

4. Bonus to Executives

200912/31 Unit: TWD

	Title	Name	Stock Bonus	Cash Bonus	Total	Percentage in Net Income after tax
Executives	President	Bai-Chih Chow	0	0	0	0
	Executive President	Huey-Juan Chen				
	Executive President	Kuo Chi Tang				
	Executive President	Tse Yu Lin				
	Special Assistant to Chairman	Hsuan-Hong Lee				
	Senior Vice President	Jen-Yee Huang				
	Senior Vice President	Wen-Chau Yeh				
	Vice President	Ching-Seng Huang				
	Vice President	Wei Hsin Hsu				
	Vice President	Chung Yi Kao				
	Vice President	Kuo loong kao				
	Vice President	Wei Chien Chuang				
	Vice President	Otto Huang				
	Vice President	Juang Jyh Juang				
	Vice President	Jiong Xin Lin				
	Vice President	Fu Lung Hsieh				
	Vice President	Li Kuang Huang				
	Vice President	Yen ru Chen				
	Vice President	Hui Chang Chung				
	Vice President	Chih Heng Wan				
	Vice President	Laura Su				
	Vice President	Hung Chuan Chien				
	Vice President	Cheng Hsien Huang				
Vice President	Ming Shyong Shieh					
Assistant Vice President	Chia Yi Hsiao					

3.2.4. Analysis regarding the percentage of total remuneration paid to the directors, supervisors, presidents, and executive vice presidents in net income after tax for the past two years. Description regarding the remuneration policy, standard, procedure, and the relationship with operating performance.

	Percentage of total remuneration in net come after tax in 2009		Percentage of total remuneration in net come after tax in 2008		Description
	Unconsolidated	Consolidated	Unconsolidated	Consolidated	
Directors	(Note 1)	(Note 1)	253.77%	53.73%	Remuneration of retained earnings to directors and supervisors is according to the company's articles of incorporation.
Supervisors	(Note 1)	(Note 1)	10.77%	2.11%	
President and Executive vice president	(Note 1)	(Note 1)	469.51%	92.16%	

Note1: The company had the net loss after tax in 2009, therefore the percentage of total remuneration paid to the directors, supervisors, presidents, and executive vice presidents in net income after tax was not applicable.

3.3 Information of Performance by the Board of Directors:

In recent year(s), the Board of Directors convened a total of 12th board of directors meetings

(A) The directors and supervisors show the following facts of attendance:

Position	Name	Number of actual participations (or as an observer)	Number of actual participations through a proxy	Rate of actual participations (or as an observer) (%)	Remark
Chairman	Chen Po-ting	12	0	100%	
Director	Chen Hui-ying	10	2	83%	
Director	Yi Chun (Liberia) Shipping Co., Ltd.; statutory representative: Chen Li	11	1	92%	
Director	Ru Hsi Co., Ltd. ; statutory representative: Lee Yi-tsan	12	0	100%	
Director	Blue Moon Investment Corp. Representative: Cheng Hsien Lin	7	5	58%	
Director	Hsin Feng Corp. Representative :Bai-Chih Chow	11	1	92%	
Director	Yi De Technology Corp. Representative: Chih-Chao Chen	10	2	83%	
Supervisor	Joyce Investment Corp. Representative: Hsin Pei Lin	7	0	58%	
Supervisor	Chia Chin Lin	7	0	58%	
Supervisor	YI Siang Corp. Representative: Chih Hsiang Chen	10	0	83%	

Other remarks required:

I. The Securities and Exchange Law requires under Article 14~3 that the issues enumerated in that Article and other opinions by the independent directors of objection or withholding as resolved by the board of directors meeting shall be expressly remarked with the date, term of the board of directors meeting, contents of the agenda, all opinions by the independent directors and the Company's actions taken on the opinions by the independent directors: Not applicable, as the Company has not established any independent director so far. 2. If there are Directors avoidance of motions in conflict of interest, should specify the Directors' name, contents of motions, causes for avoidance and voting :

II. On issues of withdrawal from conflict involvement (recusal) from involved issues, the names of the directors, contents of the issues, causes of recusal and decisions so resolved:

(I) Chang Hwa Commercial Bank granted five-year mid-term secured financing in the maximum credit line of NT\$580 million to the Company:

1. Director's name: Lin Cheng-hsien.

2. Contents of the issue: In the 12th board of directors meeting of Term XVII (convened on May 27, 2009) granted five-year mid-term secured financing in the credit line of NT\$580 million to the Company.

3. Cause of avoidance from presence (recuse): That Director of the Company is a Director of Chang Hwa Commercial Bank as well.

4. Result of the resolution: Lin Cheng-hsien withdrew from the resolving process. All other six directors already conducted independent analysis and resolved that the terms so offered were not superior to the same category counterparts and agreed to pass the decision.

III. Assessment of strengthening the functions and performance of the board of directors 1, the targets (e.g., establishment of the Audit Committee, enhancing transparency of information) and the facts of implementation: The Company has duly acted as required by the competent authority.

3.3.2. Performance of the Audit Committee: Not applicable, as the Company has not established any independent director so far.

3.3.3. Performance by supervisors while participating in the board of directors:

In recent year(s), the Board of Directors convened a total of 12th board of directors meetings (A).

The facts of attendance as an observer:

Position	Name	Number of actual participations (or as an observer)	Rate of actual participations (or as an observer) (%)	Remarks
Supervisor	Chao Shih International Development Co., Ltd. ; statutory representative: Lin Hsin-pei	7	58%	
Supervisor	Lin Chia-chin	7	58%	
Supervisor	Yi Hsiang Industrial Co., Ltd. ; statutory representative: Chen Chih-hsiang	10	83%	

Other remarks required:

I.The organization of Supervisors and their duties and responsibilities:

(I) Communications between the supervisors and the Company's employees and shareholders: e.g., the channels, methods of communications: In excellent channels of communications. The Supervisors duly audit the Company's business operation and financial standing to exercise the supervisory powers independently.

(II) Communications between the supervisors and the Company's Chief Auditor and Certified Public Accountant (e.g., regarding the Company's financial standing, business operation, the methods and results):

1. On all occasions of the board of directors meeting, the Chief Auditor reported the performance and results of auditing and discussed with directors and supervisors about extensive issues.
2. The Internal Audit Report completed by the Audit Department as required under the Annual Operating Plan has been submitted to and reviewed by the Chairman and Supervisors.

II.Where the supervisors participated in the board of directors meeting to voice their opinions, the date, term of the board of directors meeting, contents of the agenda, results of the resolutions in the board of directors meeting should be expressly stated, and the acts taken by the Company in response to the opinions of the supervisors:

(I) Date and term of board of directors meeting:

*The 13th Board of Directors Meeting of Term XVII (June 19, 2009).

*Highlights of agenda: Other issues

*Supervisors' opinions: Where the overseas representative(s) of the Company are elected or selected, coordination and communications with the Chief Representative should be made beforehand.

*Decision resolved in the board of directors: The Company's management is requested to take reference to these opinions.

*Actions taken by the Company: Where the overseas representative(s) of the Company are elected or selected, coordination and communications with the Chief Representative should be made beforehand regarding such change.

(II) Date and term of board of directors meeting:

*The 16th board of directors meeting of Term XVII (September 25, 2009).

*Category of agenda: Other issues.

*Supervisors' opinions: If shipbuilding proves necessary, we may turn to other countries of lower shipbuilding cost (e.g., China) for shipbuilding.

*Decision resolved in the board of directors: The Planning Department is requested to brief the next board of directors meeting.

*Actions taken by the Company: The Planning Department already briefed the 17th board of directors meeting with detailed analyses about "change in shipbuilding, charter party markets and the need for our fleet adjustment". The Company will be closely watching the change and update in the markets.

