets is as follows:</u> 1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: (1) Intends to acquire or dispose of real property thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds. (2) Conducting mergers, demergers, purchases, or assignment of shares (3) The types of assets acquired or disposed are those used for business purposes, and the object of the transaction object is not related to related party. The transaction amount is more than NT\$ 1 billion. <u>Or for a subsidiary company, with a capital of less than NT\$ 10 billion and the transaction amount being more than NT\$ 500 million.</u> (4) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million. (5) Where an asset transaction other than any of those referred to in the preceding four subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: i. Trading of government bonds. ii. <u>Securities trading by investment professionals on foreign or domestic</u>	1. Change the sequential numbers of the Articles. 2. Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the Company's practice.

Clause after Amendments	Clause before Amendments	Reason for Amendments
(2) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property <u>or right-of-use assets</u> thereof within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and declared in their entirety within two days from the day of becoming aware of the occurrence. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.	<u>securities exchanges or over-the-counter markets, or subscription of common corporate bonds and non-equity-linked common financial bonds offered in the primary market domestically, or subscription by securities firms having the need because of acting as underwriters or recommending securities firms for emerging companies in accordance with the rules of the Taipei Exchange.</u> iii. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. The amount of transactions above shall be calculated as follows: (1) The amount of any individual transaction. (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property thereof within the same development project within the preceding year. (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. 3. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. 4. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and declared in their entirety within two days from the day of becoming aware of the occurrence. 5. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides	

Clause after Amendments	Clause before Amendments	Reason for Amendments
	otherwise. 6. For the domestic or foreign subsidiaries of the Company which are considered non-public companies, announcements and reports required for their acquisition or disposal of assets should be handled according to the guidelines stipulated by these regulations.	
Article 6: For all assets conforming to the standards outlined in Article 2 of these procedures, the acquisition or disposal of said assets <u>in addition to Article 4, should also be conducted in accordance with these procedures as follows:</u> 1. In acquiring or disposing of real property, equipment, or <u>right-of-use assets</u> thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (1) The range of the appraised value should use the regular price as reference. In the case of fixed prices, specific prices, or special prices, it must be indicated whether or not it conforms with the rules in Article 10 and 11 of the Land Appraisal Technical Specifications. If for a particular reason fixed prices, specific prices, or special prices must be used as the basis for consideration that transaction should be first presented to the board of directors for approval. <u>The same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</u> -----omitted----- 2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of	Article 5: For all assets conforming to the standards outlined in Article 2 of these procedures, the acquisition or disposal of said assets should be conducted according to <u>these procedures.</u> 1. In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (1) The range of the appraised value should use the regular price as reference. In the case of fixed prices, specific prices, or special prices, it must be indicated whether or not it conforms with the rules in Article 10 and 11 of the Land Appraisal Technical Specifications. If for a particular reason fixed prices, specific prices, or special prices must be used as the basis for consideration that transaction should be first presented to the board of directors for approval. <u>Conditions which change in future transactions must be submitted to the above procedure with the necessary modifications.</u> -----omitted----- 2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of	1. Change the sequential numbers of the Articles. 2. Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the Company's practice.

Clause after Amendments	Clause before Amendments	Reason for Amendments
occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. However, the provisions shall not apply if there are publicly quoted prices of such securities in an active market or <u>where otherwise provided by regulations of the Financial Supervisory Commission ("FSC")</u>.	occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. However, the provisions shall not apply if there are publicly quoted prices of such securities in an active market or <u>any of the conditions as below is met:</u> (1) <u>Securities acquired through cash contribution in an incorporation by promotion or by public offering pursuant to the Company Act, and the rights represented by the securities acquired are equivalent to the percentage of cash contribution.</u> (2) <u>Negotiable securities in which the subscribing target company performed a cash injection according to relevant laws and were issued according to face value.</u> (3) <u>Negotiable securities where the 100percent of the subscribing investee companies used a cash injection for issuance.</u> (4) <u>Listed, OTC, or emerging negotiable securities which are traded on the stock market or securities exchange.</u> (5) <u>Public Bonds, repurchased bonds, or resale bonds</u> (6) <u>Onshore or offshore publicly offered funds.</u> (7) <u>Company stocks acquired or disposed of according to TWSE or GTSM Rules Governing Purchase of Stocks Securities by Reverse Auction or Consignment.</u> (8) <u>Securities acquired through the Company's sponsorship of a cash capital increase by a public company or subscription of domestic corporate bonds (including financial bonds), when the securities acquired are not privately placed.</u> (9) <u>Subscription to domestically privately placed fund shares before the establishment of a fund in accordance with Article 11, Paragraph 1 of the Securities Investment Trust and Consulting Act, or subscription or redemption of domestically privately placed funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open</u>	

Clause after Amendments	Clause before Amendments	Reason for Amendments
3. Except for transactions with <u>domestic</u> government institutions, if the Company's acquisition or disposal of <u>intangible assets, right-of-use assets or membership</u> reaches 20 percent of the Company's paid-in capital or NT\$300 million, prior to the date of the event, the opinion of a rational transaction price shall be sought from a Certified Public Accountant; this Certified Public Accountant shall handle the matter in accordance with the provision of Auditing Standard No. 20 published by the ARDF. 4. For those assets acquired or disposed of through the court auction process by <u>the Company</u>, credentials provided by the court must replace the appraisal report, or a notarized CPA opinion. 5. <u>When the Company engages in any acquisition or disposal of assets from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the regulations of the preceding 4 Subparagraphs.</u> 6. When the Company intends to acquire or dispose of real property <u>or right-of-use assets</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets</u> from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of total assets, or NT\$300 million or more, except for trading <u>domestic</u> government bonds or bonds with repurchase or reverse repurchase agreement, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved with the consent of one-half or more of the entire membership of the Audit Committee, and submitted to and resolved by the board of directors. Any matter that has not been approved with the consent of one-half or more	<u>positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.</u> (10) <u>Other laws and regulations or rules of the competent authority.</u> 3. Except for transactions with government institutions, if the Company's acquisition or disposal of <u>membership or intangible assets</u> reaches 20 percent of the Company's paid-in capital or NT\$300 million, prior to the date of the event, the opinion of a rational transaction price shall be sought from a Certified Public Accountant; this Certified Public Accountant shall handle the matter in accordance with the provision of Auditing Standard No. 20 published by the Accounting Research and Development Foundation. 4. For those assets acquired or disposed of through the court auction process by <u>public companies</u>, credentials provided by the court must replace the appraisal report, or a notarized CPA opinion. 5. When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of total assets, or NT\$300 million or more, except for trading government bonds or bonds with repurchase or reverse repurchase agreement, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved with the consent of one-half or more of the entire membership of the Audit Committee, and submitted to and resolved by the board of directors. Any matter that has not been approved with the consent of one-half or more of the entire membership of the Audit Committee may be adopted with	

Clause after Amendments	Clause before Amendments	Reason for Amendments
of the entire membership of the Audit Committee may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes. <u>The calculation of the transaction amounts shall be made in accordance with Article 5, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors need not be counted toward the transaction amount.</u> (1) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. (2) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (3) The reason for choosing the related party as a trading counterparty. (4) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms. (5) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. (6) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. (7) Restrictive covenants and other important stipulations associated with the transaction.	the consent of two-thirds or more of the entire board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes. (1) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. (2) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (3) The reason for choosing the related party as a trading counterparty. (4) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms. (5) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. (6) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. (7) Restrictive covenants and other important stipulations associated with the transaction. When the aforementioned the transaction amount reaches 20 percent or more of paid-in capital, 10percent or more of the company's total assets, or NT\$300 million or more, the Company must acquire an appraisal report from a professional appraiser. If the appraised value is different from the transaction amount by more than 20 percent, unless the appraised value of an acquired asset is lower than the transaction amount, or the appraised value of a disposed asset is higher than the transaction amount, a CPA should provide a substantive opinion concerning the reason for difference in price and the transaction must gain the approval of more than half of board members voting in a meeting in which not less than	

Clause after Amendments	Clause before Amendments	Reason for Amendments
With respect to <u>the types of transactions listed below, when to be conducted between a the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, the Company's board of directors may delegate the board chairman to decide such matters when the transaction is within <u>NT\$ 6 billion</u> and have the decisions subsequently submitted to and ratified by the next board of directors meeting: <u>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u> <u>2. Acquisition or disposal of real property right-of-use assets held for business use.</u> When the sum of a real property or <u>right-of-use assets</u> transaction carried out between the Company and its subsidiaries is higher than the estimate for the acquisition of real property, and objective evidence, a professional appraisal, or a substantive and reasonable opinion from a CPA explaining the discrepancy cannot be obtained, the board of directors shall thoroughly assess whether the transaction violates the rights of the Company or shareholders. When necessary, the board shall reject the transaction. If the board approves such a transaction, the Company must conduct the following items: <u>1. The difference between the price of the transaction and the estimated cost must be placed in special reserve, and may not be apportioned or converted to dividends.</u> <u>2. The members of independent directors of the Audit Committee shall comply with Article 218 of the Company Act.</u> <u>3. The processing of the above two items should be proposed to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and prospectus.</u> The Company that has set aside a special reserve under the preceding paragraph may not utilize the	two-thirds of board members are present. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 4, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors need not be counted toward the transaction amounts. With respect to <u>the acquisition or disposal of business-use equipment between the company and its parent or subsidiaries</u>, the company's board of directors may delegate the board chairman to decide such matters when the transaction is <u>within a certain amount</u> and have the decisions subsequently submitted to and ratified by the next board of directors meeting. 6. When the sum of a real property transaction carried out between the Company and its subsidiaries is higher than the estimate for the acquisition of real property, and objective evidence, a professional appraisal, or a substantive and reasonable opinion from a CPA explaining the discrepancy cannot be obtained, the board of directors shall thoroughly assess whether the transaction violates the rights of the Company or shareholders. When necessary, the board shall reject the transaction. If the board approves such a transaction, the Company must conduct the following items: <u>(1) The difference between the price of the transaction and the estimated cost must be placed in special reserve, and may not be apportioned or converted to dividends.</u> <u>(2) The members of independent directors of the Audit Committee shall comply with Article 218 of the Company Act.</u> <u>(3) The processing of the above two items should be proposed to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and prospectus.</u> The Company that has set aside a special reserve under the preceding paragraph may	

Clause after Amendments	Clause before Amendments	Reason for Amendments
special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When the following circumstances is present in a transaction with a related parties, after passage by the board of directors, the matter shall also be submitted to the shareholders meeting for passage of a resolution, and neither the related parties nor any persons connected with the related parties may participate in the voting: <u>1.</u> There is a discrepancy of 20 percent or more between the amount of the transaction and the appraised amount. <u>2.</u> The amount or the terms of the transaction will have a material effect on the Company's operations. <u>3.</u> The transaction will have a material effect on shareholder equity. <u>4.</u> Other circumstances in which the board of directors deems that the matter should be submitted for a resolution by a shareholders meeting. The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital. The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in	not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. 7. When the following circumstances is present in a transaction with a related parties, after passage by the board of directors, the matter shall also be submitted to the shareholders meeting for passage of a resolution, and neither the related parties nor any persons connected with the related parties may participate in the voting: <u>(1)</u> There is a discrepancy of 20 percent or more between the amount of the transaction and the appraised amount. <u>(2)</u> The amount or the terms of the transaction will have a material effect on this Corporation's operations. <u>(3)</u> The transaction will have a material effect on shareholder equity. <u>(4)</u> Other circumstances in which the board of directors deems that the matter should be submitted for a resolution by a shareholders meeting. <u>8.</u> The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital. The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides	

Clause after Amendments	Clause before Amendments	Reason for Amendments
advance of extraordinary circumstances and grants consent. Additionally, related material as regulated by <u>Article 25</u> of “the Regulations Governing the Acquisition and Disposal of Assets by Public Companies” should be prepared as a full written record, and retained for 5 years for reference. Within 2 days counting inclusively from the date of passage of a resolution by the board of directors, basic identification data for personnel and dates of material events must be submitted in the prescribed format to the FSC via the Internet-based information system for reference. <u>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</u> <u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u> <u>2. May not be a related party or de facto related party of any party to the transaction.</u> <u>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u>	otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. Additionally, related material as regulated by <u>Article 24</u> of “the Regulations Governing the Acquisition and Disposal of Assets by Public Companies” should be prepared as a full written record, and retained for 5 years for reference. Within 2 days counting inclusively from the date of passage of a resolution by the board of directors, basic identification data for personnel and dates of material events must be submitted in the prescribed format to the FSC via the Internet-based information system for reference.	
<u>(Deleted)</u>	<u>Article 6: Contents of public announcement</u> <u>1. For the purchase or sale of negotiable securities on domestic or foreign stock exchanges or the GTSM belonging to the parent company, its subsidiaries, or related corporations, the following items should be publicly announced:</u> <u>(1) Security name.</u> <u>(2) Date of transaction.</u> <u>(3) Transaction amount, price of each unit, and total sum of transaction.</u> <u>(4) Profit (or loss) from disposal. (Acquisition of negotiable securities not included)</u> <u>(5) Relation to transaction target company.</u>	Information required to be publicly announced and reported has been listed on the publicly announced and reported system of competent authority, thus delete Article 6.

Clause after Amendments	Clause before Amendments	Reason for Amendments
	(6) <u>Accumulated number, sum, shareholding ratio, and restriction of rights of the security traded (included number of transactions), up to the current date.</u> (7) <u>The proportion of invested negotiable securities (including the current transaction) to the company's total assets as listed in the most current financial report, and the proportion of shareholders equity to operating funds as listed in the most current financial report, up to the current date.</u> (8) <u>Specific aim of acquisition or disposal.</u> 2. <u>The public announcement of the purchase and sale of assets, apart from the above listed items, should contain the following items:</u> (1) <u>Name and nature of the subject matter. (For those falling under the acquisition or disposal of real property, the location and lots must also be indicated. For those falling under preferred stock, the conditions for issuance of the preferred stock, such as stock dividend rates, etc., must also be indicated).</u> (2) <u>Date of occurrence.</u> (3) <u>Number of trading units, unit price, and total sum of transaction.</u> (4) <u>Transaction partner and relation to the Company. (If the transaction partner is a natural person and is not substantially related to a company, his or her name does not have to be disclosed).</u> (5) <u>When the transaction partner is a substantial related party, a public announcement giving the reason for selecting the parties concerned for the transaction, as well all of the people involved in the previous transfer, (Including the mutual relationship between the company and its partner), the price of the transfer, and date of acquisition.</u> (6) <u>All authorized persons within the last five years acting as substantial related parties for the transaction target, must make a public announcement of the date of acquisition and disposal, price, and relate to company at time of transaction.</u> (7) <u>Estimated profit (or loss) from disposal. (Acquisition of assets not included)</u> (8) <u>Delivery or payment conditions (including date and sum of payment), restrictive clauses in contract, and other important agreed upon matters.</u> (9) <u>Method for decision of transaction (for</u>	

Clause after Amendments	Clause before Amendments	Reason for Amendments
	<u>example bidding, parity, or negotiation), basis for reference of the decided price, and decision unit.</u> (10) <u>Name of professional appraisal institution and the results of its appraisal, or a value per share from the most recent financial report created according to regulations that has undergone a notarized examination by CPA or inspection. If unable to obtain a timely appraisal report, the reason for inability to obtain would should be indicated. If there circumstances that are noted in these regulations number 5 (1)(2), a public announcement must be made detailing reason for difference and a notarized CPA opinion.</u> (11) <u>Accumulated number, sum, shareholding ratio, and restriction of rights of the security traded (included number of transactions), up to the current date. (Those not falling under the purchase and sale of negotiable securities are excluded)</u> (12) <u>The proportion of invested negotiable securities (including the current transaction) to the company's total assets as listed in the most current financial report, and the proportion of shareholders equity to operating funds as listed in the most current financial report, up to the current date. (Those not falling under the purchase and sale of negotiable securities are excluded)</u> (13) <u>If there is a broker, and the broker acts as a substantial party concerned, the managing broker and the brokerage fee to be paid.</u> (14) <u>The specific aim or use of the acquisition or disposal.</u> 3. <u>"The most current financial report", refers to a public financial report prepared according law and notarized and examined by CPA or inspection by the company prior to acquisition or disposal of assets</u>	
Article 7: For the calculation of 10 percent of total assets under these regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. <u>Information required to be publicly announced and reported on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public</u>	Article 7: For the calculation of 10 percent of total assets under these regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.	Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Clause after Amendments	Clause before Amendments	Reason for Amendments
<u>company in Taiwan shall be reported by the Company.</u> The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing. The paid-in capital or total assets of a subsidiary shall be the standard applicable to it in determining whether, relative to 20 percent of paid-in capital or 10 percent of total assets of the company, it shall apply to obtain the report of an expert and perform the procedures for transactions with a related party. In the case where a subsidiary has non-par-value stock or the price per stock is not equivalent to NT\$ 10, the amount of the paid-in capital shall be provided as 20 percent of the transaction regulation amount, where the affiliated parent company owners amount is 10 percent.	The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary in determining whether, relative to <u>20 percent</u> of paid-in capital or <u>10 percent</u> of total assets of <u>the Company</u>, it reaches a threshold requiring public announcement and regulatory filing under <u>Article 4. Under the regulation regarding transaction amounts relative to paid-in capital of NT\$10 billion, shall be based on the paid-in capital of a subsidiary.</u> The paid-in capital or total assets of a subsidiary shall be the standard applicable to it in determining whether, relative to 20 percent of paid-in capital or 10 percent of total assets of the company, it shall apply to obtain the report of an expert and perform the procedures for transactions with a related party under <u>Article 5.</u> In the case where a subsidiary has non-par-value stock or the price per stock is not equivalent to NT\$ 10, the amount of the paid-in capital shall be provided as 20 percent of the transaction regulation amount <u>or NT\$ 10 billion</u>, where the affiliated parent company owners amount is 10 percent <u>or NT\$ 20 billion.</u>	
Article 9: The Regulations and any amendments thereto, shall be approved with the consent of half or more of the entire membership of the Audit Committee, <u>submitted to the board of directors for a resolution</u>, and approved by the shareholders' meeting before becoming effective. Any matter in the preceding paragraph that has not been approved with the consent of one-half or more of the entire membership of the Audit Committee may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes. <u>When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to subparagraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u> -----omitted-----	Article 9: The Regulations and any amendments thereto, shall be approved with the consent of half or more of the entire membership of the Audit Committee, resolved and adopted by the board of directors, and approved by the shareholders' meeting before becoming effective. Any matter in the preceding paragraph that has not been approved with the consent of one-half or more of the entire membership of the Audit Committee may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes. -----omitted-----	Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
Article 10: -----omitted----- The 10th amendment was made on 18 June 2019.	Article 10: -----omitted-----	Update the date of the amendment.

Comparison Table of Amendments to the Procedures for Acquisition or Disposal of Derivatives by Wan Hai Lines Ltd. and Its Subsidiaries

Clause after Amendments	Clause before Amendments	Reason for Amendments
Article 2: Derivatives as used in the Procedures refer to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</u>	Article 2: Derivatives as used in the Procedures refer to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and <u>compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.</u>	Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
	Article 3: <u>"Forward contracts" as used in the Procedures do not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</u>	Moved to Article 2.
Article 3~5: -----omitted-----	Article 4~6: -----omitted-----	Change the sequential numbers of the Articles.
Article 6, paragraph 1 (1): 1. The list of trading subjects and product types that are ratified include: (1) Forward Contracts (2) Options Contracts (3) Futures Contracts (4) Swap Contracts (5) Leveraged Contracts (6) <u>Hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u>	Article 7, paragraph 1 (1): 1. The list of trading subjects and product types that are ratified include: (1) Forward Contracts (2) Options Contracts (3) Futures Contracts (4) Swap Contracts (5) Leveraged Contracts (6) <u>Compound Contracts Combining the Above Products</u>	Change the sequential numbers of the Articles. Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
Article 6, paragraph 1 (3): 3. The maximum trading limit and loss limit for an individual product traded and all transactions that are ratified include: (1) Trading Department: The Finance Department will conduct transactions. (2) Traders: To be assumed by the division heads (included) or more senior supervisors of the Finance Department. (3) Products to be traded: To be implemented in accordance with the aforementioned Subparagraph 1 of Article 6. (4) Authorization of trading amounts: The Finance Department shall, before conducting derivatives trading, <u>obtain</u> the consent from one-half or more of the entire membership of the Audit Committee for the limits on the products to be traded and then <u>submit</u> such to the board of directors for <u>resolution</u> . Any matter that has not been approved with the consent of one-half or	Article 7, paragraph 1 (3): 3. The maximum trading limit and loss limit for an individual product traded and all transactions that are ratified include: (1) Trading Department: The Finance Department will conduct transactions. (2) Traders: To be assumed by the division heads (included) or more senior supervisors of the Finance Department. (3) Products to be traded: To be implemented in accordance with the aforementioned Subparagraph 1 of Article 7. (4) Authorization of trading amounts: The Finance Department shall, before conducting derivatives trading, <u>submit</u> the limits on the products to be traded to the Audit Committee to obtain the consent from one-half or more of the entire membership of the Audit Committee and then <u>report</u> such to the board of directors for <u>implementation</u> . Any matter that has not	Change the sequential numbers of the Articles. Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Clause after Amendments	Clause before Amendments	Reason for Amendments
more of the entire membership of the Audit Committee may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors' meeting minutes. -----omitted-----	been approved with the consent of one-half or more of the entire membership of the Audit Committee may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors' meeting minutes. -----omitted-----	
Article <u>7~8</u> : -----omitted-----	Article <u>8~9</u> : -----omitted-----	Change the sequential numbers of the Articles.
Article <u>9</u> : When the Company conducts derivatives trading in the centralized trading market, the supervisor of the Finance Department shall, based on the type of product, establish the total trading limit within the scope of the maximum limit on total amount of derivatives contracts provided in the second half of Article <u>4</u> and then obtain the authorization pursuant to the Procedures established in Subparagraph 3 of Article <u>6</u> .	Article <u>10</u> : When the Company conducts derivatives trading in the centralized trading market, the supervisor of the Finance Department shall, based on the type of product, establish the total trading limit within the scope of the maximum limit on total amount of derivatives contracts provided in the second half of Article <u>5</u> and then obtain the authorization pursuant to the Procedures established in Subparagraph 3 of Article <u>7</u> .	Change the sequential numbers of the Articles.
Article <u>10~13</u> : -----omitted-----	Article <u>11~14</u> : -----omitted-----	Change the sequential numbers of the Articles.
Article <u>14</u> : The Company shall disclose the information pertaining to the accounting processing methods for derivatives trading and financial statements in accordance with the applicable rules promulgated by the competent authority and the ROC Accounting Research and Development Foundation.	Article <u>15</u> : The Company shall disclose the information pertaining to the accounting processing methods for derivatives trading and financial statements in accordance with the applicable rules promulgated by the competent authority and the ROC Accounting Research and Development Foundation.	Change the sequential numbers of the Articles. Wording adjustment.
Article <u>15~20</u> : -----omitted-----	Article <u>16~21</u> : -----omitted-----	Change the sequential numbers of the Articles.
Article <u>21</u> : Execution of audit operations and preparation of inspection reports: 1. When internal auditors conduct inspection tasks, they may retrieve different types of data files, and the inspected units shall fully cooperate with the auditors without rejection or concealment to ensure the accuracy and timeliness of the data. 2. After the internal auditors complete each inspection, they shall prepare an inspection report to present the deficiencies which have been discovered and propose suggestions for improvement, and continue to follow up with the correction conditions. Such information will serve as a reference for senior supervisors to adopt countermeasures timely. <u>If any material violation is discovered, the Audit Committee and independent directors shall be notified in writing.</u>	Article <u>22</u> : Execution of audit operations and preparation of inspection reports: 1. When internal auditors conduct inspection tasks, they may retrieve different types of data files, and the inspected units shall fully cooperate with the auditors without rejection or concealment to ensure the accuracy and timeliness of the data. 2. After the internal auditors complete each inspection, they shall prepare an inspection report to present the deficiencies which have been discovered and propose suggestions for improvement, and continue to follow up with the correction conditions. Such information will serve as a reference for senior supervisors to adopt countermeasures timely.	Change the sequential numbers of the Articles. Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
Article <u>22</u> : -----omitted-----	Article <u>23</u> : -----omitted-----	Change the sequential numbers of the Articles.
Article <u>23</u> : After the Procedures have been <u>approved by more than half of all audit committee members, submitted to the board of directors for a resolution and a</u>	Article <u>24</u> : After the Procedures have been <u>approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for</u>	Change the sequential numbers of the Articles. Amended in

Clause after Amendments	Clause before Amendments	Reason for Amendments
<u>shareholders' meeting for approval before they are implemented; the same applies when the Procedures are amended.</u> <u>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u> <u>When the Procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the first paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u>	<u>approval; the same applies when the Procedures are amended.</u> <u>Where an audit committee has been established, when the Procedures are amended they shall be approved by more than half of all audit committee members, submitted to the board of directors for a resolution and a shareholders' meeting for approval before they are implemented.</u> If approval of more than half of all audit committee members as required is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.	accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
Article 24: These Procedures were created on 12 Mar 1998. The 1st amendment was made on 6 Jun 2003. The 2nd amendment was made on 23 June 2005. The 3rd amendment was made on 23 June 2006. The 4th amendment was made on 18 June 2008. The 5th amendment was made on 24 June 2011. The 6th amendment was made on 22 June 2017. <u>The 7th amendment was made on 18 June 2019.</u>	Article 25: These Procedures were created on 12 Mar 1998. The 1st amendment was made on 6 Jun 2003. The 2nd amendment was made on 23 June 2005. The 3rd amendment was made on 23 June 2006. The 4th amendment was made on 18 June 2008. The 5th amendment was made on 24 June 2011. The 6th amendment was made on 22 June 2017.	Update the date of the amendment.