3.3.4. Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Item	Description of the operation	Distinction from the operation and governance of those TSEC/GTSM listed companies
<p>1. Company’s shares structure and shareholders right</p> <p>(a)Company’s dealings with shareholders suggestions and disputes</p> <p>(b)The status of the roster of company’s controlling shareholders and major shareholders</p> <p>(c)Establishment of risk control mechanism and firewall between company and its affiliates</p>	<p>a)The Company has designated a spokesperson and an acting spokesperson for handling matters in connection with shareholders suggestions or disputes.</p> <p>b)The Company has committed its stock affairs to Hua Nan Securities which in turn provides the latest share register of the Company including the controlling shareholders and major shareholders.</p> <p>c)Risk control mechanism for trades, capital transaction, and information independence between the Company and its affiliates has already been established and strictly followed.</p>	<p>None</p> <p>None</p> <p>None</p>
<p>2. Formation and responsibility of the board of directors</p> <p>(a)Appointment of independent director in the Company</p> <p>(b)Regular review on the independency of the CPAs attesting for company’s financial reports.</p>	<p>a)The Company has not established the post of independent director</p> <p>b)The CPA firm subscribed by the Company is among the three largest in the country reputed for its independency and expertise.</p>	<p>Although no independent director is appointed, the Company’s Board of Directors has followed the law and regulations, the Company’s By-Laws, and the resolutions of the Company’s shareholders meeting for execution.</p> <p>None</p>
<p>3. Establishment of communication channel with interested parties/individuals</p>	<p>The Company has designated a special task force mainly for handling communication with interested parties/individuals and ensuring the communication flow.</p>	<p>None</p>
<p>4. Information Availability</p> <p>(a)Establishment of company website for disclosing financial matters and corporate governance related matters.</p> <p>(b)Other means for information disclosure adopted by company such as setting up English company website, appointment of special force for collection and disclosure of company information, enforcement of company spokesperson mechanism, placement on company website of the conference calls made with company investors.</p>	<p>a)The Company’s website http://www.wnhi.com.tw has the following information disclosed</p> <ol style="list-style-type: none"> 1.Financial and business related information 2.Information relating to the Company’s corporate governance including the Company’s By-laws, information relating to the asset acquisition and disposition, endorsement and guaranty by the Company, capital financing and lending, and derivative financial products purchase and disposition, etc. <p>b)The Company has designated a task force mainly for handling collection and disclosure of company information. The Company is committed in thoroughly enforcing the spokesperson mechanism and making available at the Company website any and the entire conference calls made with the Company investors.</p>	<p>None</p> <p>None</p>
<p>5. Establishment and operation of committees concerning company’s other functionality such as, procedures for nomination, wages determination, among others.</p>	<p>The Company has not any functional committee established.</p>	<p>Establishment of functional committee will depend on actual need of the Company and in compliance with requirement of relevant regulations</p>
<p>6. In the event that a company has put in execution of corporate governance practice and principles pursuant to “Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies,” explains the distinctions between such company’s and the Company’s operation: The Company has not adopted such corporate governance practice and principles.</p>		
<p>7. Any other information that is beneficial to and may enhance the understanding of corporate governance (for example, employees right, employees welfare, investor relation, supplier relation, right of interested parties/individuals, continuing education for corporate directors and supervisors, risk management policy and risk assessment criteria and their execution, execution of customer policy, and purchase of liability insurance for company directors and supervisors, etc.</p> <p>*The Company’s Director/President Mr. Bai-Chih Chow had completed the workshop for director and supervisor (including independent director/supervisor) administered by Securities and Futures Institute (Taiwan) (the 143rd class) held in Taipei.</p> <p>*Taiwan Stock Exchange Corporation had held a seminar for “Regulations and Practice concerning Insider Trading” designated for the Company’s directors, supervisors, and officers.</p> <p>*Liability insurance for the Company’s directors, supervisors, and officers has been subscribed and provided by Taian Insurance commencing in 2007. The liability coverage for 2010 is NTD 10 Million.</p>		
<p>8. In case there is a self evaluation report for corporate governance or an evaluation report conducted by an outside professional firm is available, explains and summarizes the conclusion of such self evaluation report (or evaluation report conducted by an outside professional firm), their major pitfalls (or recommendations) and overhauls.</p> <p>*The Company has not constructed self evaluation report for corporate governance nor has it appointed outside professional firm for such report.</p> <p>Note 1: For continuing education for corporate directors/supervisors, please refer to Guidelines for Corporate Directors and Supervisors Continuing Education for the TSEC/GTSM Listed Companies (translation) promulgated by the Taiwan Stock Exchange Corporation.</p> <p>Note 2: In the event of a securities firm, securities investment and trust, securities investment consulting firm, and futures firm, there shall make available its risk management policy, risk assessment criteria, and policy and implementation for consumer or client protection.</p> <p>Note 3: The so-called self evaluation report for corporate governance means a self evaluation by a corporation based on its own set of evaluation criteria in which such corporation shall explain and report its execution in conjunction with each set of</p>		

3.3.5. Matters relating to continuing education and training for the Company's officers:

*Continuing education and training for the Directors, Supervisors, officers, and managers:

Course	Sponsor unit	Time (hr.)
Workshop for director and supervisor (including independent director/supervisor) (the 143rd class) held in Taipei	Securities & Futures Institute	12
Regulations and practice concerning Insider Trading	Taiwan Stock Exchange	1

Matters relating to obtaining license or qualification for purpose of financial information transparency as required by the competent authority:

*CAP related license: One individual (Financial Division)

*Continuing Education/Training for the Auditing Division personnel:

Course	Sponsor unit	Time (hr.)
Internal audit solutions	The Institute of Internal Auditors, Taiwan	6
1.Regulations Governing Establishment of Internal Control Systems by Public Companies. 2.Essential technique required from an internal auditor—auditing process, flow chart, work product, and auditing report 3.Introduction of computer auditing	The Institute of Internal Auditors, Taiwan	12.5
Workshop for Corporate Internal Control Systems – technique for fraud detection and handling	Securities & Futures Institute	6
1.Introduction of the difference of the accounting system and standard between Taiwan and China 2.Workshop for Corporate Internal Control Systems – Corporate law and Securities Exchange law	1.Securities&Futures Institute 2.Accounting Research and Development Foundation	9
1.International Safety Management training courses 2.Workshop for Corporate Internal Control Systems – prevention of insider trading	1.China Corporation Register of Shipping 2.Securities&Futures Institute	12
Supervision and Management of Corporate Subsidiaries' Financial Matters	Securities & Futures Institute	6
1.Workshop for Statement of Financial Accounting Standards No.22 (Accounting Standards for Income Tax Return) 2.Workshop for mainstream international financial accounting standard analysis and format change for financial report 3.Liability of Public Companies Employees – Practical Guides and Study 4.Utilization of Offshore Holding Company and Tax Planning 5.Understanding Information Disclosure for Operation Division in a Company 6.Practical Guide for Accounting Matters Relating to Financial Products 7.2009 latest industry news and the essential of financial analysis 8.Practical Guide and the Impact of Alternative Minimum Tax on Corporate and Individual Income Tax 9.The latest development of international multi-lateral trade, accounting, taxation, and tariff, and the latest tax regulations.	1.Accounting Research and Development Foundation in Taiwan 2.Finance Research Foundation in Taiwan	33

*Continuing Education/Training for the Financial Department personnel:

Course	Sponsor unit	Time (hr.)
1.Workshop on how to compile and read cash flow statement 2.Practical guide on filing corporate income tax return 3.Understanding Information Disclosure for Operation Division in a Company 4.Workshop on preparing combined financial reports 5. IFRS series seminar	1.Finance Research Foundation in Taiwan 2.Accounting Research and Development Foundation in Taiwan 3. KPMG	25.5
Workshop on how to compile and read cash flow statement	Finance Research Foundation in Taiwan	3
1.How to compile and read cash flow statement 2. IFRS series seminar	1.Finance Research Foundation in Taiwan 2.KPMG	9
1.How to compile and read cash flow statement 2.Grip of financial products accounting and finance in relation with IFRS	1.Accounting Research and Development Foundation in Taiwan 2.Finance Research Foundation in Taiwan	15
1.Workshop on preparing combined financial reports 2.IFRS series seminar	1.Accounting Research and Development Foundation in Taiwan 2.KPMG	12
Workshop on preparing combined financial reports	Accounting Research and Development Foundation in Taiwan	6
Grip of financial products accounting and finance in relation with IFRS	Accounting Research and Development Foundation in Taiwan	12
The latest development of corporate income tax laws in China	KPMG	3
The latest development of corporate income tax laws in China	KPMG	3

3.3.6. State of finance concerning person obtain supervisor organization license

Accountant: Finance Division: 1

3.3.7. Other important information to facilitate better understanding of the Company's corporate governance practices (e.g., employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders)

The concept of occupational health and safety is focused on preventing and decreasing accidents and protecting employees' safety. Regarding to execute occupational safety and health, it has provided regular training to employees and vendors; moreover, the safety management of pier equipment, holding the meeting of employees' safety, and on-site inspection has been under achievement survey. To achieve the corporation sustainable growth, the company has ensured the execution of regulation identification and followed the ordinances in order to fit international standard and commit the corporation social responsibility.

3.3.8. Company should disclose the inquiry method about management practical rules and related regulations if any: <http://newmops.tse.com.tw/>

3.3.9 Other important information to enhance understanding about the situation of company management and operation: Nil.

3.3.10. Wan Hai Lines Ltd.
Internal Control Statement

Mar. 25, 2010

According to the conclusion of self-inspection of internal control system of our company on 2009, we announce as follows.

1. The board of directors and management's responsibility is to confirm the establishment, implementation, and maintenance of our company's internal control system. Our company has developed this system. The goal of this system is to provide reasonable assurance for the effectiveness and efficiency of operations (including profits, performance, and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.
2. Because of its inherent limitations, the effective internal control system can only provide rational assurance for above mentioned three objectives. The effectiveness of the internal control system is subject to amendments resulting from environmental and situational changes. However, our company's internal control system has its own self-supervisory mechanism that will implement corrective means and measures in the event of code non-compliance.
3. Our company judges the effectiveness of internal control system design and operation according to judgment items regulated by "Criteria for Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Criteria"). The judgment items adopted by "Criteria" divide the internal control system into five constituent elements by the process of management control: 1. Control Environment, 2. Risk Assessment and Response, 3. Control Activities, 4. Information and Communications, and 5. Monitoring. Each element comprises several factors that are noted in the "Criteria".
4. Our company has checked the effectiveness of internal control system design and operation by judgment items enumerated in the preceding point.
5. Based on the result of aforementioned checks, our company concludes our internal control system (including supervision and management of subsidiaries) on Dec. 31, 2009 can reasonably ensure the achievement of the goal --- the design and operation of internal control system (including understanding the fulfillment rate of goals of operation effectiveness and efficiency, the reliability of financial reporting, and compliance with applicable laws and regulations) is effective.
6. This Internal Control Statement will be the main content of annual report and prospectus of our company and be made known to the public. If this public content has been falsified or concealed, our company will be in violation of Article 20, 32, 171, and 174 of the Securities and Exchange Act and take the legal responsibility.
7. The Board of Directors has approved this Statement on March 25th, 2010. Among 7 directors presented at the meeting, none of them held any objections.

Wan Hai Lines Ltd.
President: Tony Chow
Chairman: P. T. Chen

3.3.11. For the past year and up to the annual report publishing date, any sanctions imposed in accordance with the law to the company or its internal personnel, violations of internal control system provisions, or major discrepancies: None.

3.3.12. Major resolutions of 2009 General Shareholders Meeting

※The General shares meeting

Date	Resolutions
Year 2009 General Shareholders' Meeting June 19, 2009	1. Proposed Resolution : Endorsement of year 2008 financial reports. Decision : Approved by all attendant shareholders."
	2. Proposed Resolution : Endorse the distribution of year 2008 earnings. Decision : Approved by all attendant shareholders."
	3. Proposed Resolution : Amend the procedure of Endorsement and guarantees to other parties of Wan Hai Lines Ltd. and its subsidiaries.
	4. Proposed Resolution : Amend the procedure of Lending funds to other parties of Wan Hai Lines Ltd. and its subsidiaries.

※Board Meeting : 17th Committee

Date	Resolutions
The 9th meeting February 24, 2009	Proposed: The company retired the treasury stock for the second time.
	Decision: Approved by all attendant directors.
The 10th meeting March 9, 2009	Proposed Resolution: Review and evaluate the related matters of the general shareholders' meeting for year 2009.
	Decision: Approved by all attendant directors.
The 11th meeting April 23, 2009	1. Proposed: The 2008 operation report and financial report cases.
	Decision: Approved by all attendant directors.
	2. Proposed: The distribution of retain earnings of 2008.
	Decision: Approved by all attendant directors.
	3. The company retired the treasury stock for the third time.
The 13th meeting June 19, 2009	Decision: Approved by all attendant directors.
	1. Proposed: The project of 3 year term 20,000 TEUS container sale and lease-back.
	Decision: Approved by all attendant directors.
	2. Proposed: The project of "Taipei Port investment" subscribed for new issues.
The 14th meeting July 24, 2009	Decision: Approved by all attendant directors.
	Proposed: The company retired the treasury stock for the fourth time.
The 15th meeting August 21, 2009	Proposed: The non-consolidated and consolidated financial statements for the first half year of 2009 have been audited by independent auditors.
	Decision: Approved by all attendant directors.

3.3.13. During the past year and up to the annual report publishing date, any director or supervisor expressed a dissenting opinion with respect to a major resolution passed by the board of directors, and also has been recorded as a written declaration: None.

3.3.14. Report on resignation of financial report related personnel: N/A

April 21, 2010

3.3.15. Procedure for dealing with internal material information On its 17th meeting, the Board of Directors has approved an internal control procedure for prevention of insider trading as well as the operation rules for such internal control procedure which are further deliberated as follows:

- (1) Timely advising the Company's new and incumbent directors, supervisors, and officers of laws relating to prevention of insider trading.
- (2) Adequate protection or encryption, including cautious reminder of confidentiality and inside information, for the Company's internal material information, such as any material information that would affect the stock price, trade secrets, important business and financial information, when such information is sent in writing, by email, or delivered via other electronic means.
- (3) Any internal material information relating to the Company shall be processed through and by the spokesperson or acting spokesperson designated by the Company, unless as otherwise required by laws or regulatory orders.
- (4) The content and scope of the information released by the Company's spokesperson and acting spokesperson shall be limited to those as authorized by the Company. No employee of the Company may disclose to the public any internal material information except the Chairman, the designated spokesperson, the designated acting spokesperson, and such individual as purportedly authorized.

3.3.16. Executions of the Resolutions of 2009 General Shareholders Meeting

- (1) Accepted Financial reports of year 2009: In accordance with the company law, all related Financial information has been submitted to the government agency for review.
- (2) The distribution of retained earnings for 2009 : 2009 Annual earnings are not allocated.
- (3) Amend the procedure of Endorsement and guarantees to other parties of Wan Hai Lines Ltd. And its subsidiaries: Resolution being complied with.
- (4) Amend the procedure of Lending funds to other parties of Wan Hai Lines Ltd. And its subsidiaries: Resolution being complied with.