Comparison Table of Amendments to the Procedures for Loaning of Funds by WAN HAI LINES LTD. and its Subsidiaries

Clause after Amendments	Clause before Amendments	Reason for Amendments
Article 2: The Company and its subsidiaries <u>shall not loan funds to any of its shareholders or any other person except under the following circumstances:</u> 1. Any company which has a business relationship with the Company or its subsidiaries. 2. Any company which requires short-term financing with the Company or its subsidiaries. The term "short-term" in the preceding paragraph refers to a period of one year, or where the company's operating cycle exceeds one year, one operating cycle. Inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares may loan funds to each other, <u>or overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares may loan funds to the Company.</u>	Article 2: The Company and its subsidiaries' counterparts of loan <u>are limited to those circumstances listed below:</u> 1. Any company which has a business relationship with the Company or its subsidiaries. 2. Any company which requires short-term financing with the Company or its subsidiaries. The term "short-term" in the preceding paragraph refers to a period of one year, or where the company's operating cycle exceeds one year, one operating cycle. Inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares may loan funds to each other.	Amended in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.
Article 3: -----omitted----- 3. An individual loaned amount between overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares, <u>or overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares to the Company shall not exceed 40 percent of the lending company's net value. The board of directors shall refer to the purpose of financing and the market situation to set the duration of loans and calculation of interest.</u>	Article 3: -----omitted----- 3. An individual loaned amount between overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares shall not exceed <u>35 percent of the lending company's net value. The board of directors shall refer to the purpose of financing and the market situation to set the duration of loans and calculation of interest.</u>	Amended in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.
Article 6: Upon allocation of the funds, it is necessary to take note of the borrowing counter-party's finance, business and credit rating, and the change in the value of the collateral, if any, from time to time. <u>If, as a result of a change in circumstances, a counter-party for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee and all independent directors, and shall complete the rectification according to the timeframe set out in the plan.</u> -----omitted-----	Article 6: Upon allocation of the funds, it is necessary to take note of the borrowing counter-party's finance, business and credit rating, and the change in the value of the collateral, if any, from time to time. <u>Any material change shall be reported to the Chairman of the Board immediately, and sufficient action shall be taken as per the Chairman's instructions.</u> -----omitted-----	Amended in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.
Article 7: The lending company shall prepare <u>a memorandum book on a monthly basis to truthfully record the borrowing counter-party's name, amount, date of approval by the board of directors,</u>	Article 7: <u>For said financing,</u> the lending company shall prepare <u>a subsidiary ledger to truthfully record the borrowing counter-party's name, amount, date of approval by the board of directors,</u>	Amended in accordance with the Regulations Governing Loaning of Funds and Making of

Clause after Amendments	Clause before Amendments	Reason for Amendments
lending/borrowing date, scheduled date of collection, the balance as of the end of the current month and matters to be carefully evaluated under Item 2 of Article 4 herein. <u>The Company's internal auditors shall audit the operational procedures for loaning funds to others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee and all independent directors in writing of any material violation found.</u>	lending/borrowing date, scheduled date of collection, the balance as of the end of the current month and matters to be carefully evaluated under Item 2 of Article 4 herein.	Endorsements/ Guarantees by Public Companies.
	Article 8: The lending company shall prepare the "Statement of Loan of Funds to Others" according to said subsidiary ledger on a monthly basis.	Moved to Article 7.
Article 8~10: -----omitted-----	Article 9~11: -----omitted-----	Change the sequential numbers of the Articles.
Article 11: The Procedures shall be approved <u>by more than half of all Audit Committee members, submitted to the board of directors for a resolution, and reported to a shareholders meeting before they are implemented;</u> the same applies when the procedures are amended. <u>If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.</u>	Article 12: The Procedures shall be approved <u>by the Audit Committee, submitted to the board of directors for a resolution and then submitted to the shareholders' meeting for an adoption before they are implemented;</u> the same applies when the procedures are amended.	Change the sequential numbers of the Articles. Amended in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.
Article 12: The Procedures were created on 29 May 1995. The 1 st amendment was made on 29 June 2002. The 2 nd amendment was made on 26 June 2003. The 3 rd amendment was made on 23 June 2006. The 4 th amendment was made on 18 June 2008. The 5 th amendment was made on 19 June 2009. The 6 th amendment was made on 18 June 2010. The 7 th amendment was made on 14 June 2013. The 8 th amendment was made on 22 June 2017. The 9 th amendment was made on 18 June 2019.	Article 13: The Procedures were created on 29 May 1995. The 1 st amendment was made on 29 June 2002. The 2 nd amendment was made on 26 June 2003. The 3 rd amendment was made on 23 June 2006. The 4 th amendment was made on 18 June 2008. The 5 th amendment was made on 19 June 2009. The 6 th amendment was made on 18 June 2010. The 7 th amendment was made on 14 June 2013. The 8 th amendment was made on 22 June 2017.	Update the date of the amendment.

Comparison Table of Amendments to the Procedure for Endorsement and Guarantees by WAN HAI LINES LTD. and Its Subsidiaries

Clause after Amendments	Clause before Amendments	Reason for Amendments
Article 5: Procedures and control of total amounts for endorsements and Guarantees. -----omitted----- 2. <u>When making endorsements/guarantees for others</u>, ample consideration of the opinions of all independent directors is necessary. The explicit agreement or opposition of the independent directors, as well as their reasons for opposition, must be recorded in the minutes of the board of directors. -----omitted----- 8. <u>If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the amount exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee and all independent directors, and shall complete the rectification according to the timeframe set out in the plan.</u>	Article 5: Procedures and control of total amounts for endorsements and Guarantees. -----omitted----- 2. <u>If there are independent directors</u>, ample consideration of the opinions of all independent directors is necessary. The explicit agreement or opposition of the independent directors, as well as their reasons for opposition, must be recorded in the minutes of the Board of Directors. -----omitted----- 8. <u>When an endorsed or guaranteed party originally satisfying requirements of Article 2 no longer satisfies these requirements, or the sum of the endorsement and guarantee, due to change in the calculated base quota, exceeds the established quota, a correction must be made to the sum of the endorsement and guarantee or the amount exceeding the quota, within the time period of the contract or the company providing guarantees will set a correction plan and have it approved by the Chairman, complete all corrections within a specific time limit and report such to the board of directors and the Audit Committee.</u>	Amended in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies and wording adjustment.
Article 8: Items pertaining to endorsements and guarantees made by the Company shall be entered into the "reference system" by the finance division. It should include detailed information with regards to items accepted as collateral, name of company receiving endorsements and guarantees, results of risk evaluation, sum of endorsements and guarantees, date and conditions for the collection of collateral and lifting of guarantee responsibilities, date of approval by the board of directors or Chairman, date of endorsement and guarantee, as well as other assessments or cancellations relevant to the endorsement and guarantee. The Company's internal auditors shall audit the procedures for endorsements and guarantees and the implementation thereof <u>no less frequently than</u> quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee <u>and all independent directors</u> in writing of any material violation found.	Article 8: Items pertaining to endorsements and guarantees made by the Company shall be entered into the "reference system" by the finance division. It should include detailed information with regards to items accepted as collateral, name of company receiving endorsements and guarantees, results of risk evaluation, sum of endorsements and guarantees, date and conditions for the collection of collateral and lifting of guarantee responsibilities, date of approval by the board of directors or Chairman, date of endorsement and guarantee, as well as other assessments or cancellations relevant to the endorsement and guarantee. The Company's internal auditor shall audit the procedure for endorsements and guarantees and the implementation every quarter and prepare written records accordingly. They shall promptly notify <u>each member of the Audit Committee</u> in writing of any material violation found.	Amended in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.
Article 9: The announcement of the balance of endorsements and guarantees should be conducted according to the following procedures: 1. The Company shall <u>announce and report</u> the	Article 9: The announcement of the balance of endorsements and guarantees should be conducted according to the following procedures: 1. The Company shall <u>announce</u> the previous	Amended in accordance with the Regulations Governing Loaning of Funds and Making of

Clause after Amendments	Clause before Amendments	Reason for Amendments
previous month's balance of endorsements and guarantees of itself and its subsidiaries by the 10th day of each month. 2. The Company whose balance of endorsements and guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: (1) The aggregate balance of endorsements and guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement. (2) The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement. (3) The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches TWD 10 million or more and the aggregate amount of all endorsements and guarantees for, <u>the carrying amount of investment under equity method</u> and balance of loans to, such enterprise reaches 30 percent or more of The Company's net worth as stated in its latest financial statement. (4) The amount of new endorsements and guarantees made by the Company or its subsidiaries reaches TWD 30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement. -----omitted-----	month's balance of endorsements and guarantees of itself and its subsidiaries <u>along with the turnover</u> by the 10th day of each month, <u>which is required by the competent authority.</u> 2. The Company whose balance of endorsements and guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: (1) The aggregate balance of endorsements and guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement. (2) The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement. (3) The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches TWD 10 million or more and the aggregate amount of all endorsements and guarantees for, <u>investment of a long-term nature in</u>, and balance of loans to, such enterprise reaches 30 percent or more of The Company's net worth as stated in its latest financial statement. (4) The amount of new endorsements and guarantees made by the Company or its subsidiaries reaches TWD 30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement. -----omitted-----	Endorsements/ Guarantees by Public Companies and wording adjustment.
Article 14: The Procedures shall be <u>approved by more than half</u> of all Audit Committee <u>members</u>, submitted to the board of directors for a resolution, and reported to a shareholders meeting before they are implemented; the same applies when the procedures are amended. <u>If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.</u>	Article 14: The Procedures shall be <u>deliberated</u> by the Audit Committee, submitted to the board of directors for a resolution and then submitted to the shareholders' meeting for an adoption before they are implemented; the same applies when the procedures are amended.	Amended in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.
Article 15: The Procedures were created on 21 May 1991. The 1st amendment was made on 7 May 1997. The 2nd amendment was made on 27 Sep 2002. The 3rd amendment was made on 26 June 2003. The 4th amendment was made on 23 June 2005.	Article 15: The Procedures were created on 21 May 1991. The 1st amendment was made on 7 May 1997. The 2nd amendment was made on 27 Sep 2002. The 3rd amendment was made on 26 June 2003. The 4th amendment was made on 23 June 2005.	Update the date of the amendment.

Clause after Amendments	Clause before Amendments	Reason for Amendments
The 5 th amendment was made on 23 June 2006. The 6 th amendment was made on 19 June 2009. The 7 th amendment was made on 18 June 2010. The 8 th amendment was made on 27 June 2012. The 9 th amendment was made on 14 June 2013. The 10 th amendment was made on 22 June 2017. <u>The 11st amendment was made on 18 June 2019.</u>	The 5 th amendment was made on 23 June 2006. The 6 th amendment was made on 19 June 2009. The 7 th amendment was made on 18 June 2010. The 8 th amendment was made on 27 June 2012. The 9 th amendment was made on 14 June 2013. The 10 th amendment was made on 22 June 2017.	

Comparison Table of Amendments to the Rules and Procedures of Shareholders Meeting by WAN HAI LINES LTD.

Clause after Amendments	Clause before Amendments	Reason for Amendments
Article 3: Unless otherwise specified by law, the Company's shareholders meetings are convened by the board of directors. When a general meeting is convened, a meeting agenda shall be provided, and notification shall be sent to each shareholder 30 days prior to the general meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 30 days prior to the general meeting. When an extraordinary meeting is convened, notification shall be sent to each shareholder 15 days prior to the extraordinary meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 15 days prior to the general meeting. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, <u>reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares,</u> dissolution, merger, spin-off, or any items contained in Article 185 Paragraph I of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in a meeting agenda. Additionally, <u>unless</u> any of Article 172-1 Paragraph 4 of the Company Act is satisfied, the board of directors of the Company <u>shall</u> include the proposal submitted by a shareholder in the list of proposals to be discussed at a general meeting. Prior to the book closure date before a general meeting is convened, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less	Article 3: Unless otherwise specified by law, the Company's shareholders meetings are convened by the board of directors. When a general meeting is convened, a meeting agenda shall be provided, and notification shall be sent to each shareholder 30 days prior to the general meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 30 days prior to the general meeting. When an extraordinary meeting is convened, notification shall be sent to each shareholder 15 days prior to the extraordinary meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 15 days prior to the general meeting. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, dissolution, merger, spin-off, or any items contained in Article 185 Paragraph I of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act shall be listed, and not brought up by extraordinary motion. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in a meeting agenda. Additionally, if any proposals submitted by shareholders are amongst any of the situations listed in Article 172-1 Paragraph 4 of the Company Act, the board of directors <u>is not required</u> to include it in the list of proposals to be discussed at a general meeting. Prior to the book closure date before a general meeting is convened, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less	Amended in accordance with Article 172 Paragraph 5 of the Company Act. Amended in accordance with Article 172-1 Paragraph 4 of the Company Act.

than 10 days. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words. The shareholder making the proposal shall be present in person or by proxy at the general meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.	than 10 days. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words, <u>and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting.</u> The shareholder making the proposal shall be present in person or by proxy at the general meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.	Amended in accordance with Article 172-1 Paragraph 3 and 4 of the Company Act.
Article 20: These Rules and Procedures were created on 21 May 1991. The 1st amendment was made on 13 May 1998. The 2nd amendment was made on 29 June 2002. The 3rd amendment was made on 23 June 2006. The 4th amendment was made on 24 June 2011. The 5th amendment was made on 27 June 2012. The 6th amendment was made on 22 June 2017. <u>The 7th amendment was made on 18 June 2019.</u>	Article 20: These Rules and Procedures were created on 21 May 1991. The 1st amendment was made on 13 May 1998. The 2nd amendment was made on 29 June 2002. The 3rd amendment was made on 23 June 2006. The 4th amendment was made on 24 June 2011. The 5th amendment was made on 27 June 2012. The 6th amendment was made on 22 June 2017.	Update the date of the amendment.

Appendix 1

Articles of Incorporation of WAN HAI LINES LTD.

Article 1:

The Company is incorporated according to the Company Act, and is named WAN HAI LINES LTD.

Article 2: The scope of business of the Company shall be as follows:

1. Ship Transportation;
2. Shipping Agency Service;
3. Purchasing and Selling of Vessels and Containers;
4. Container Distributing Center Business;
5. Leasing of Vessels and Containers.

Article 2-1:

The Company may make guarantees in the same trade with respect to the business referred to in the preceding paragraph.