3.4 Information on CPA professional fees

1. Information on CPA professional fees scale range chart

Name of CPA firm	Name of CPA		Audit Period	Remarks
KPMG	Yen Ling Fang	Lily Lu	Jan. 1,2009~Dec.31,2009	

Expressed in thousands of New Taiwan dollars

Amount scales	Fees item	Audit fees	Non-audit fees	Total
1	Under 2,000 thousand dollars		910	910
2	2,000~4,000 thousand dollars			
3	4,000~6,000 thousand dollars	4,200		4,200
4	6,000~8,000 thousand dollars			
5	8,000~10,000 thousand dollars			
6	Above 10,000 thousand dollars			

Expressed in thousands of New Taiwan dollars

Name of CPA firm	Name of CPA	Audit fees	Non-audit fees					Audit period	Remark
			System design	Company Registration	Human resources	Others	Subtotal		
KPMG	Yen Ling Fang Lily Lu	4,200		150		760	910	98/1/1-98/12/31	Non-audit fees-others(including the following items): Mergers, Reduction of capital, Tax advisory, Transfer pricing report, Audit business tax by direct deduction method service and the fees of business tax lawsuit

2. During the past year, the CPA has not changed and there is no decrease in the amount or percentage of the auditing fee compared to the previous year.

3. The auditing fee has not decreased by more than 15% compared to the previous year.

3.5. Information on replacement of CPA:

1. About former CPA

Replacing Date	January 1, 2008		
Replacing Reason	Internal adjustment of CPA		
Statement of appointment ended or rejected by client or CPA.	Situation of the person involved	CPA	Client
	Voluntarily ending appointment	V	Nil
	Rejection of accepting(continuing) appointment	Unsuited	
Sign and issue audit report excluding non-retained opinion audit report	Sign and issue non-retained opinion audit report		
Different opinion from publisher	Yes		Accounting principles or practice
			Disclosure of financial report
			Audit range or step
			Other
	Nil	V	
	Statement		
Other disclosure (Other things should be disclosed on Article 10 of this principle)	Nil		

2. About successor CPA

Name of CPA	KPMG
Name of CPA	Yen Ling Fang, Lily Lu
Appointment Date	January 1, 2008
Consultation and result of accounting process, accounting principle and other opinion about financial report before appointment	Nil
Successor CPA's different opinion from former CPA.	Nil
Reply from former CPA about Article 10 principle	

3.6. Information of the chairman, president and managerial officers in charge of finance and accounting who has served as the company's certified public accountant or related parties in the past year: None.

3.7 Changes in Shareholdings of Directors, Supervisors, Managers and major shareholders in the past year and up to the annual report publishing date.

Title (note1)	Name	At the beginning of 2009		2009/1/1~2009/12/31		At the end of 2009		2010/1/1~2010/4/20		Remark
		Shares holding	Pledge Shares holding	Increase (Decrease) in holding shares	Increase (Decrease) in pledge holding shares	Shares holding	Pledge Shares holding	Increase (Decrease) in holding shares	Increase (Decrease) in pledge holding shares	
Chairman	P. T. Chen	9,146,237	3,378,614	0	0	9,146,237	3,378,614	0	0	
Director	H. Y. Chen	44,442,005	29,072,787	0	0	44,442,005	29,072,787	0	0	Executive
Director	Yi De Technology Corp. representative: Chih-Chao Chen	7,331,452	0	0	0	7,331,452	0	0	0	
Director	YCN representative: Randy Chen	271,651,706	88,864,514	0	0	271,651,706	88,864,514	0	0	Main shareholder
Director	Baltimore International Ltd. representative: Ye-Tsan Lee	1,714,241	153,275	0	0	1,714,241	153,275	0	0	
Director	Hsin Feng Corp. representative: Bai-Chih Chow	2,565,905	1,600,000	0	0	2,565,905	1,600,000	0	0	
Director	Blue Moon Investment Corp. representative: Cheng-Hsien Lin	2,778,405	0	0	0	2,778,405	0	0	0	
Supervisor	Joyce Investment Corp. representative: Hsin Pei Lin	29,707,668	0	0	0	29,707,668	0	0	0	
Supervisor	Yi Siang Corp. representative: Chih Hsiang Chen	6,124,338	3,300,000	0	0	6,124,338	3,300,000	0	0	
Supervisor	Betty Chin Chia Lin	8,336,287	0	0	0	8,336,287	0	0	0	
President	Bai-Chih Chow	0	0	0	0	0	0	0	0	
Executive Vice President	Hsuan-Hong Lee	214,719	0	0	0	214,719	0	0	0	till April 1, 2009
Executive Vice President	Tse Yu Lin	299,339	0	0	0	299,339	0	0	0	till July 1, 2009
Executive Vice President	Kuo Chi Tang	625,005	0	0	0	625,005	0	0	0	
Executive Vice President	Huey-Jiuan Chen	117,303	0	0	0	117,303	0	0	0	
Vice President	Hui chung Chen	0	0	0	0	0	0	0	0	till April 1, 2009
Vice President	Li Kuang Huang	100,598	0	0	0	100,598	0	0	0	
Vice President	Kuo loong kao	87,805	0	0	0	87,805	0	0	0	
Senior Vice President	Jen-Yee Huang	10,322	0	0	0	10,322	0	0	0	

Title (note1)	Name	At the beginning of 2009		2009/1/1~2009/12/31		At the end of 2009		2010/1/1~2010/4/20		Remark
		Shares holding	Pledge Shares holding	Increase (Decrease) in holding shares	Increase (Decrease) in pledge holding shares	Shares holding	Pledge Shares holding	Increase (Decrease) in holding shares	Increase (Decrease) in pledge holding shares	
Vice President	Otto Huang	16,710	0	0	0	16,710	0	0	0	
Vice President	Ching-Seng Huang	0	0	0	0	0	0	0	0	
Vice President	Jiong Xin Lin	120,971	0	0	0	120,971	0	0	0	
Vice President	Juang Jyh Juang	0	0	0	0	0	0	0	0	
Vice President	Fu Lung Hsieh	104,282	0	0	0	104,282	0	0	0	Finance Executive
Senior Vice President	Wen-Chau Yeh	892	0	0	0	892	0	0	0	
Vice President	Wei Chien Chuang	8,924	0	0	0	8,924	0	0	0	
Vice President	Wei Hsin Hsu	122,394	0	0	0	122,394	0	0	0	
Vice President	Chung Yi Kao	135,598	0	0	0	135,598				
Vice President	Ching Tang Lin	0	0	0	0	0	0	0	0	till July 25, 2009
Vice President	Hui Chang Chung	167,902	0	0	0	167,902	0	0	0	
Vice President	Ming Hsiung Hsieh	35,444	0	0	0	35,444	0	0	0	
Vice President	Ching-Seng Huang	0	0	0	0	0	0	0	0	
Vice President	Hung Chuan Chien	0	0	0	0	0	0	0	0	
Vice President	Li-Mei Su	1,155	0	0	0	1,155	0	0	0	
Vice President	Chih-Heng Wan	22,397	0	0	0	22,397	0	0	0	
Vice President	Yen-Ju Chen	62,811	0	0	0	62,811	0	0	0	
Assistant Vice President	Chia Yi Hsiao	7,809	0	0	0	7,809	0	0	0	

3.8 Information of the company's 10 largest shareholders defined as related parties

Name	Shareholding		Spouse and minors shareholding on current date		Shareholding in others name		The company's 10 largest shareholders are related parties as defined under the Statement of Financial Accounting Standards No. 6		Remark
	Shares	Holding ratio	Shares	Holding ratio	Shares	Holding ratio	Name	Relation	
YCN	271,651,706	12.86%	0	0	0	0	Randy Chen	Note 1	-
TCE	162,764,628	7.70%	0	0	0	0	-	-	-
CCE	162,764,628	7.70%	0	0	0	0	-	-	-
Asia Pacific Container Terminal Inc.	82,548,570	4.15%	0	0	0	0	Da Shin Investment, Inc. H.Y. Chen Heidi Chen Kay Chen	Note 1 Note 1 Note 1 Note 2	-
C.S. Lin	53,969,353	2.55%	0	0	0	0	-	-	-
Evervaliant Corp.	44,559,000	2.11%	0	0	0	0	Randy Chen	Note 1	-
H.Y. Chen	44,442,005	2.10%	0	0	0	0	Asia Pacific Container Terminal Inc. Da Shin Investment, Inc. Liu He Investment, Inc.	Note 1 Note 1 Note 2	-
Yeong Yi(Asia) Co., Ltd.	39,395,928	1.86%	0	0	0	0	Chih-Chao Chen Chih Hsiang Chen	Note 1 Note 1	-
Da Shin Investment, Inc.	36,464,019	1.73%	0	0	0	0	P.T. Chen Heidi Chen H.Y. Chen Kay Chen	Note 1 Note 1 Note 1 Note 2	-
Liu He Investment, Inc.	31,407,195	1.49%	0	0	0	0	P.T. Chen H.Y. Chen Kay Chen	Note 1 Note 2 Note 1	-

Note 1: Serving as the company's director

Note 2: Serving as the company's supervisor

3.9 The comprehensive shareholdings of Directors, supervisors, Presidents and direct or indirect controlling business on the same investing business.