Article 2-2:

The Company must receive approval from the board of directors to invest in other undertakings. Additionally, the sum total of other investments, in accordance with Article 13 of the Company Act, may not exceed 40 percent of paid-in capital.

Article 3:

The Company shall have its head office in Taipei City, and shall set up branches or shipping agencies at appropriate locations

Article 4:

Public announcements of the Company shall be made in accordance with the Article 28 of Company Act.

Article 5:

The total capital stock of the Company shall be in the amount of NTD 25 billion, divided into 2.5 billion shares, at NTD 10 each, and may be paid-up in installments.

Article 5-1:

The Company's Stock should be numbered, with the signature or authorized seal of

three or more directors before issuing stock, subject to validation by the competent authority or any of its approved institutes. The Company is exempt from printing certificates for its issued shares. Shares should be registered with the governing centralized securities depository organization.

Article 5-2:

Shareholders shall report their true names, residences, specimen seal and unified number to the Company to be filed for reference, as well as any changes made. All dividends or bonuses received from shares will use the seal as evidence. In the event of transfer of the company stock, establishment of pledge of rights, loss report, inheritance, donation and loss or modification of seal or address, or other share-related matters, apart from cases where there are other securities regulations, will all be handled according to the "Regulations Governing the Administration of Shareholder Services of Public Companies."

Article 6: Shareholders' Meeting

1. The shareholders' meetings are composed of all of the shareholders, and are of two types: general meetings and extraordinary meetings. General meetings shall be convened once a year, within six months of the end of the fiscal year, and in accordance to law by the board of directors. Extraordinary meetings may be convened whenever necessary.
2. The shareholders' meeting shall be presided over by the Chairman of the board of directors. If for some reason the Chairman of the board is unable to attend, the Vice Chairman takes his or her place. If the Vice Chairman is unable to perform his or her duties due to leave of absence or other reason, his proxy shall be appointed in accordance with Article 208 of the Company Act.
3. At the time of the shareholders' meeting, apart from when otherwise regulated by the Company Act, when over half of issued shares are represented, a motion may be passed with over half of the present shareholders' votes.
4. When a shareholder is unable to attend the shareholders meeting, a proxy may be appointed, specifying the scope of delegated authority. In the event that one proxy represents two or more shareholders, his or her representative voting right may not surpass 3 percent of the total of shares issued, shares in excess of 3 percent may not be counted.
5. Each share of the Company held by a shareholder counts as one vote.

Article 7: The Board of Directors

1. The Company's Board of Directors consists of seven directors. Directors shall be

elected by adopting candidate nomination system. The shareholders shall elect the directors from the list of candidates. The term of office for directors shall be three years, and directors may be reelected to serve another term.

2. The number of directors set forth in the preceding paragraph shall be not less than three independent directors, and not less than one-fifth of the total number of directors. The professional qualifications, restrictions on shareholdings and concurrent post, identification of independence, nomination and election, exercise of authority, and other requirements to be complied with by the independent directors shall be handled subject to the Securities and Exchange Act and the relevant laws and regulations.
3. The directors shall elect from among themselves a Chairman and a Vice Chairman of the Board of Directors by a majority in a meeting attended by over two-thirds of the directors.
4. Article 208 of the Company Act shall apply when the directors' meeting is suspended.
5. The board of directors meets once every quarter, and extraordinary meetings may be convened when necessary. The Chairman of the board serves as Chairman of the meeting. If the Chairman has asked for leave, or is unable to exercise his responsibilities due to other circumstances, the vice Chairman acts on the Chairman's behalf. In the case of the vice also asking for leave or being unable to exercise his responsibilities due to other circumstances, the Chairman of the Board may appoint a director to act on his or her behalf. If the Chairman has not indicated a representative, the directors may nominate a director to take his or her place. Unless otherwise provided for in the Company Act and the Articles, resolutions at a directors' meeting shall be adopted at the meeting attended by a majority of the directors and upon a majority votes of the present directors.
6. In the event that a director is unable to attend the board of directors meeting, a proxy may be appointed to attend, in compliance with Article 205 of the Company Act.
7. A directors' meeting may be convened via fax or E-mail.
8. The total number of shares of the Company held by the entirety of the board of directors must comply with regulations as stated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the Financial Supervisory Commission.
9. The remuneration to all members of the board of directors is based on the value of their participation and contributions to the operation of the Company, bearing in mind amount of remuneration in industry peers.

Article 8: Audit Committee

The Company has established an Audit Committee as a substitution for the supervisors, which began since the 20th board of directors. This Committee is comprised of independent directors, and shall consist of no fewer than three in number, one of whom acts as the convener, and at least one of whom is required to have accounting or financial expertise. The exercise of duties by, the organizational procedures for, and other matters that shall be reviewed by the Audit Committee shall be arranged in accordance with relevant laws and regulations or the Articles of Incorporation.

Article 9: Manager

The Company has one president, legally appointed by the board of directors upon nomination of the Chairman of the board.

Article 10:

The Company's final accounting period is at the end of December each year, the following reports shall be prepared by the board of directors, and submitted to general meetings for acceptance:

1. Business Report;
2. Financial Statements;
3. Earnings distribution or loss reimbursement proposal.

Article 11:

If there is any annual profit for the Company, not less than 1 percent of the annual profit should be appropriated as remuneration for employees, and not more than 1 percent of the annual profit should be appropriated as remuneration for directors. However, if there are accumulated losses to the company, compensation should be reserved in advance. The remuneration of independent directors shall not be made during the remuneration of the directors, as the remuneration shall be determined by a resolution from the board of directors.

Article 11-1:

The industry in which the Company operates is changeable, and is capital-intensive. In times of stable growth, the Company considers future capital needs, and long-term financial plans, as well as satisfying shareholder needs pertaining to cash inflows, any surplus earnings after the Company's total annual accounts have been calculated, after tax, and compensation for accumulated losses, are then carried to the 10 percent legal reserve, and according to the law, set aside or added to the reversal of

special reserve. If there is a requirement for the expansion of transportation equipment and an improvement of the financial structure, this shall be made using the surplus within the special reserve, along with undistributed earnings within the same year to complete the amount needed, including 30 percent or more of the undistributed earnings at the beginning of the period will be considered in regards to the Company's capital requirements by the Board of Directors, along with the capital budget and other factors. The interests of shareholders and the company's long-term financial planning will be taken into account, with the proportion of dividends and dividend distribution being assigned after the shareholders' meeting. The cash or shares distribution ratio, is subject to the current years' profits, financial conditions, and capital expansion program dividend distribution scheme, where the proportion of cash dividends may not be below 10 percent of total dividends.

Article 12:

The organizational rules of the Company shall be determined by the board of directors.

Article 13:

Any matters that are not addressed in the Articles of Incorporation shall be governed by the Company Act and other relevant laws and regulations.

Article 14:

This Articles of Incorporation was created on 6 January 1965.

The 1st Amendment was made on 31 March 1966.

The 2nd Amendment was made on 10 September 1966.

The 3rd Amendment was made on 25 May 1967.

The 4th Amendment was made on 30 September 1968.

The 5th Amendment was made on 1 August 1977.

The 6th Amendment was made on 12 December 1977.

The 7th Amendment was made on 31 January 1978.

The 8th Amendment was made on 19 March 1979.

The 9th Amendment was made on 5 May 1981.

The 10th Amendment was made on 7 December 1982.

The 11th Amendment was made on 29 December 1983.

The 12th Amendment was made on 14 December 1984.

The 13th Amendment was made on 16 January 1986.

The 14th Amendment was made on 16 August 1986.

The 15th Amendment was made on 19 December 1987.

The 16th Amendment was made on 17 May 1988.
The 17th Amendment was made on 30 December 1988.
The 18th Amendment was made on 23 May 1989.
The 19th Amendment was made on 18 May 1990.
The 20th Amendment was made on 21 May 1991.
The 21st Amendment was made on 1 May 1992.
The 22nd Amendment was made on 27 August 1992.
The 23rd Amendment was made on 15 June 1993.
The 24th Amendment was made on 10 August 1993.
The 25th Amendment was made on 2 September 1994.
The 26th Amendment was made on 6 May 1995.
The 27th Amendment was made on 13 May 1996.
The 28th Amendment was made on 13 May 1998.
The 29th Amendment was made on 24 May 2000.
The 30th Amendment was made on 29 June 2002.
The 31st Amendment was made on 26 June 2003.
The 32nd Amendment was made on 23 June 2006.
The 33rd Amendment was made on 27 June 2007.
The 34th Amendment was made on 18 June 2010.
The 35th Amendment was made on 27 June 2012.
The 36th Amendment was made on 14 June 2013.
The 37th Amendment was made on 12 June 2015.
The 38th Amendment was made on 29 June 2016.
The 39th Amendment was made on 22 June 2017.

Appendix 2

Procedures for the Election of Directors by WAN HAI LINES LTD.

Article 1:

All elections of the Company's directors should be elected in accordance with the regulations established in the Procedures, which have been created in compliance with the Company Act and the Company's Articles of Incorporation.

Article 2:

Election of directors of the Company shall be held at the shareholders' meeting.

Article 3:

Election of directors of the Company shall use a registered ballot system. The registration for the election can be replaced by the shareholders account number. The cumulative voting system is used to fully reflect the opinions of the shareholders.

Article 4:

In the election of directors of the Company, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons. The Company adopts the candidate nomination system to elect by the shareholders its directors, independent directors from the name list of candidates for directors in accordance with Article 192-1 of the Company Act. Independent and non-independent directors shall be elected concurrently, and the number of the elected shall be calculated separately.

Article 5:

In the election of directors of this Company, candidates who acquire more votes should win the seats of directors and independent directors with the quota established by the Company's Articles of Incorporation. Pursuant to Article 14-2, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, a candidate who is elected as a director or independent director simultaneously may not assume the post of independent director. If two or more candidates acquire the same number of votes and exceed the specified seats available, such candidates shall draw lots to decide who should win the seats available. For non-attending candidates, the Chairman shall draw lots on behalf him or her.

Article 6:

The board of directors shall prepare ballots for directors in numbers corresponding to the directors to be elected. The attendance card numbers shall be printed on the ballots, and the number of voting rights associated with each ballot shall be specified on the ballots. Such ballots shall then be distributed to the attending shareholders at the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. No additional ballots will be issued to common share shareholders that exercise voting rights by electronic means.

Article 7:

At the beginning of the election, the Chairman must assign monitoring personnel and counting personnel to carry out inspections of ballots and counting of ballots.

Article 8:

A ballot box must be prepared by the Company, and be opened and shown by the ballot inspector before voting begins.

Article 9:

A voter must enter the candidate's name or title, and may add the shareholder account number or identity card number in the "Candidate" column of the ballot.

Article 10:

Ballots are deemed null and void in the case of any of the below-listed situations:

1. A voter does not hand in the sign-in card to complete the sign-in procedures.
2. A ballot is not the one prescribed in the Procedures.
3. A blank ballot is placed in the ballot box.
4. The writing is unclear, has been altered without correction according to the law, or is illegible for other reasons.
5. The name of the candidate entered in the ballot is not a candidate for election.
6. Single ballots with a number of persons to be elected exceeding the prescribed quota.
7. Ballots with other writing on it apart from the name and shareholder account number, identity card number, or passport number of the person to be elected.
8. Ballots where the name of the person to be elected is the same as another person to be elected, and a shareholder account number, identity card number, or passport number is not provided to differentiate.

Article 11:

Elections of the directors should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

Article 12:

An elected director and independent director shall issue a letter of consent to the appointment before the deadline established in the notice by the Company. Issuance of such a letter after the deadline will be regarded as unwilling to assume the position and an abandonment of the title of the electee.

Article 13:

The Procedures and subsequent amendments thereof shall become effective after approval at the shareholders' meeting.

Article 14:

These Procedures were created on 21 May 1996.

The 1st amendment was made on 29 June 2002.

The 2nd amendment was made on 27 June 2012.

The 3rd amendment was made on 14 June 2013.

The 4th amendment was made on 22 June 2017.

Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and Its Subsidiaries

Article 1: The Company shall handle the acquisition or disposal of assets in compliance with these Regulations. Any matters not subject these procedures, shall be handled in accordance with the relevant laws and regulations.

The Company that engages in derivatives trading, in addition to conducting such matters in compliance with the Regulations Governing the Acquisition and Disposal of Derivatives, shall also adopt the Procedures.

Article 2: The scope of the assets mentioned in these regulations is listed as follows:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

Article 3: Terms used in these regulations are defined as follows:

1. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
3. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
4. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

5. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
6. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4: The process for handling the procurement or disposal of assets as listed in Article 2 is as follows:

1. The acquisition or disposal of property, equipment used, memberships, intangible assets, other important assets and right-of-use assets for business operation should be handled according to the Procedures and the Company's "Rules for Property Procurement and Sale of Scrapped Equipment".
2. The sale and purchase of securities shall be subject to Company approval in accordance with the Securities Accounting Transaction Processing Procedures by the Chief Financial Officer in accordance with the capital situation and market conditions, as presented to the General Manager, or Upper Management, or an authorized agent.
3. Fixed Quota:
 - (1) The sum of non-business operation related procurement of immovable property and the right-of-use assets by the Company or its subsidiaries shall not exceed 120 percent of the Company's shareholder equity.
 - (2) The sum of investments by the Company or its subsidiaries containing negotiable securities shall not exceed 100 percent of the Company's shareholder equity.
 - (3) The sum of investments by the Company or its subsidiaries in individual securities shall not exceed 50 percent of the Company's shareholder equity; however those cases gaining approval by the Board of Directors are not restricted.
4. A transaction of major assets shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all Audit Committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.