Investing Business	Investment of the Company		Investment of Directors, Supervisors, Presidents and Direct or indirect Controlling Business		Comprehensive Investment	
	Shares	Holdings%	Shares	Holdings %	Shares	Holdings%
Wan Hai Lines (Phils.) Inc	-	-	901,540	100%	901,540	100%
Wan Hai Lines (HK) Ltd.	-	-	160,000,000	100%	160,000,000	100%
Wan Hai Lines (S) Pte.Ltd	273,496,000	100%	-	-	273,496,000	100%
Wan Hai Lines (M) Sdn.Bhd.	-	-	500,000	100%	500,000	100%
Yi chun Shipping Agencies(M) Sdn.Bhd	-	-	200,000	100%	200,000	100%
Wan Hai Lines Korea Ltd.	-	-	20,000	100%	20,000	100%
Wan Hai Lines (America) Ltd	90,000	100%	-	-	90,000	100%
Wan Hai Information Technology Network Ltd.	-	-	-	100%	-	100%
Wan Hai International Pte. Ltd.	-	-	50,000	100%	50,000	100%
Wan Hai Lines (India) Pvt. Ltd	-	-	10,000	100%	10,000	100%
k.k WH Corporation	500	100%	-	-	500	100%
Wan Hai Lines (Germany) GmbH	500	100%	-	-	500	100%
Wan Hai Lines (UAE.) LLC.	-	-	147	49%	147	49%
Shih Lin Paper Co.,Ltd	5,419,088	2.08%	18,663,272	7.18%	24,082,360	9.26%
Taipei Port Container Terminal Corp	64,062,500	15.63%	-	-	50,000,000	15.63%
TK Logistic International Co.,Ltd.	14,300,000	55%	-	-	14,300,000	55%
The Joint Terminal Handling Co.Ltd	781,250	15.63%	-	-	781,250	15.67%
Dawin Logistic(International)Ltd	-	-	1,920,000	100%	1,920,000	100%
Shenzhen Asia World Logistic Ltd	-	-	-	100%	-	100%
Shenzhen Uniwin International Logistic Ltd	-	-	-	90%	-	90%
Clipper International shipping Agency Ltd.	-	-	-	45.9%	-	45.9%
Blue Ocean Logistic Co.Ltd.	-	-	-	100%	-	100%
Wan Hai Lines (Thailand) Ltd.	-	-	24,500	49%	24,500	49%

Long term investment Wan Hai Lines and subsidiary companies.

IV Information on capital raising activities

4.1 Capital and Shares

4.1.1. Capital's Resource

Date	Issue Price	Authorized Capital		Issued Capital		Remark		
		Shares	Amount	Shares	Amount	Source of capital	Capital paid by property, rather than cash	Others
83.09.27	10	360,000,000	3,600,000,000	360,000,000	3,600,000,000	Capital increment by retained earnings TWD 600,000,000	none	Note1
85.06.22	10	720,000,000	7,200,000,000	450,000,000	4,500,000,000	Capital increment by retained earnings TWD 900,000,000	none	Note2
86.07.30	10	720,000,000	7,200,000,000	720,000,000	7,200,000,000	"Capital increment by cash NTD 675,000,000 Capital Increment by retained earnings TWD 2,025,000,000"	none	Note3
87.06.25	10	1,200,000,000	12,000,000,000	900,000,000	9,000,000,000	"Capital Increment by retained earnings TWD 1,080,000,000 Capital Increment by capital reserve TWD 720,000,000"	none	Note4
88.06.25	10	1,200,000,000	12,000,000,000	1,080,000,000	10,800,000,000	Capital Increment by retained earnings TWD 1,350,000,000 Capital Increment by capital reserve TWD 450,000,000	none	Note5
89.07.15	10	1,500,000,000	15,000,000,000	1,296,000,000	12,960,000,000	"Capital Increment by retained earnings TWD 874,800,000 Capital Increment by capital reserve TWD 1,285,200,000"	none	Note6
90.07.20	10	1,500,000,000	15,000,000,000	1,316,736,000	13,167,360,000	Capital Increment by capital reserve TWD 207,360,000	none	Note7
92.07.09	10	2,000,000,000	20,000,000,000	1,511,612,928	15,116,129,280	Capital Increment by retained earnings TWD 1,948,769,280	none	Note8
93.07.08	10	2,000,000,000	20,000,000,000	1,587,193,574	15,871,935,740	Capital Increment by retained earnings TWD 755,806,460	none	Note9
93.11.02	10	2,000,000,000	20,000,000,000	1,587,543,305	15,875,433,050	Convertible bonds converted to common stock TWD 3,497,310	none	Note10
94.02.22	10	2,000,000,000	20,000,000,000	1,600,746,843	16,007,468,430	Convertible bonds converted to common stock TWD 132,035,380	none	Note10
94.05.04	10	2,000,000,000	20,000,000,000	1,678,951,738	16,789,517,380	Convertible bonds converted to common stock TWD 782,048,950	none	Note10
94.08.03	10	2,000,000,000	20,000,000,000	1,699,236,239	16,992,362,390	Convertible bonds converted to common stock TWD 202,845,010	none	Note10
94.09.28	10	2,000,000,000	20,000,000,000	1,868,839,275	18,688,392,750	"Capital Increment by retained earnings TWD 1,611,228,840 Capital Increment by capital reserve TWD 84,801,520"	none	Note11
94.10.13	10	2,000,000,000	20,000,000,000	1,870,086,655	18,700,866,550	Convertible bonds converted to common stock TWD 12,473,800	none	Note10
95.10.12	10	2,500,000,000	25,000,000,000	2,057,095,321	20,570,953,210	Capital Increment by retained earnings TWD 1,870,086,660	none	Note12
96.07.27	10	2,500,000,000	25,000,000,000	2,057,307,642	20,573,076,420	Convertible bonds converted to common stock TWD 2,123,210	none	Note10
96.10.12	10	2,500,000,000	25,000,000,000	2,068,227,049	20,682,270,490	Convertible bonds converted to common stock TWD 109,194,070	none	Note10
97.10.14	10	2,500,000,000	25,000,000,000	2,072,291,486	20,722,914,860	Convertible bonds converted to common stock TWD 40,644,370	none	Note10
97.04.18	10	2,500,000,000	25,000,000,000	2,078,357,829	20,783,578,290	Convertible bonds converted to common stock TWD 60,663,430	none	Note10
97.09.05	10	2,500,000,000	25,000,000,000	2,182,275,721	21,822,757,210	Capital increment by retained earnings TWD1,039,178,920	none	Note13
97.12.5	10	2,500,000,000	25,000,000,000	2,177,573,254	21,775,732,540	Return of Capital by merging Yi-Chun Express Co., Ltd. TWD 47,024,670	none	Note14
98.01.12	10	2,500,000,000	25,000,000,000	2,155,751,254	21,557,512,540	Retire Treasury Stock TWD 218,220,000	none	Note15
98.03.11	10	2,500,000,000	25,000,000,000	2,146,606,254	21,466,062,540	Retire Treasury Stock TWD 91,450,000	none	Note16
98.05.11	10	2,500,000,000	25,000,000,000	2,117,533,254	21,175,332,540	Retire Treasury Stock TWD 290,730,000	none	Note17
98.08.13	10	2,500,000,000	25,000,000,000	2,112,664,254	21,126,642,540	Retire Treasury Stock TWD 48,690,000	none	Note18