Article 5: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the Financial Supervisory Commission's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.
2. Conducting mergers, demergers, purchases, or assignation of shares.
3. The types of assets acquired or disposed or right-of-use assets are those used for business purposes, and the object of the transaction object is not related to related party. The transaction amount is more than NT\$ 1 billion.
4. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
5. Where an asset transaction other than any of those referred to in the preceding four subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (1) Trading of domestic government bonds.
 - (2) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year

preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and declared in their entirety within two days from the day of becoming aware of the occurrence.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

Article 6: For all assets conforming to the standards outlined in Article 2 of these procedures, the acquisition or disposal of said assets in addition to Article 4, should also be conducted in accordance with these procedures as follows:

1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - (1) The range of the appraised value should use the regular price as reference. In the case of fixed prices, specific prices, or special prices, it must be indicated whether or not it conforms with the rules in Article 10 and 11 of the Land Appraisal Technical Specifications. If for a particular reason fixed prices, specific prices, or special prices must be used as the basis for consideration that transaction should be first presented to the board of directors for approval. The same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - (2) If the transaction amount is over NT\$ 1 billion, two or more professional appraisal reports must be obtained.
 - (3) Where any one of the following circumstances applies with respect to the appraisal results of professional appraisal reports, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter abbreviated as "ARDF") and render a specific opinion regarding the

reason for the discrepancy and the appropriateness of the transaction price:

- A. The discrepancy between the appraisal result and the transaction amount reaches 20% or more of the transaction amount.
 - B. The discrepancy between the appraisal results by at least 2 professional appraisers reaches 10% or more of the transaction amount.
- (4) The date of the completion of a professional appraisal report and the date of the establishment of the contract may not exceed three months. However, a second appraisal which does not exceed six months from the time of the announced value, a written report must be submitted using the original professional appraiser.
- 2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. However, the provisions shall not apply if there are publicly quoted prices of such securities in an active market or where otherwise provided by regulations of the Financial Supervisory Commission ("FSC").
 - 3. Except for transactions with domestic government institutions, if the Company's acquisition or disposal of intangible assets, right-of-use assets or membership reaches 20 percent of the Company's paid-in capital or NT\$300 million, prior to the date of the event, the opinion of a rational transaction price shall be sought from a Certified Public Accountant; this Certified Public Accountant shall handle the matter in accordance with the provision of Auditing Standard No. 20 published by the ARDF.
 - 4. For those assets acquired or disposed of through the court auction process by the Company, credentials provided by the court must replace the appraisal report, or a notarized CPA opinion.
 - 5. When the Company engages in any acquisition or disposal of assets from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the regulations of the preceding 4 Subparagraphs.
 - 6. When the Company intends to acquire or dispose of real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10

percent or more of total assets, or NT\$300 million or more, except for trading domestic government bonds or bonds with repurchase or reverse repurchase agreement, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved with the consent of one-half or more of the entire membership of the Audit Committee, and submitted to and resolved by the board of directors. Any matter that has not been approved with the consent of one-half or more of the entire membership of the Audit Committee may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes. The calculation of the transaction amounts shall be made in accordance with Article 5, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors need not be counted toward the transaction amount.

- (1) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (2) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (3) The reason for choosing the related party as a trading counterparty.
- (4) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms.
- (5) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
- (6) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

With respect to the types of transactions listed below, when to be conducted between a the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may delegate the board chairman to decide such matters when the transaction is within NT\$ 6 billion and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

When the sum of a real property or right-of-use assets transaction carried out between

the Company and its subsidiaries is higher than the estimate for the acquisition of real property, and objective evidence, a professional appraisal, or a substantive and reasonable opinion from a CPA explaining the discrepancy cannot be obtained, the board of directors shall thoroughly assess whether the transaction violates the rights of the Company or shareholders. When necessary, the board shall reject the transaction. If the board approves such a transaction, the Company must conduct the following items:

1. The difference between the price of the transaction and the estimated cost must be placed in special reserve, and may not be apportioned or converted to dividends.
2. The members of independent directors of the Audit Committee shall comply with Article 218 of the Company Act.
3. The processing of the above two items should be proposed to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the following circumstances is present in a transaction with a related parties, after passage by the board of directors, the matter shall also be submitted to the shareholders meeting for passage of a resolution, and neither the related parties nor any persons connected with the related parties may participate in the voting:

1. There is a discrepancy of 20 percent or more between the amount of the transaction and the appraised amount.
2. The amount or the terms of the transaction will have a material effect on the Company's operations.
3. The transaction will have a material effect on shareholder equity.
4. Other circumstances in which the board of directors deems that the matter should be submitted for a resolution by a shareholders meeting.

The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. Additionally, related material as regulated by Article 25 of “the Regulations Governing the Acquisition and Disposal of Assets by Public Companies” should be prepared as a full written record, and retained for 5 years for reference. Within 2 days counting inclusively from the date of passage of a resolution by the board of directors, basic identification data for personnel and dates of material events must be submitted in the prescribed format to the FSC via the Internet-based information system for reference. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

Article 7: For the calculation of 10 percent of total assets under these regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Information required to be publicly announced and reported on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.

The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing.

The paid-in capital or total assets of a subsidiary shall be the standard applicable to it in determining whether, relative to 20 percent of paid-in capital or 10 percent of total assets of the company, it shall apply to obtain the report of an expert and perform the procedures for transactions with a related party.

In the case where a subsidiary has non-par-value stock or the price per stock is not equivalent to NT\$ 10, the amount of the paid-in capital shall be provided as 20 percent of the transaction regulation amount, where the affiliated parent company owners amount is 10 percent.

Article 8: If a manager or organizer of the company violates the Procedures, an assessment must be carried out according to the personnel administration rules and the employee handbook. The severity of the punishment will be based on the circumstances.

Article 9: The Regulations and any amendments thereto, shall be approved with the consent of half or more of the entire membership of the Audit Committee, submitted to the board of directors for a resolution, and approved by the shareholders' meeting before becoming effective.

Any matter in the preceding paragraph that has not been approved with the consent of one-half or more of the entire membership of the Audit Committee may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes.

When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to subparagraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

The subsidiaries shall also set the "Regulations Governing the Acquisition and Disposal of Assets." Such Regulations, and any amendments thereto, shall be adopted by the boards of directors and then submitted to the Company's board of directors for reference.

Prior to engaging in acquisition or disposal, a subsidiary company should act in accordance with The Asset Acquisition and Disposal Processing Procedures.

Article 10: These regulations were created on 18 May 1990.

The 1st amendment was made on 1 May 1992.

The 2nd amendment was made on 29 May 1995.

The 3rd amendment was made on 24 May 2000.

The 4th amendment was made on 26 June 2003.

The 5th amendment was made on 27 June 2007.

The 6th amendment was made on 27 June 2012.

The 7th amendment was made on 18 June 2014.

The 8th amendment was made on 12 June 2015.

The 9th amendment was made on 22 June 2017.

The 10th amendment was made on 18 June 2019.

Procedures for Acquisition or Disposal of Derivatives by Wan Hai Lines Ltd. and Its Subsidiaries

Chapter One: General Rules

Article 1:

The Procedures are established in order to protect investments, implement information disclosure and strengthen the Company's establishment of the risk management system for derivatives trading. The matters that are not prescribed in the Procedures, if any, shall be conducted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," the "Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its Subsidiaries " and the applicable laws and procedures.

Article 2:

Derivatives as used in the Procedures refer to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

Article 3:

The Company only engages in derivatives trading for the purpose of "Hedging." This includes economic hedging and accounting hedging.

Article 4:

The division of authorities for the Company to engage in issuance or transaction of all types of derivatives, performance evaluations, total amount of derivatives contracts that may be traded, and the maximum loss limit for individual contracts shall be set forth in the Procedures. The maximum limit on the total amount of derivatives contracts that are traded by the Company shall be based on the existing and expected forthcoming transactions for the hedged subject and the net positions of assets and liabilities.

Article 5:

When the Company engages in all types of derivatives trading, the internal auditors shall immediately call for the relevant departments or personnel to inspect and maintain the rules. Such departments and personnel may conduct audits of the relevant departments engaging in trading and request the presentation of relevant documents.

Chapter Two: Operating Procedures

Article 6:

The Board of Directors' powers and functions for the Company's engagement in derivatives trading are as follows:

1. The list of trading subjects and product types that are ratified include:
 - (1) Forward Contracts
 - (2) Options Contracts
 - (3) Futures Contracts
 - (4) Swap Contracts
 - (5) Leveraged Contracts
 - (6) Hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.
2. The list of trading counter-parties that are ratified: Proposals submitted by the Finance Department to the board of directors for approval.
3. The maximum trading limit and loss limit for an individual product traded and all transactions that are ratified include:
 - (1) Trading Department: The Finance Department will conduct transactions.
 - (2) Traders: To be assumed by the division heads (included) or more senior supervisors of the Finance Department.
 - (3) Products to be traded: To be implemented in accordance with the aforementioned Subparagraph 1 of Article 6.
 - (4) Authorization of trading amounts: The Finance Department shall, before conducting derivatives trading, obtain the consent from one-half or more of the entire membership of the Audit Committee for the limits on the products to be traded and then submit such to the board of directors for resolution. Any matter that has not been approved with the consent of one-half or more of the entire membership of the Audit Committee may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolution of the Audit Committee shall be recorded in the Board of Directors' meeting minutes.
- (5) The maximum loss limit on derivatives trading is as follows:
 - A. Contract with individual hedging subject: 25 percent of the contract amount and the total loss in a given year surpassing 4 percent of the Company's paid-in capital in the year of trading.
 - B. All contracts: 8 percent of total contract amount and the total loss in a given year surpassing 8 percent of the Company's paid-in capital in the year of trading.

When a contract with individual hedging subjects or all contracts reach the maximum loss limit upon assessment at the end of the month for two consecutive months, a proposal shall be submitted to the President to decide whether to stop the loss or not, and the disposal condition shall be reported during the next board meeting.

Article 7:

The Finance Department's powers and functions for the Company's engagement in derivatives trading are as follows:

1. To submit written report of the purpose, period, amount, trading terms and counter-parties for the required derivatives trading.
2. To conduct risk assessments and performance evaluations.
3. To draw up trading strategies within the scope of authorization and directly conduct trading with trading counter-parties.
4. To provide all trading receipts and certificates timely. The trader must record the detailed transactions in the weekly reports and retain the relevant statements in each trading record for reference at all times.

Article 8:

When the Company issues derivatives in the centralized trading market, the supervisor of the Finance Department shall submit the type of product, amount to be issued, hedging strategies and trading methods, and maximum loss limit in accordance with the internal authorization procedures before conducting such act.

Article 9:

When the Company conducts derivatives trading in the centralized trading market, the supervisor of the Finance Department shall, based on the type of product, establish the total trading limit within the scope of the maximum limit on total amount of derivatives contracts provided in the second half of Article 4 and then obtain the authorization pursuant to the Procedures established in Subparagraph 3 of Article 6.

Chapter Three: Procedures for Announcement and Reporting

Article 10:

The Company shall publicly announce and report their engagement in derivatives trading by itself and its subsidiaries that are non-public companies domestically on the designated website in a format as prescribed by the competent authority before the 10th day of each month. When the Company and its subsidiaries that are non-public companies domestically reach the maximum loss limit on all or individual contract established in the Procedures while engaging in derivatives trading, they shall publicly announce and report the relevant information on the website designated by the competent authority within two days from the occurrence in a prescribed format based on its nature.

Article 11:

When the Company at the time of public announcement makes an error or omission in an item required by the Procedures to be publicly announced and so is required to correct it, such item shall be again publicly announced and reported in its entirety.

Article 12:

The Company's audit supervisor or personnel shall report the audit report of derivatives trading along with the execution conditions of the annual audit plan for the same year to the competent authority before the end of February every year.

Article 13:

The Company shall report the deficiencies discovered in the Procedures of derivatives trading and correction conditions for irregularities to the competent authority for reference before the end of May every year.

Chapter Four: Accounting Processing Principles

Article 14:

The Company shall disclose the information pertaining to the accounting processing methods for derivatives trading and financial statements in accordance with the applicable rules promulgated by the competent authority and the ROC Accounting Research and Development Foundation.

Chapter Five: Internal Control System

Article 15:

Personnel engaged in derivatives trading may not serve concurrently in other operations such as in confirmation and settlements. The President may appoint personnel from different departments to be responsible for measuring, monitoring and controlling the relevant risks. The types of risk that shall be controlled are as follows:

1. Market risk: Refers to the assessed losses that are likely to arise from market price fluctuations of the contracts.
2. Credit risk: Refers to the assessed losses arising from a trading counter-party failing to perform the covenants of the contracts.
3. Liquidity risk: Refers to the assessed losses that are likely to arise from the performance of the covenants of the contract as a result of the coverage of positions and being limited to unfavorable situations in the market.
4. Operational risk: Refers to the assessed losses that are likely caused by reasons such as erroneous systems, man-made negligence or management failures.
5. Legal risk: Refers to the financial losses that are caused by unknown contracts, noncompliance with the laws and procedures or contracts that are judged as invalid.

Article 16:

The Company shall establish a log book while engaging in derivatives trading and conduct timely performance evaluations in accordance with the following methods.

1. To conduct performance evaluations based on the type of trading strategies, traders, and products and all Company trading conditions.
2. The Company shall use valuations according to the market price transactions conducted in the centralized trading market, or for derivatives that are not traded in the centralized trading market, use

reliable market prices that may be obtained frequently on a weekly basis.