- Note1: Approved by SFC on July 22,1994 with notice (83) Tai-tsai-chen (I) No.32532
 Note2: Approved by SFC on May 30,1996 with notice (85) Tai-tsai-chen (I) No.33869
 Note3: Approved by SFC on May 24,1997 with notice (86) Tai-tsai-chen (I) No.38192
 on May 19,1997 with notice (86) Tai-tsai-chen (I) No.39738
 Note4: Approved by SFC on June 2,1998 with notice (87) Tai-tsai-chen (I) No.48091
 Note5: Approved by SFC on May 24,1999 with notice (88) Tai-tsai-chen (I) No.48511
 Note6: Approved by SFC on June 16,2000 with notice (89) Tai-tsai-chen (I) No.51473
 Note7: Approved by SFC on June 18,2001 with notice (90) Tai-tsai-chen (I) No.138422
 Note8: Approved by SFC on July 9,2003 with notice (92) Tai-tsai-chen (I) No.0920130756
 Note9: Approved by SFB on July 8,2004 with notice (93) Tai-tsai-chen (I) No.0930130230
 Note10: Approved by SFC on Jan 14,2003 with notice Tai-tsai-chen (I) No.09100168501
 Note11: Approved by SFB on July 12,2005 with notice (94) No.0940128150
 Note12: Approved by SFB on July 12,2006 with notice No.0950130049
 Note13: Approved by SFB on July 8,2008 with notice No.0970033912
 Note14: Approved by MOEA on December 5,2008 with notice No.09701306840
 Note15: Approved by SFB on October 31,2008 with notice No.0970058655
 Note16: Approved by SFB on January 8,2009 with notice No.0970072104
 Note17: Approved by SFB on March 18, 2009 with notice No.0980010596
 Note18: Approved by SFB on May 20,2009 with notice No.0980024236

Shares

April 20, 2010

Type	Shares	Authorized Capital			Remark
		Issued on Market	Unissued	Total	
Common Stock		2,112,664,254	387,335,746	2,500,000,000	

4.1.2.Shareholder's Composition

April 20, 2010

	Government institution	Financial institution	Other Corporation	Individual	Foreign institutes and corporation	Total
Stockholder's No.	4	8	133	43,470	225	43,840
Holding shares	21,172,761	20,780,064	521,938,099	705,081,765	843,691,565	2,146,606,254
Holding percentage	1.00	0.98	24.71	33.37	39.93	100.00

4.1.3. Shares' Distribution(Par value: TWD 10 per share)

April 20, 2010

Shares Level	Stockholder's No.	Holding shares	Holding percentage
1-----999	14,201	3,319,211	0.16
1,000-----5,000	17,993	39,035,807	1.85
5,001-----10,000	5,001	34,061,198	1.61
10,001-----15,000	2,593	30,024,089	1.42
15,001-----20,000	850	14,985,651	0.71
20,001-----30,000	1,190	28,137,416	1.33
30,001-----40,000	514	17,539,127	0.83
40,001-----50,000	322	14,397,051	0.68
50,001-----100,000	526	36,126,189	1.71
100,001-----200,000	275	37,849,829	1.79
200,001----400,000	139	38,037,173	1.80
400,001----600,000	48	23,863,565	1.13
600,001----800,000	24	16,698,476	0.79
800,001--1,000,000	15	13,256,743	0.63
1,000,001~	149	1,765,332,729	83.56
Total	43,840	2,112,664,254	100.00

4.1.4. Main shareholders

The top ten shareholders' name, holding shares, and holding percentage

April 20, 2010

Main shareholders	Holding Shares	Holding percentage
YCN	271,651,706	12.86
TCE	162,764,628	7.70
CCE	162,764,628	7.70
Asia Pacific Container Terminal Inc.	87,588,570	4.15
C.S. Lin	53,969,353	2.55
Evervaliant Corp.	44,559,000	2.11
H.Y. Chen	44,442,005	2.10
Yeong Yi(Asia) Co., Ltd.	39,395,928	1.86
Da Shin Inv.	36,464,019	1.73
Liu He Investment, Inc.	31,407,195	1.49

4.1.5. Market Price, Net Value, Earnings and Dividends per share for the past 2 years and this year

Unit: TWD and share

Item		Year	2008	2009	2010.1.1~2010.3.31
Market Price per share Note 1	Highest		31.2	18.90	17.95
	Lowest		10.8	12.55	14.90
	Average		21.12	15.67	16.68
Net Value per share note 2	Before Distribution		12.69	12.42	12.36
	After Distribution		12.69	(Note4)	-
Earnings per share	Weighted Average shares		2,171,749,379	2,116,487,504	2,112,664,254
	Earnings Per Share		0	(0.77)	(0.02)
Dividens per share	Cash Dividend		0	0	-
	Stock Dividend	Retained Earnings	0	-	
		Capital Reserve	0	-	
	Accumulated dividend not paid		0	0	-
Return on Investment	Price / Earnings Ratio (Note 3)		10,560	(20.35)	(834)
	Price / Dividend Ratio		0	0	-
	Cash Dividend Yield Rate		0	0	-

Note1: Listed the highest and the lowest price of common stock and calculated average price by value and volume.

Note2: The calculation is based on outstanding shares by the end of the year and the distributions approved by the Meeting of the Board of Directors in the next year.

Note3: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note4: Approved by the Meeting of the Board of Directors, but not approved by shareholders' meeting.

4.1.6. The Dividend Policy and Execution

1) Dividend policy

The container shipping industry is very cyclical and capital intensive. The Company continues to grow at a stable rate. According to the company's articles of incorporation, 10% of its annual net profit after offsetting prior years' losses and paying tax liabilities is to be set aside as a legal reserve. According to the Financial Accounting Standard Statement No.34, after deducting the unrealized gain of Financial Derivatives from the Income Statement the remaining sum along with the accumulative undivided profit earned from previous years will be deducted at 50% and above for dividend disbursement. The Board of Directors will propose the dividend disbursement and ask for the approval from the Shareholders. Distribution of the remaining earnings will be as follows:

- (1) 1% as bonus for the employees.
- (2) 1% as remuneration for the directors and supervisors .
- (3) 98% to the stockholders.

In consideration of future and long-term finance requirements, the Company's generally stockholders' meeting may adjust the retained earnings distribution percentages and the cash dividend disbursements at an amount that is not less than 10% of the bonus to the shareholders.

2) Proposed distribution of retained earnings of year 2009

The net loss after tax of the company in 2009, TWD 1,635,278,024, along with the unappropriated earnings TWD100,932,480 due to retired treasury stock totaled TWD 1,736,210,504. The amount of deficits not yet compensated in 2009 comes to TWD 1,736,210,504 and will be reversed in the future year while the company has earnings.

4.1.7. The influence of Stock dividend toward operating performance, EPS, and ROE of the company:

It is not applicable. Our company doesn't publicly disclose financial estimations.

4.1.8. The employees' bonus and remuneration to the directors and supervisors:

- 1) The information of employees' bonus and remuneration to directors and supervisors recorded on the Company's articles of incorporation: Please refer to 4.1.6 -1)-(1)
- 2) Proposed distribution of retained earnings of year 2009: Please refer to 4.1.6-2)-(2)
- 3) There is no proposed bonus and remuneration for directors and supervisors, also there is no dividend. There is no discrepancy from the proposed distribution approved by the Board.

4.1.9. Buyback of Common Stock

As of 03/31/2010

Buyback Plan	1st Buyback Plan	2nd Buyback Plan	3rd Buyback Plan	4th Buyback Plan
Purpose	For the shareholders' interest	For the shareholders' interest	For the shareholders' interest	For the shareholders' interest
Period	09/25/2008-11/24/2008	10/30/2008-12/29/2008	01/09/2009-03/08/2009	03/09/2009-05/08/2009
Planned Buyback Price Range (NT\$)	11.00-23.50	8.50-20.60	9.2-22	9.7-20
Class and Number of Shares Bought Back	21,822,000 common shares	9,145,000 common shares	29,073,000 common shares	4,869,000 common shares
Value of Shares Bought Back (NT\$)	300,163,726	124,782,959	388,473,604	72,916,218
Number of shares cancelled or transferred (Note)	21,822,000 common shares	9,145,000 common shares	29,073,000 common shares	4,869,000 common shares
Accumulated Number of Treasury Shares Held	0 common shares	0 common shares	0 common shares	0 common shares
Accumulated Treasury Shares Held as a % of Total Outstanding Shares	0	0	0	

Note: The shares bought back were subsequently cancelled in Aug. 2009

4.2 Status of Corporate Bond

Bond Type	1st Ordinary unsecured bond	
Issue date	June 28, 29, 30, 2004	
Par value	TWD10,000,000	
Place of listing	At R. O. C.	
Issue price	At Par value	
Total issue amounts	TWD9,000,000,000	
Coupon rate	See the terms and conditions	
Maturity date	June 30, 2011	
Guarantee institute	Nil	
Trustee	M.E.G.A. Trust Dept.	
Lead manager	M.E.G.A. Trust Dept.	
Endorsement lawyer	Modern Law office	
Endorsement accountant	KPMG	
Redemption	on the Maturity Date	
Outstanding amount	TWD6,000,000,000	
Redemption / Call option	Nil	
Restriction covenants	Nil	
Rating institute Rating date Rating result of the bond	Taiwan Ratings Dec.04,2008 TWBBB+	
Rights	The amounts of bonds converted	Nil
	Terms and Conditions for issuance and conversion	Nil
Terms and Conditions for issuance and conversion		Nil
Trustee for conversion		Nil

4.3 Status of preferred stock: None

4.4 Status of Global Depository Receipt: None

4.5 Status of Employee Stock Options: The company has not executed employee stock options.

4.6 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

4.7 Capital Expenditure

Capital Expenditure of 1st Ordinary Bond:

unit : TWD 1,000

Program Item	Execution Situation		Accumulated till Mar. 31, 2010	Reason for being ahead or behind schedule
Vessel purchase	Amount	Program	8,580,000	Actual payment according to contract schedule
		Actual	8,580,000	
	Progress	Program	100.00%	
		Actual	100.00%	
Container purchase	Amount	Program	1,009,140	
		Actual	1,009,140	
	Progress	Program	100%	
		Actual	100%	

Condition of the Business Operation

5.1 Business Profile

5.1.1. Scope of business:

- 1) Marine transportation (93.95%)
- 2) Shipping agency (0.02%)
- 3) Purchase & Sales of Vessels and Containers (0.00%)
- 4) Container freight station business (0.85%)
- 5) Leasing of Vessels and containers (5.18%)

Wan Hai Lines provides full-container shipping service covering the ports of China, Taiwan, Kanto and Kansai of Japan, Korea, Thailand, Indonesia, Philippines, Singapore, Malaysia, Hong Kong, Vietnam, India, Pakistan, Sri Lanka, Iran, Middle East, the United States, Netherlands, Belgium, Germany, Egypt, Turkey, Romania, and Ukraine. Wan Hai Lines also operates shipping agency business and is currently representing Norwegian HUAL Lines as their general agent in Taiwan for the import and export of vehicle and other cargoes.

The company deploys its services with domestic and foreign shipping operators to enhance its competitiveness overseas. This company also supports the government's policy to develop off-shore transshipment services to Mainland China.

5.1.2. Industrial general situation :

The second half of 2008 was a critical time for shipping industry directly affected by the global financial crisis that led to diminishing demand for consumer goods in the US and Europe. Volatile oil prices and vessel charter hires together with excess tonnage have affected the profitability ocean carriers. Wan Hai Lines, under the unfavorable market conditions has increased its ratio of owned vessels to chartered to save cost and reduce exposure to the charter market.

5.1.3. General situation of technology and development :

Wan Hai has been devoted to the Intra-Asia trade for over forty-four years and has become the dominant carrier with most complete and intensive service network in Asia. The company is committed to increasing Mainland China, India, Middle East, North-West Europe and Transpacific trade Services and integrating them with our existing network. Wan Hai also successfully operates in the Black Sea markets. Wan Hai is committed to progressive fleet deployment, increasing the percentage of owned vessels, lowering our proportion of chartered vessels, retiring old vessels, and strategically allocating our fleet. This strategy allows Wan Hai Lines to further strengthen its competitive advantage by improving service and performance.

5.1.4. Long-term and short-term business development plans :

The company has the following short-term development plans: reduce operating costs, improve operational and financial performance, integrate and expand current service networks, expand presence in Mainland China, enlarge the scope of strategic alliances with other shipping companies, continue to research new opportunities to strengthen existing services, and open up new markets.

Long-term development plans: increase the fleet size and quality, invest in and operate exclusive terminals within our service region, plan and develop more services to Mainland China, and engage in feasibility studies for other long-haul services strengthening our global presence.

5.2 General situation of Market and Sales:

5.2.1. Market analysis

1) Main Service Areas and Market Share:

Wan Hai is a full container liner operator, whose service network covers Northeast Asia, Southeast

Asia, India Sub-continent, Middle East, Mainland China, Hong Kong, the US, European and Black Sea regions. Details are as follows.

A)Northeast Asia:

With long term involvement, dedication, and a well-established service network in Japan, Taiwan, and Korea Wan Hai has been a very significant player in these markets. As bilateral trade and economic policies across the strait have warmed, we anticipate growth in this trade lane. We predict modest growth in the Japanese and Korean markets considering their maturity.

B)China:

Wan Hai has established over twenty-one representative offices and agencies in mainland China to ensure that we can provide shipping services to China's booming economy. On December 14, 2008, direct shipping links across the Taiwan Strait were re-established allowing bilateral trade without calling a third territory in between. This policy change will result in bunker, port charge, and sailing time savings. Wan Hai Lines currently has five services directly linking China and Taiwan, providing comprehensive and convenient service to our customers.

C)Southeast Asia:

Import and export volumes in Southeast Asia have grown significantly in recent years. We anticipate that trade volume would continue to grow with the participation of China, Japan, and Korea in the Association of Southeast Asian Nations. In response we have expanded the scope of our cooperation with "KLine" in the Indonesia, Thailand and Singapore Malaysia strait, and we also expanded our service to Bangladesh and Cambodia which is closely connected to Association of Southeast Asian Nations. In addition to an expanding our cooperation's we have aggressively initiated service re-structuring plans to increase Wan Hai Lines' competitive position and market share in this region.

D)India Sub-continental & Middle East:

In response to the fast changing economic conditions in this region, we started to re-align our presence in India Sub-continent and Middle East by withdrawing less profitable service since May 2008. We strategically partnered with other carriers to commence a new service connecting China, Southeast Asia, south India and the Middle East with larger vessels.

E)The U.S:

In response to the impact of U.S. sub-prime mortgage crisis, in November 2008, we reduced our South China service capacity to mitigate our exposure to this market. We are using our strength of strategic vessel deployment to match market conditions.

F)Europe and Black Sea:

Black sea market is too easy to be influenced by the rapid political and economic changes. In November 2007, we enlarged our cooperation scope with PIL to commence Asia to Black Sea Service. In 2009, we were using our strength of strategic vessel deployment to match market conditions and the business turned profitable in last half year 2009

Europe market changed dramatically, it has long been one of our operating initiatives to actively expand into new markets. In April 2004, we partnered with PIL to launch Wan Hai's first Europe Service. In October 2006, we upgraded this service with 4,250 TEU vessels – WHL four and PIL four. In November 2007, we enlarged our cooperation scope with PIL to commence Asia to Black Sea Service. At the end of 2008, we proceeded with a series of plans to optimize our presence in this region in response to the over tonnage situation. In 2009, we maintained our service to Europe by a fixed slot charter arrangement which was successfully reduced the loss.