3. If the preceding paragraph is not applicable to the derivatives trading, valuation shall be done at least once a month based on the valuation report of the trading counter-party or the theoretical price.

Article 17:

The Accounting Department shall create statistics which demonstrate the Company's derivatives trading details, nominal amount of trading positions, realized and unrealized profit/loss on a regular basis in accordance with the transaction receipts and various statements presented by the trading departments, and compile summary tables to be submitted for review.

Chapter Six: Internal Audit System

Article 18:

The Company conducts internal audits on derivatives in order to assist unit supervisors to comprehend the timeliness of their subordinate employees while dealing with businesses and to verify whether the operations comply with the laws and procedures of the Company's internal rules, allowing such supervisors to provide suggestions for improvement and further enhance management performance timely.

Article 19: The auditors' powers and functions are as follows:

1. Regular operational inspections
2. Review of irregular changes and special conditions
3. Assessment of internal management and control
4. Understanding and acquisition of proper accounting records
5. Comprehension of the efficacy of functions such as execution and command by all units
6. Submission of relevant reports and suggestions

Article 20: The scope of audits includes:

1. Account opening and management of derivatives
2. Trading cycles
3. Margin management
4. Management of clearing and settlement operations
5. Computer operations and information management
6. Labor and wage cycles
7. Accounting operations
8. Inspections on finance and cashiering

Article 21:

Execution of audit operations and preparation of inspection reports:

1. When internal auditors conduct inspection tasks, they may retrieve different types of data files, and the inspected units shall fully cooperate with the auditors without rejection or concealment to ensure the accuracy and timeliness of the data.
2. After the internal auditors complete each inspection, they shall prepare an inspection report to present the deficiencies which have been discovered and propose suggestions for improvement, and continue to follow up with the correction conditions. Such information will serve as a reference for senior supervisors to adopt countermeasures timely. If any material violation is discovered, the Audit Committee and independent directors shall be notified in writing.

Chapter Seven: Supplementary Provisions

Article 22:

When a Company's personnel member violates the Procedures, a report on assessment shall be arranged in accordance with the Company's Human Resource Management Measures and the employee manual. The punishment will be imposed based on the severity and the evidence of the case.

Article 23:

After the Procedures have been approved by more than half of all audit committee members, submitted to the board of directors for a resolution and a shareholders' meeting for approval before they are implemented; the same applies when the Procedures are amended.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

When the Procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the first paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 25:

These Procedures were created on 12 Mar 1998.

The 1st amendment was made on 26 Jun 2003.

The 2nd amendment was made on 23 Jun 2005.

The 3rd amendment was made on 23 Jun 2006.

The 4th amendment was made on 18 Jun 2008.

The 5th amendment was made on 24 Jun 2011.

The 6th amendment was made on 22 Jun 2017.

The 7th amendment was made on 18 June 2019.

Procedures of Loaning of Funds for WAN HAI LINES LTD. and Its Subsidiaries

Article 1: In order to meet business needs, the Company and its subsidiaries may loan funds to others in accordance with the Procedures insofar as the loan shall not contravene Paragraph 1, Article 15 of the Company Act. Any matters not provided herein shall be handled in accordance with the relevant laws and regulations.

Article 2: The Company and its subsidiaries shall not loan funds to any of its shareholders or any other person except under the following circumstances:

1. Any company which has a business relationship with the Company or its subsidiaries.
2. Any company which requires short-term financing with the Company or its subsidiaries.

The term "short-term" in the preceding paragraph refers to a period of one year, or where the company's operating cycle exceeds one year, one operating cycle.

Inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares may loan funds to each other, or overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares may loan funds to the Company.

Article 3: The Company and its subsidiaries shall specify the duration of loans and calculation of interest while loaning funds to others. The aggregate amount of loaned funds of a lending company (namely the company to lend funds) shall not exceed 40 percent of the lending company's net worth, and may not exceed the limits as below:

1. For companies or firms which have business transactions with the Company, the loaned funds shall not exceed the total transaction amount between both parties for the latest one year;
2. For any company or firm which requires short-term financing with the Company, the individual loaned funds shall not be the lower of 20 percent of the Company's net worth or 40 percent of the net worth of the company or firm.
3. An individual loaned amount between overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares, or overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares to the Company shall not exceed 40 percent of the lending company's net value. The board of directors shall refer to the purpose of financing and the market situation to set the duration of loans and calculation of interest.

Article 4: The Procedures for loaning of funds for the Company and its subsidiaries to others is specified as following:

1. The company requesting for a loan must make an application to the lending company.
2. Before loaning funds to others, the Company shall evaluate carefully whether it conforms to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the Procedures. After undergoing analysis using these regulations, such examination and evaluation results shall be submitted to the Chairman for approval, forwarded to the Audit Committee in order to obtain the consent, and then proposed to the board of directors for a resolution without delegating any others to make decision. The evaluation report shall include:
 - (1) Whether the loan of funds to others is necessary and reasonable.
 - (2) Credit investigation and risk assessment of the borrower.

- (3) The effect upon the Company's operating risk, financial condition and shareholders' equity.
- (4) Whether or not collateral is required, and the evaluation of the worth of the collateral.
- 3. The financing between the Company and any of its subsidiaries, or between the Company's subsidiaries shall be subject to the provisions in the preceding subparagraph and be submitted to the Chairman for approval, forwarded to the Audit Committee in order to obtain the consent, and then proposed to the board of directors for a resolution.
- 4. If there are independent directors, ample consideration of the opinions of all independent directors is necessary. The explicit agreement or opposition of the independent directors, as well as their reasons for opposition, must be recorded in the minutes of the Board of Directors.

Article 5: A borrowing counter-party must fill out the "Application Form of Loan

Request" to make an application to the lending company before the lending company appropriates funds. It shall also hand over a promissory note with blank due day to be safeguarded by the lending company.

Article 6: Upon allocation of the funds, it is necessary to take note of the borrowing counter-party's finance, business and credit rating, and the change in the value of the collateral, if any, from time to time. If, as a result of a change in circumstances, a counter-party for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee and all independent directors, and shall complete the rectification according to the timeframe set out in the plan.

The borrowing counter-party shall calculate the payable interest when the repayment of a loan is due or repay the loan prior to expiry date. Upon repayment of the principal and interest, the promissory note may be returned to the borrowing counter-party or the mortgage may be cancelled.

The borrower shall repay the principal and interest prior to expiration of the loan.

If the borrowing counter-party fails to make the repayment and needs to apply for an extension, it shall submit an application to the Board of Directors for approval. The extension per transaction shall be no more than two months and only one extension will be granted. If the borrower fails to comply with the requirement, the Company may penalize and charge the collateral or guarantor provided by the borrower.

Article 7: The lending company shall prepare a memorandum book on a monthly basis to truthfully record the borrowing counter-party's name, amount, date of approval by the board of directors, lending/borrowing date, scheduled date of collection, the balance as of the end of the current month and matters to be carefully evaluated under Item 2 of Article 4 herein.

The Company's internal auditors shall audit the operational procedures for loaning funds to others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee and all independent directors in writing of any material violation found.

Article 8: The Company shall input the loaned funds and balance thereof of the Company and its subsidiaries for the previous month to the Market Observation Post System ("M.O.P.S.") designated by the competent authority before the 10th day of each month.

If the loaned funds and balance thereof of the Company meet any of the following circumstances,

it shall input the same into the M.O.P.S. and report the same on the M.O.P.S. within two days commencing immediately from the date of occurrence:

1. The aggregate balance of funds loaned to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
2. The balance of funds loaned by the Company and its subsidiaries for a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
3. The amount of new loans of funds by the Company or its subsidiaries reaches TWD \$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

Article 9: If the Company's subsidiaries wish to loan funds to others to meet business needs, they shall conform to the operating procedures for loaning funds defined in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, or follow the Procedures if no such operating procedure is defined.

Article 10: If managers or personnel in charge of the Company and its subsidiaries violates the Procedures, an assessment must be carried out according to the Company's personnel administration rules and employee handbook. The severity of the penalty will be based on the circumstances.

Article 11: The Procedures shall be approved by more than half of all Audit Committee members, submitted to the board of directors for a resolution, and reported to a shareholders meeting before they are implemented; the same applies when the procedures are amended.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.

Article 12: The Procedures were created on 29 May 1995.

The 1st amendment was made on 29 June 2002.

The 2nd amendment was made on 26 June 2003.

The 3rd amendment was made on 23 June 2006.

The 4th amendment was made on 18 June 2008.

The 5th amendment was made on 19 June 2009.

The 6th amendment was made on 18 June 2010.

The 7th amendment was made on 14 June 2013.

The 8th amendment was made on 22 June 2017.

The 9th amendment was made on 18 June 2019.

Procedures for Endorsement and Guarantees by WAN HAI LINES LTD. and Its Subsidiaries

Article 1:

For all matters pertaining to endorsements and guarantees, the Company and its subsidiaries complies with this set of procedures for implementation. Matters not provided for herein shall be governed by other applicable statutes.

Article 2:

The Company and its subsidiaries' counterpart for endorsements and guarantees are limited to those circumstances listed below:

1. Any company which has a business relationship with the Company or its subsidiaries.
2. Any company in which the Company or its subsidiaries holds more than 50 percent of the shares with direct or indirect voting rights.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company or its subsidiaries.

Companies in which the Company holds, directly or indirectly, 90 percent or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10 percent of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100 percent of the voting shares.

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100 percent of the voting shares.

Article 3:

The term "endorsements/guarantees" as used in the Procedures refers to the following:

1. Financing endorsements/guarantees, refers to bill discount financing, endorsement or guarantee made to meet the financing needs of another company, and issuance of a separate negotiable instrument to a non-financial

enterprise as security to meet the financing needs of the Company and its subsidiaries.

2. Customs duty endorsement/guarantee, refers to an endorsement or guarantee for the Company and its subsidiaries or another company with respect to customs duty matters.
3. Other endorsements/guarantees, refers to endorsements or guarantees beyond the scope of the above two preceding items.

Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the Procedures.

Article 4: Amount limitations of Endorsements/Guarantees

1. External endorsements/guarantees made by the Company may not exceed 200 percent of the Company's net worth.
2. Endorsements/guarantees made to a single enterprise may not exceed 40 percent of the Company or its subsidiaries' net worth. Endorsements and guarantees made to a single enterprise should first be presented to and inspected by the Chairman, and receive the approval of the board of directors before implementation. The total balance of an endorsement made to a single enterprise should not exceed that company's quota for endorsements and guarantees.
3. Endorsements/guarantees of the Company and its subsidiaries made to a single enterprise during the course of business dealings should not exceed the sum of the previous years' business dealings between the two parties. Business dealings refer to purchase amount or sales amount of the goods between the parties, whichever is higher.
4. The total amount of endorsements/guarantees of the Company and its subsidiaries as a whole total may not exceed 250 percent of the Company's net worth.
5. Endorsements/guarantees made by the Company and its subsidiaries to a single enterprise may not exceed 50 percent of the Company's net worth.
6. Endorsements/guarantees made by the Company, or subsidiaries to the Company, or endorsements/guarantees mentioned in Item 2 of Article 2, are not subject to the restrictions of rules contained in the Article's second, third, or fifth item. However, the aggregate amount of endorsements/guarantees that the Company or its subsidiaries make for a single company may not exceed 80 percent of the net worth of the company providing guarantees.

Article 5: Procedures and control of total amounts for endorsements and Guarantees.

1. Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the Procedures.

The Company may make an endorsement/guarantee only after the evaluation results have been submitted to and resolved upon by the board of directors. When necessary, it shall be first approved by the Chairman of the board, where

empowered by the board of directors to grant endorsements/guarantees within a specific limit, for subsequent submission to and ratification by the next board of directors' meeting.

Before making any endorsement/guarantee pursuant to Paragraph 2 of Article 2, a subsidiary in which the Company holds, directly or indirectly, 90 percent or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100 percent of the voting shares.

2. When making endorsements/guarantees for others, ample consideration of the opinions of all independent directors is necessary. The explicit agreement or opposition of the independent directors, as well as their reasons for opposition, must be recorded in the minutes of the board of directors.
3. When a guaranteed company requests an endorsement or guarantee, an official statement containing its uses, sum total of the endorsement and guarantee, and other relevant information should be provided. The promissory note should be provided at the same time. These restrictions do not apply to endorsements and guarantees made to subsidiaries, or endorsements and guarantees made by subsidiaries to the Company, or endorsements and guarantees falling under the circumstances as listed in Paragraph 2 of Article 2.
4. The aforementioned official letters and promissory notes shall be provided for examination by the company providing guarantees. The key points of such examination are listed as below:
 - (1) Whether or not ample reason is provided for the request of endorsements and guarantees. Whether or not the endorsement and guarantee is necessary and reasonable.
 - (2) Credit and risk assessment of the guaranteed company, and an assessment by the company's financial department regarding the necessity of the sum of the endorsement.
 - (3) Whether or not the accumulated sum of the endorsement falls within the quota.
 - (4) The effect upon the company's operational risk, financial condition, and shareholders' rights. The possibility of other factors that may pose harm to the Company's rights and interests.
 - (5) Whether or not collateral is required, and the evaluation of the worth of the collateral.
5. The manager of the company providing guarantees should submit the audit opinion along with the official statement and promissory note to the Board of Directors or Chairman for consideration.
6. Promissory note that have been approved according to this procedure must first complete the steps listed before being returned to the guaranteed company:
 - (1) Stamped with the Company's official seal;
 - (2) A copy of both sides of the promissory note for future reference;

- (3) Entered into the "reference system," so as to control the endorsement Amount.
7. For the promissory notes that are rejected for endorsement or guarantees that are rejected, the company providing guarantees shall prepare a written description about the reasons for no endorsements/guarantees and then return such along with the promissory notes to the guaranteed company.
 8. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the amount exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee and all independent directors, and shall complete the rectification according to the timeframe set out in the plan.
 9. For circumstances in which an entity for which the company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the monitoring and controlling should be prescribed as follows:
The Company or its subsidiaries should, keep monitoring on the basis of the procedures of the Company's Internal Control System and the regulations of this Procedure. Additionally, a yearly evaluation of the necessity, rationality, risk, and influence upon operational risk, financial risk, and shareholders' rights to the Company and its subsidiaries, should be compiled along with guarantee information and evaluation. A written report should be given to the Chairman of the board, as well as a report to the board of directors if the Chairman deems it necessary.