2) Future supply and demand with growth potential:

Connecting low cost manufacturing resources through integrated supply chains has signaled the truly international nature of the global economy in recent years. This trend shows no sign of slowing down. Not only China but also the rest of Asia has become the world's manufacturing center. This momentum has pushed cargo volume upward in both intra-Asia and Western trade lanes. Wan Hai Lines has been dedicated to optimizing its fleet capacity in response to this trend and continues its quality service to customers. We foresee the increased demand in Europe market, we will recover our Far East service with PIL to enhance mutual benefit.

3) Niches and challenges and solutions:

A) Niches:

- a. Significant room for further growth in Asian maritime market
- b. Cost efficiency and risk diversification via strategic partnership with other carriers
- c. Comprehensive and intensive service network and quality service
- d. Flexibility in container and fleet adjustment.
- e. Strong market share in the principal territory
- f. New and faster ships and equipment

B) Challenges:

- a. Foreign exchange volatility risk
- b. Oil price volatility risk
- c. Low barriers to entry
- d. Increasing operating costs
- e. Uncertain economic situation of relevant economies

C) Solutions :

Service integration and partner with other carriers via joint ventures and/or slot purchases and swaps. Wan Hai will undertake efforts to increase ocean freight rates, engage in efforts to reduce operation costs, hedge risks through derivative instruments, and retain flexible and profitable services.

5.2.2. Major products key features and production procedures

Currently, our company provides full-container shipping service covering China, Taiwan, Japan, Korea, Hong Kong, Singapore, Malaysia, Thailand, Indonesia, Vietnam, Cambodia, Myanmar, Philippines, India, Pakistan, Iran, Middle East, United States, Netherlands, Belgium, Germany, Egypt, Turkey, Romania, and Ukrain. The procedures of operation are as follows:

- 1) Business representatives solicit business with importers and exporters based on the shipping charges and schedules offered by this company. Upon customer's acceptance, the business representative will forward the designating S/O (shipping order) number to customer. The container yard releases empty container to the customer after verifying the S/O number with sales department.
- 2) Customer picks up the empty container and loads his cargo into the container, and then delivers the loaded container with the relevant cargo documents to the container yard prior to the cargo acceptance closing date. The container yard forwards the customer's documents to this company for uploading of data into computer and production of bill of lading along with other forms required by Customs, and then forwards the documents to the unloading port.
- 3) Customer pays costs to this company according to the S/O number and picks up his invoice and original copy of bill of lading.

- 4) As soon as the ship arrives at the port, this company sends a trailer to pick up container from container yard to the ship's side for loading onto the ship. For imports, this company arranges for a trailer to pick up container from ship's side to the container yard for storage.
- 5) Upon receipt of export documents from the exporting port, the unloading port produces notice of cargo's arrival and notifies customers to pick up the cargo and pay the related charges. Customer presents the original copy of bill of lading and settles all expenses in exchange of delivery order, then presents the delivery order to the container yard to pick up the laden container.

5.2.3. Main materials supplier: Service industry, Not applicable

5.2.4. Main vender list , amount and percentage:

- 1) Vender list of last 2 years: Service industry, Not applicable.
- 2) We have various customers, incomes from any singular customer is not higher than 10% of operating income

5.2.5. The quantity of output for last 2 years: Service industry, Not applicable.

Sales volume of last 2 years:

	Year 2009	Year 2008
Sales income (TWD)	47,088,000,000	65,126,000,000
Operated capacity (TEU)	2,685,000	2,934,000
Operated vessels	75	82

5.3 Human Resources Statistics

Location		Year	2008	2009	2010 as of March 15
No. of employees	Offices		789	732	738
	Terminals		256	278	277
	Total		1045	1010	1015
Average Age			38.1	38.7	38.7
Average Years of Service			8.6	8.2	8.8
Level of Education	Ph. D Degree		3	2	2
	Master's Degree		144	153	156
	College Degree		540	514	524
	Associate Degree		160	153	158
	High School		151	140	133
	Below High School		47	48	42

5.3.1. Human Resources Statistics

Location		Year	2008	2009	2010 as of March 15
No. of employees	Offices		707	649	651
	Terminals		82	83	83
	Total		789	732	734
Average Age			38.1	35.9	36.6
Average Years of Service			8.6	8.2	8.8
Level of Education	Ph. D Degree		3	2	2
	Master's Degree		138	149	150
	College Degree		471	434	438
	Associate Degree		124	112	111
	High School		45	30	28
	Below High School		8	5	5

5.4 、 Disbursements for environmental protection

5.4.1, The Company has not been subject to any environmental protection penalties over the past two years.

5.4.2, Future preventative and corrective measures:

- 1) Each of our company's vessels has been insured against ship owner liability risks and equipped with or certified by the following:
 - (1) In accordance with revised MARPOL 73/78 Annex I, we have obtained the International Oil Pollution Prevention Certificate.
 - (2) In order to enhance the separation of bilge water and attain the utmost in environmental protection standards, all of our vessels are equipped with bilge water separators and also have Bilge Water Primary Tanks in the engine rooms. The Bilge water separator is equipped with automatic alarms (15ppm alarm) and automatic shut-off mechanisms for the three-way valve. Its functions satisfy and act in accordance with MARPOL 73/78 Rules. (The convention of International Oil Prevent Pollution in 1973, as Amended edition in 1978.)
 - (3) To process sanitary waste water, the sewage treatment plant has been installed in the engine room. This plant has passed all relevant examinations and received the International Sewage Pollution Prevention Certificate issued by the Classification Society based on the amendment edition as satisfied in MARPOL 73/78 Annex IV regulations.
 - (4) Each vessel of our company has satisfied the requirements of and subsequently received the International Air Pollution Prevention Certificate (IAPP). This certificate completely satisfies the resolution in 1997 for the amended edition of MARPOL 73/78 Annex IV regulations.
 - (5) The main engine and auxiliary engine equipment for all new- built ships conform to the IMO limiting the discharge of nitrogen oxide (NOx) compounds. Manufacturers provided the record book for the technical file and parameters of the diesel engine that has passed the relevant examinations. The Engine International Air Pollution Prevention Certificate (EIAPP) has been issued by the Classification Society after passing examinations in accordance with the amendment edition 13 article, as satisfied in MARPOL 73/78 Annex VI regulations.
 - (6) The engine room is equipped with an incinerator (according to Reg. VI/16 (2)) approved by the Classification Society, in accordance with Regulation 16 requirement (Shipboard Incineration) in amendment edition of MARPOL 73/78 Annex VI.
 - (7) To assist with discharging waste oil and sludge on-shore, the discharging piping system and connecting system are compatible with international standard flanges for waste oil and sludge on shore side receiving facilities. These facilities and standards are based on the amendment edition 17 article as outlined in MARPOL 73/78 Annex VI regulations.
 - (8) Our company received the International Pollution Prevention by Garbage Statement issued by the Classification Society. To comply with the amendment edition as satisfied in MARPOL 73/78 Annex V regulations, our company has enhanced the garbage disposal and trash treatment systems and records garbage incineration events in the garbage record book.
 - (9) The anti-fouling paint for the outside hull of the vessel has been certified by the material safety data sheet (MSDS), the statement of the AFS and the corresponding information by the paint maker in line with the convention of the IMO for International Convention on the Control of Harmful Anti-fouling System on Ship (to be called the AFS pact) based on the resolution A.882 (21) as amended by the 19 article of A.787 resolution revision. Our company passed the examination and received the international anti-fouling system (IAFS) certification issued by the Classification Society, and will continue to do so for the application of International Anti-fouling System Certificate before the required deadline.
 - (10) In order to prevent oil leakage, oil collection coamings are installed in the pipe joints at the filling pipe system and air vent piping of F.O. and L.O. system on the deck.