Article 6: Nullification of the promissory note

1. If it is necessary to nullify the promissory note due to debt settlement or new extension, the guaranteed company must prepare a document, and submit the original promissory note to the finance division of the company providing guarantees, with a "nullified" stamp. The received document will be filed for future reference.
2. The finance division of the company must update the record in the "reference system," reducing the total of endorsement sum. When the promissory note is newly extended, financial institutions often request to complete the whole procedure of new promissory note before returning the old one. Under these circumstances, the finance division of the company providing guarantees must prepare and follow up with minutes, and take the nullified promissory note back as quickly as possible.

Article 7:

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors and may be used to seal or issue negotiable instruments only in the Company's procedures for approval. For guarantees to foreign companies, the letter of guarantee should be signed by Chairman or other personnel who is authorized by the board of directors.

Article 8:

Items pertaining to endorsements and guarantees made by the Company shall be entered into the "reference system" by the finance division. It should include detailed information with regards to items accepted as collateral, name of company receiving endorsements and guarantees, results of risk evaluation, sum of endorsements and guarantees, date and conditions for the collection of collateral and lifting of guarantee responsibilities, date of approval by the board of directors or Chairman, date of endorsement and guarantee, as well as other assessments or cancellations relevant to the endorsement and guarantee.

The Company's internal auditors shall audit the procedures for endorsements and guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee and all independent directors in writing of any material violation found.

Article 9:

The announcement of the balance of endorsements and guarantees should be conducted according to the following procedures:

1. The Company shall announce and report the previous month's balance of endorsements and guarantees of itself and its subsidiaries by the 10th day of each month.
2. The Company whose balance of endorsements and guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:
 - (1) The aggregate balance of endorsements and guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
 - (2) The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - (3) The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches TWD 10 million or more and the aggregate amount of all endorsements and guarantees for, the carrying amount of investment under equity method and balance of loans to, such enterprise reaches 30 percent or more of The Company's net worth as stated in its latest financial statement.
 - (4) The amount of new endorsements and guarantees made by the Company or its subsidiaries reaches TWD 30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph. If the total sum of an endorsement and guarantee reaches the circumstance mentioned in the first listed item of subsection two of the first item, the following items should be announced:

1. The name of the company where the endorsement and guarantee exceeded TWD 100 million or exceeded 5 percent of net worth as stated in its latest financial statement, its relation to the Company, amount of the endorsement and guarantee, the total balance of endorsement and guarantee up to the date of occurrence, and reason.
2. The proportion of the Company's net worth as stated in its latest financial statement that the endorsement and guarantee constitutes up to the date of occurrence.

If the balance of endorsements and guarantees to a single enterprise reaches the second, third, or fourth listed item of the second section, the following items should be announced:

1. The name of the company receiving endorsements and guarantees, its relation to the Company, the total balance of endorsements and guarantees, the original amount of the endorsement and guarantee, the amount of the newly added endorsement and guarantee and reason.
2. The content and value of collateral provided by the company receiving endorsements and guarantees
3. The cumulative gain or loss of the most recent financial report of the company receiving endorsements and guarantees
4. Conditions or dates for the removal of responsibilities for endorsements and guarantees
5. The proportion of the company receiving the endorsements and guarantees' net worth as stated in its latest financial statement that the endorsement and guarantee constitutes up to the date of occurrence.
6. The proportion of the Company and the company receiving the endorsements and guarantees business transactions in the previous year that the endorsement and guarantee constitutes up to the date of occurrence.
7. The proportion of the Company's net worth as stated in its latest financial statement that the combined total of long-term investments, endorsements and guarantees, and lending funds constitutes up to the date of occurrence.

Article 10:

The Company should provide materials related to endorsements and guarantees to be signed by a CPA, and illustrate in the audit report.

Article 11:

Before implementing the Procedures for endorsements or guarantees, recognition by the board of directors according to the all of the above articles should be carried out. If there are parts which exceed the provided limit, the difference should be nullified to reduce the total.

Article 12:

If any subsidiary of the Company intends to make endorsement/guarantee for others, it shall set up the procedures for making endorsement/guarantee in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,” and follow the procedures set up by itself. Before setting up its procedures, a subsidiary shall comply with the Procedures herein when making loans to and endorsements/guarantees for others. If the subsidiary was established overseas, then the local registered corporate chop shall serve as the proper chop for endorsements and guarantees, provided that if it is not necessary to register the chop pursuant to the local laws, the requirements about the chop defined herein shall not apply.

Article 13:

If managers or personnel in charge of the Company violate the Procedures, an assessment must be carried out according to the personnel administration rules and the employee handbook. The severity of the punishment will be based on the circumstances.

Article 14:

The Procedures shall be approved by more than half of all Audit Committee members, submitted to the board of directors for a resolution, and reported to a shareholders meeting before they are implemented; the same applies when the procedures are amended.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.

Article 15:

The Procedures were created on 21 May 1991.

The 1st amendment was made on 7 May 1997.

The 2nd amendment was made on 27 Sep 2002.

The 3rd amendment was made on 26 June 2003.

The 4th amendment was made on 23 June 2005.

The 5th amendment was made on 23 June 2006.

The 6th amendment was made on 19 June 2009.

The 7th amendment was made on 18 June 2010.

The 8th amendment was made on 27 June 2012.

The 9th amendment was made on 14 June 2013.

The 10th amendment was made on 22 June 2017.

The 11st amendment was made on 18 June 2019.

Rules and Procedures of Shareholders Meeting by WAN HAI LINES LTD.

Article 1:

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules and Procedures have been created as a way of complying with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Article 2:

The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules and Procedures.

Article 3:

Unless otherwise specified by law, the Company's shareholders meetings are convened by the board of directors.

When a general meeting is convened, a meeting agenda shall be provided, and notification shall be sent to each shareholder 30 days prior to the general meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 30 days prior to the general meeting. When an extraordinary meeting is convened, notification shall be sent to each shareholder 15 days prior to the extraordinary meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 15 days prior to the general meeting.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, dissolution, merger, spin-off, or any items contained in Article 185 Paragraph I of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act shall be listed, and not brought up by extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in a meeting agenda. Additionally, if any proposals submitted by shareholders are amongst any of the situations listed in Article 172-1 Paragraph 4 of the Company Act, the board of directors is not required to include it in the list of proposals to be discussed at a general meeting.

Prior to the book closure date before a general meeting is convened, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder making the proposal shall be present in person or by proxy at the general meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the

shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4:

For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company before five days prior to the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form is delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two days before the shareholders' meeting. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5:

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The time to start the meeting shall not earlier than 9 a.m. or later than 3 p.m.

Article 6:

The company will provide an attendance log to record the shareholders or proxies of shareholders (collectively, "shareholders") attendance; alternatively, attending shareholders may present their attendance cards to signify their presence. The Company will provide the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials to the attending shareholders. For elections of directors, ballots will be distributed as well.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance; those acting as proxies shall bring their identification cards for verification. Governments or corporations acting as shareholders are not limited to one attending person. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7:

Shareholders' meetings that are convened by the board of directors shall be chaired by the Chairman. If the Chairman is unable to perform his or her duties due to leave of absence or other reason, the Vice Chairman acts on his behalf. If there is no Vice Chairman or the Vice Chairman is unable to perform his or her duties due to leave of absence or other reason, the Chairman may appoint a managing director to act on his behalf. If no one is appointed, the managing directors or

the directors shall select from among themselves one person to perform the Chairman's duties. For shareholders' meetings convened by the board of directors, the number of participating directors who attend shall exceed one half.

If the shareholder' meeting is convened by someone other than the board of directors, the convener will act as the meeting chairman. If there are two or more conveners, they shall appoint one amongst themselves to chair the meeting.

The Company may summon its lawyers, certified public accountants, and any relevant personnel to the shareholders' meeting.

Article 8:

The Company's shareholders' meetings must be recorded in video or audio, and kept for at least a year. However, if a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, the audio or video recordings must be retained until the end of litigation.

Article 9:

Attendance of shareholders' meeting should be calculated on the basis of number of shares. The number of shares represented during the meeting is calculated based on the amount registered in the attendance log or the attendance cards collected, plus the amount of shares whose voting rights are exercised through proxy forms or electronic methods.

The Chairman should announce the commencement of the meeting as soon as it is due. However, if the number of shares held by those in attendance number less than 50 percent of all outstanding shares, the Chairman may postpone the meeting up to two times, the total time of postponement may not exceed one hour. If the number of outstanding shares represented does not exceed one third after the second postponement, the Chairman must announce the lack of quorum.

If, after two postponements, the number of shares represented still does not exceed 50 percent, but exceeds one-third of all outstanding shares, the Company may proceed according to Paragraph 1 of Article 175 of the Company Act to reach a temporary resolution with the approval of more than half of voting rights represented during the meeting. The temporary resolution must be communicated to shareholders, and a new shareholders' meeting must be convened within a month. If the number of shares represented during the meeting reaches a total of over half of all outstanding shares, the Chairman may re-propose the temporary resolutions for final voting according to Article 174 of the Company Act.

Article 10:

If the shareholders' meeting is convened by the board of directors, the meeting agenda will be set by the board of directors. The meeting shall proceed according to the meeting agenda, and may not be modified without a resolution from the shareholders' meeting.

The preceding paragraph also applies to meetings convened by a party with the power to convene

that is not the board of directors.

The Chairman may not dismiss the meeting prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chairman violates meeting rules and dismiss the meeting, the other directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The Chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11:

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his or her shareholder account number, and account name. The order of the shareholders' speak will be determined by the chairman. Shareholders who submit speaker's slip without speaking are considered to have remained silent. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Shareholders cannot speak more than two times, for more than five minutes each, on the same proposal without consent from the Chairman. The Chairman may stop shareholders in violation of these rules, or shareholders whose comments are irrelevant to the proposal. While a shareholder is speaking, other shareholders may not speak to disrupt the speaker without the consent of the Chairman and the speaker. The Chairman shall restrain any violators. For corporate shareholders who have appointed two or more representatives to attend the shareholders' meeting, only one representative may speak per agenda. When a shareholder is finished speaking, the Chairman must reply, either personally or by assigned relevant personnel.

Article 12:

Voting in the shareholders meeting is determined on the basis of shares.

Non-voting shareholders are not counted in the total number of issued shares for resolutions at the shareholders meeting.

Shareholders cannot vote, or appoint proxies to vote, on any agendas that present conflicting interests, if doing so may compromise the Company's interests.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting

rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13:

Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in item 2 of Article 179 of the Company Act where no voting rights are granted.

When the shareholder meeting is convened, voting rights can be exercised in writing or through electronic methods. Instructions for exercising voting rights in writing or through electronic methods must be clearly stated in the notification to shareholders of the convening of the shareholders' meeting. Shareholders who have voted in writing or through electronic methods are considered to have attended the shareholders meeting in person. However, they waive their rights to participate in any special motions or revisions to the original agendas that may arise during the shareholders meeting.

The intention to use written and electronic votes mentioned above must be delivered to the Company at least two days before the shareholders' meeting. If there are duplicate submissions, the earlier submission takes precedence. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous vote. If, after submitting a written or electronic vote, the shareholder intends to attend the shareholders meeting in person, then a proper declaration of withdrawal must be issued using the same method as the original vote at least two days before the shareholders' meeting. If the request is submitted after the deadline, the original exercise of voting rights by written or electronic vote will be counted. If the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders meeting, then the voting decision exercised by the proxy shall take precedence.

Votes on motions, unless otherwise specified by the Company Act or the Company's Article of Incorporation, shall be passed with the approval of over half of the attending shareholders voting rights. At the time of voting, the total number of shareholders voting rights should be announced by the Chairman or appointed personnel.

If the Chairman consults the entirety of attending shareholders without objection regarding a motion, it is considered passed. Its efficacy is the same as deciding by vote. If there are objections, the motion must be voted on by the methods described above. If there are several amendments or alternate solutions to a motion, the meeting chairman will determine the voting sequence. If any of the motions are passed, all other motions are deemed rejected and no further voting is necessary.

Ballot monitoring and counting personnel for the voting on a proposal shall be appointed by the Chairman, provided that all monitoring personnel shall be shareholders of the Company. Ballot counting will proceed in public at the place of the shareholders' meeting. The results of the vote shall be documented and announced on site.

Article 14:

Election of directors must be conducted in accordance to the Company's relevant election procedures. The results of the election shall be announced at the shareholders' meeting.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least a year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15:

The resolutions passed at the shareholders' meeting must be compiled into meeting minutes, signed or stamped by the Chairman. The meeting minutes must be delivered to all shareholders within twenty days of the meeting. The preparation and distribution of meeting minutes may be done by electronic methods.

The Company for distribution of the meeting minutes must be entered as an announcement into a Market Observation Post System. The minutes shall accurately record the year, month, day, and location of the meeting, the Chairman's name, the method of resolution, and the summary and results of meeting agendas. These minutes must be retained for as long as the company continues to exist. Any resolutions involving the chairman asking for objections from shareholders and receiving none in return must be remarked as "Passed without objections from any shareholders present in the meeting". If objections were raised by shareholders, then the resolution must be noted as having passed by way of voting, with details on the number of passing votes.

Article 16:

The amount of shares solicited by solicitors and represented by proxies should be noted in chart form on the day of the shareholders meeting, and shown prominently at the venue of the shareholders meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17:

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The Chairman may instruct picket members or security staff to help maintain order in the meeting. While maintaining order in the meeting, all picket members or security staff must wear arm bands or identification cards which identify their roles as a "picket member".

For meetings equipped with sound amplifying devices, shareholders not using sound amplifying devices prepared by the Company while speaking shall be stopped by the Chairman. The Chairman

may call upon picket members or security staff to escort shareholders from the premises who are violating rules of procedure and not adhering to the Chairman's corrections, or are hampering the proceedings of the meetings who refuse to be stopped.

Article 18:

The Chairman may call the meeting into recess at a suitable time. In the occurrence of any force majeure events, the Chairman may suspend the meeting and announce the time of continuation of the meeting after examining the situation.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. According to Article 182 of the Company Act, the board of directors may postpone a meeting for not more than five days, or to reconvene the meeting within five days.

Article 19:

These Rules and Procedures shall become effective once resolved during the shareholders' meeting; the same applies to all subsequent revisions.

Article 20:

These Rules and Procedures were created on 21 May 1991.

The 1st amendment was made on 13 May 1998.

The 2nd amendment was made on 29 June 2002.

The 3rd amendment was made on 23 June 2006.

The 4th amendment was made on 24 June 2011.

The 5th amendment was made on 27 June 2012.

The 6th amendment was made on 22 June 2017.

Rules and Procedures of Shareholders Meeting by WAN HAI LINES LTD.

Article 1:

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules and Procedures have been created as a way of complying with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Article 2:

The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules and Procedures.

Article 3:

Unless otherwise specified by law, the Company's shareholders meetings are convened by the board of directors.

When a general meeting is convened, a meeting agenda shall be provided, and notification shall be sent to each shareholder 30 days prior to the general meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 30 days prior to the general meeting. When an extraordinary meeting is convened, notification shall be sent to each shareholder 15 days prior to the extraordinary meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 15 days prior to the general meeting.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any items contained in Article 185 Paragraph I of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in a meeting agenda. Additionally, unless any of Article 172-1 Paragraph 4 of the Company Act is satisfied, the board of directors of the Company shall include the proposal submitted by a shareholder in the list of proposals to be discussed at a general meeting.

Prior to the book closure date before a general meeting is convened, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their

submission; the period for submission of shareholder proposals may not be less than 10 days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words. The shareholder making the proposal shall be present in person or by proxy at the general meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4:

For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company before five days prior to the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form is delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two days before the shareholders' meeting. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5:

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The time to start the meeting shall not earlier than 9 a.m. or later than 3 p.m.

Article 6:

The company will provide an attendance log to record the shareholders or proxies of shareholders (collectively, "shareholders") attendance; alternatively, attending shareholders may present their attendance cards to signify their presence. The Company will provide the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials to the attending shareholders. For elections of directors, ballots will be distributed as well.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance; those acting as proxies shall bring their identification cards for verification. Governments or corporations acting as shareholders are not limited to one attending person. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7:

Shareholders' meetings that are convened by the board of directors shall be chaired by the

Chairman. If the Chairman is unable to perform his or her duties due to leave of absence or other reason, the Vice Chairman acts on his behalf. If there is no Vice Chairman or the Vice Chairman is unable to perform his or her duties due to leave of absence or other reason, the Chairman may appoint a managing director to act on his behalf. If no one is appointed, the managing directors or the directors shall select from among themselves one person to perform the Chairman's duties.

For shareholders' meetings convened by the board of directors, the number of participating directors who attend shall exceed one half.

If the shareholder' meeting is convened by someone other than the board of directors, the convener will act as the meeting chairman. If there are two or more conveners, they shall appoint one amongst themselves to chair the meeting.

The Company may summon its lawyers, certified public accountants, and any relevant personnel to the shareholders' meeting.

Article 8:

The Company's shareholders' meetings must be recorded in video or audio, and kept for at least a year. However, if a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, the audio or video recordings must be retained until the end of litigation.

Article 9:

Attendance of shareholders' meeting should be calculated on the basis of number of shares. The number of shares represented during the meeting is calculated based on the amount registered in the attendance log or the attendance cards collected, plus the amount of shares whose voting rights are exercised through proxy forms or electronic methods.

The Chairman should announce the commencement of the meeting as soon as it is due. However, if the number of shares held by those in attendance number less than 50 percent of all outstanding shares, the Chairman may postpone the meeting up to two times, the total time of postponement may not exceed one hour. If the number of outstanding shares represented does not exceed one third after the second postponement, the Chairman must announce the lack of quorum.

If, after two postponements, the number of shares represented still does not exceed 50 percent, but exceeds one-third of all outstanding shares, the Company may proceed according to Paragraph 1 of Article 175 of the Company Act to reach a temporary resolution with the approval of more than half of voting rights represented during the meeting. The temporary resolution must be communicated to shareholders, and a new shareholders' meeting must be convened within a month. If the number of shares represented during the meeting reaches a total of over half of all outstanding shares, the Chairman may re-propose the temporary resolutions for final voting according to Article 174 of the Company Act.

Article 10:

If the shareholders' meeting is convened by the board of directors, the meeting agenda will be set by the board of directors. The meeting shall proceed according to the meeting agenda, and may not be modified without a resolution from the shareholders' meeting.

The preceding paragraph also applies to meetings convened by a party with the power to convene that is not the board of directors.

The Chairman may not dismiss the meeting prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chairman violates meeting rules and dismiss the meeting, the other directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The Chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

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Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his or her shareholder account number, and account name. The order of the shareholders' speak will be determined by the chairman. Shareholders who submit speaker's slip without speaking are considered to have remained silent. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Shareholders cannot speak more than two times, for more than five minutes each, on the same proposal without consent from the Chairman. The Chairman may stop shareholders in violation of these rules, or shareholders whose comments are irrelevant to the proposal. While a shareholder is speaking, other shareholders may not speak to disrupt the speaker without the consent of the Chairman and the speaker. The Chairman shall restrain any violators. For corporate shareholders who have appointed two or more representatives to attend the shareholders' meeting, only one representative may speak per agenda. When a shareholder is finished speaking, the Chairman must reply, either personally or by assigned relevant personnel.

Article 12:

Voting in the shareholders meeting is determined on the basis of shares.

Non-voting shareholders are not counted in the total number of issued shares for resolutions at the shareholders meeting.

Shareholders cannot vote, or appoint proxies to vote, on any agendas that present conflicting interests, if doing so may compromise the Company's interests.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13:

Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in item 2 of Article 179 of the Company Act where no voting rights are granted.

When the shareholder meeting is convened, voting rights can be exercised in writing or through electronic methods. Instructions for exercising voting rights in writing or through electronic methods must be clearly stated in the notification to shareholders of the convening of the shareholders' meeting. Shareholders who have voted in writing or through electronic methods are considered to have attended the shareholders meeting in person. However, they waive their rights to participate in any special motions or revisions to the original agendas that may arise during the shareholders meeting.

The intention to use written and electronic votes mentioned above must be delivered to the Company at least two days before the shareholders' meeting. If there are duplicate submissions, the earlier submission takes precedence. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous vote. If, after submitting a written or electronic vote, the shareholder intends to attend the shareholders meeting in person, then a proper declaration of withdrawal must be issued using the same method as the original vote at least two days before the shareholders' meeting. If the request is submitted after the deadline, the original exercise of voting rights by written or electronic vote will be counted. If the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders meeting, then the voting decision exercised by the proxy shall take precedence.

Votes on motions, unless otherwise specified by the Company Act or the Company's Article of Incorporation, shall be passed with the approval of over half of the attending shareholders voting rights. At the time of voting, the total number of shareholders voting rights should be announced by the Chairman or appointed personnel.

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Article 14:

Election of directors must be conducted in accordance to the Company's relevant election procedures. The results of the election shall be announced at the shareholders' meeting.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least a year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

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The amount of shares solicited by solicitors and represented by proxies should be noted in chart form on the day of the shareholders meeting, and shown prominently at the venue of the shareholders meeting.

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arm bands.

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Article 18:

The Chairman may call the meeting into recess at a suitable time. In the occurrence of any force majeure events, the Chairman may suspend the meeting and announce the time of continuation of the meeting after examining the situation.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. According to Article 182 of the Company Act, the board of directors may postpone a meeting for not more than five days, or to reconvene the meeting within five days.

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These Rules and Procedures were created on 21 May 1991.

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The 3rd amendment was made on 23 June 2006.

The 4th amendment was made on 24 June 2011.

The 5th amendment was made on 27 June 2012.

The 6th amendment was made on 22 June 2017.

The 7th amendment was made on 18 June 2019.

Other Information That Should Be Disclosed

I. 2017 Earnings Distribution: Directors Remunerations and Employee Remunerations:

Unit: NTD

Items	Sub-Total	Stock Conversion	Scale of Stock Dilution
Director Remunerations (Cash)	\$30,951,215	-	-
Employee Remunerations (Cash)	\$30,951,215	-	-
Employee Remunerations (Stock)	\$0	-	-
Total	\$61,902,430	-	-
Note: The above distribution matched a Board of Directors resolution reached on Mar 26, 2018.			

II. Dividends Policy

If there is any annual profit for the Company, not less than 1% of the annual profit should be appropriated as remuneration for employees, and not more than 1% of the annual profit should be appropriated as remuneration for Directors. However, if there are accumulated losses to the company, compensation should be reserved in advance. The remuneration of independent directors shall not be made during the remuneration of the Directors, as the remuneration shall be determined by a resolution from the Board of Directors.

The industry in which the Company operates is changeable, and is capital-intensive. In times of stable growth, the Company considers future capital needs, and long-term financial plans, as well as satisfying shareholder needs pertaining to cash inflows, any surplus earnings after the Company's total annual accounts have been calculated, after tax, and compensation for accumulated losses, are then carried to the 10% legal reserve, and according to the law, set aside or added to the reversal of special reserve. If there is a requirement for the expansion of transportation equipment and an improvement of the financial structure, this shall be made using the surplus within the special reserve, along with undistributed earnings within the same year to complete the amount needed, including 30% or more of the undistributed earnings at the beginning of the period will be considered in regards to the Company's capital requirements by the Board of Directors, along with the capital budget and other factors. The interests of shareholders and the company's long-term financial planning will be taken into account, with the proportion of dividends and dividend distribution being assigned after the shareholders' meeting. The cash or shares distribution ratio, is subject to the current years' profits, financial conditions, and capital expansion program dividend distribution scheme, where the proportion of cash dividends may not be below 10% of total dividends.

III. Proposed distribution of retained earnings of year 2018

1. The Company's 2018 net income after tax was NT\$1,117,906,283. In accordance with relevant laws and the Memorandum of Association, 10% of net income which equates to the amount of NT\$111,790,628 was appropriated as legal reserve and also the reversal of special reserve of NT\$316,782,249. After the addition of beginning period undistributed earnings of NT\$2,655,462,338, IFRS's net adjusted balance of NT\$271,382,531, and the

other comprehensive gains of NT\$ 20,569,379 (the 2018 annual remeasurement of defined benefit obligation), the available undistributed earnings was NT\$4,270,312,152. The 2018 annual earnings appropriation was NT\$ 1,343,467,283 for distribution to shareholders as cash dividend of NT\$0.605629905 per share.

2. The influence of stock dividends toward operating performance, EPS, and ROE of the company: It is not applicable.

3. Employees' and Directors' remuneration:

The basis for estimating the amount of employee, director remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: the current period estimated employees' remuneration was NT\$17,044,794, and the Directors' remuneration was NT\$17,044,794, as the same figure was allotted by the Board of Directors for both groups.

Status of the Number of Shares Held by Directors

1. Detailed Table of the minimum shares held by directors, and share numbers recorded in shareholder registration book

Title Name	Shall Maintain An Aggregate Holding of Shares	Share Numbers Recorded in the Shareholder Registration Book (shares)
Director	53,239,139 Shares	93,792,070 Shares

Note: Book closure date: Apr 20, 2019

2. Detailed Table of amount of shares held by Directors

Until book closure date: Apr 20, 2019

Title	Name	Share Numbers Recorded in the Shareholder Registration Book (shares)	Notation
Chairman	SHIHLIN PAPER CORPORATION	29,933,031 Shares	Representative: Po-Ting Chen
Director	TAILI CORPORATION	5,469,256 Shares	Representative: Randy Chen
Director	SUN SHINE CONSTRUCTION CO., LTD	26,487,607 Shares	Representative: Chiu-Ling Wu
Director	CHEN-YUNG FOUNDATION	31,902,176 Shares	Representative: Chih-Chao Chen
Independent Directors	Rung-Nian Lai	0 Shares	

Note 1: The Company has a paid-up capital of NT\$22,182,974,660, issued in 2,218,297,466 ordinary shares.

Note 2: The amount of shares held by directors has reached the legal standards.