



WAN HAI LINES LTD. Annual Report 2011



Annual Report 2011
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WE CARRY WE CARE

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WAN HAI LINES LTD.
ANNUAL REPORT 2011

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Basic Information of ECB : None

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Advantage

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Bring the World Together!

For the past 47 years, our services link the human life living from different countries and cultures. Wan Hai will continue to bring the world closer to you in the future.

Vision

To play an important and active role in international logistics, by providing first-class ocean carrier services for our customers.

Advantage

- Steady Profitability

With over 47 years of experience within the Intra-Asia trade, Wan Hai Lines is among the leading global carriers in offering the most complete and intensive service network in Asia. In doing so, Wan Hai Lines is able to strike a balance of network risk vis-à-vis long haul East-West services to better position itself against industry wide cyclical downturns.

Wan Hai Lines also actively engages in strategic alliances with renowned carriers in all key markets to share operational risks, reduce unit costs, and complement its service network. Accordingly, the company generates stable earnings stream by concentrating its business scope in line with the greater operational flexibility afforded by this strategy.

- Successful Cost Control

With exclusive wharf and container terminal management in Taiwan and Japan, Wan Hai Lines is able to dedicate more resources towards its operations management. Subsequently, this active management of key port holdings effectively provides a low cost basis for container handling.

By constantly exploring new deployment options, rationalizing our service network, pursuing new build vessel programs, and replacing old containers and terminal equipment Wan Hai Lines is able to ensure optimal operational performance and further reinforce its competitive advantages in the market.

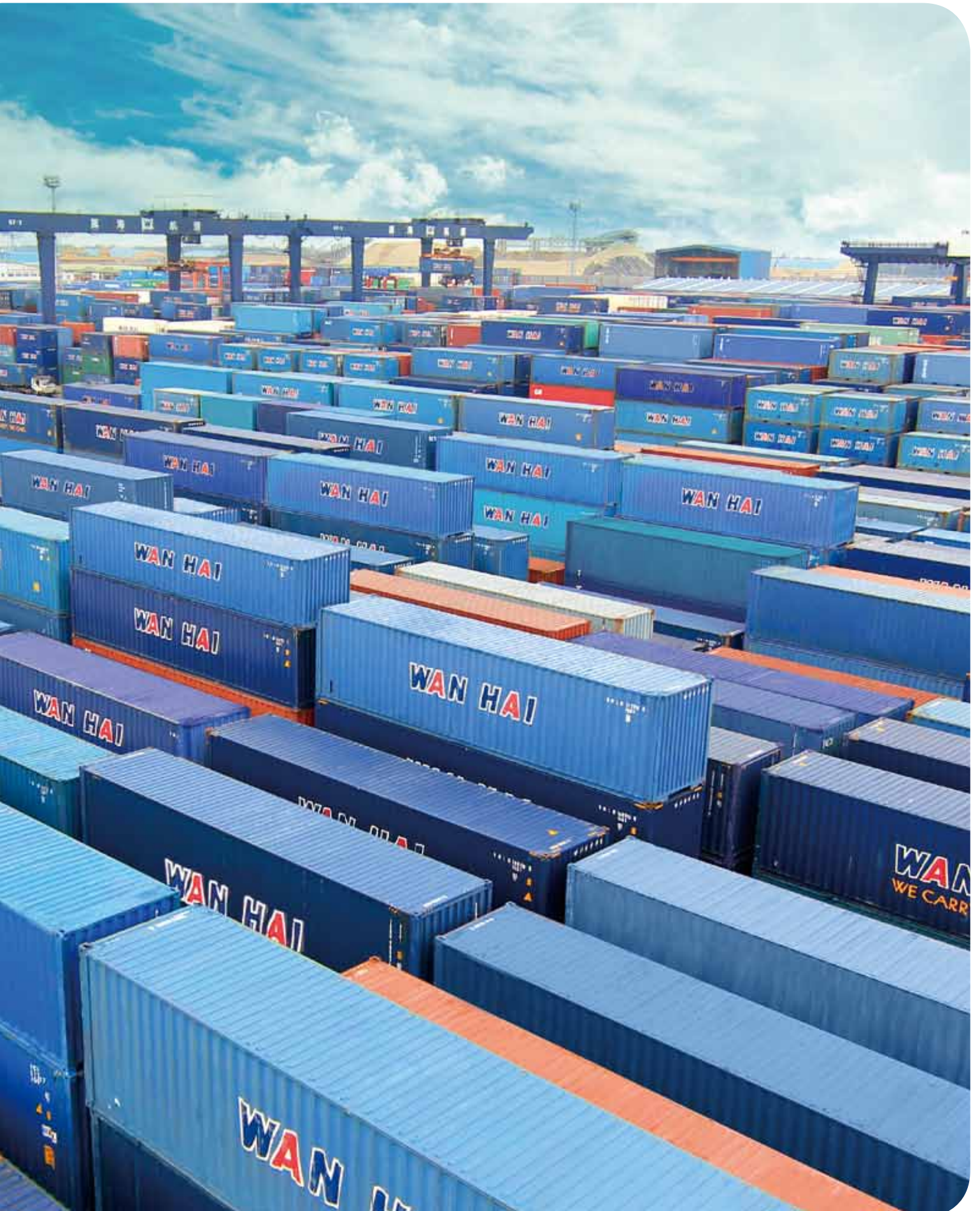
- Stable Capital Structure

Wan Hai Lines is able to weather the challenges of the highly competitive and cyclical operating environment for the foreseeable future. In addition, the active role of majority shareholders within the day-to-day management of the company has yielded a steady return over the years.



•We Carry, We Care•

◆ We Carry, We Care. ◆





Departure from Asia

Wan Hai built up the most comprehensive service network throughout the Intra-Asia since 1965. We have successfully launched America West 、 Europe 、 Black Sea and South America service. Aims to be a premier global carrier, WAN HAI was committed to meeting the demand and fulfilling the needs of global community by serving and connecting the world ; we do cherish every opportunity of carrying the goods from our customers.

Milestones and Highlights

- 1965 Feb** Establishment of WAN HAI Steamship Co., Inc.
Aug Purchase of a "Liberty" type vessel named "Fosmar", carrying steel between Japan and America.
- 1966** 1966Bought a 5,000 DWT second-hand log carrier from Japan, named "Wan Shou".
- 1976 Jun** Full-container vessel, M.V. Ming Chun, was deployed in Taiwan/Japan Service which initiated WHL's container liner service.
- 1982 Apr** The first 1300 units of twenty-foot containers were built for business expansion.
Jun HP 3000/42 was installed. the start of WHL's computerization.
Oct Undertook LEIF HOEGE & Co., A/S agency in Taiwan.
- 1988 Oct** Commenced the Taiwan/Korea Service.
- 1989 Jun** Commenced the Singapore/Malaysia Service.
Oct Commenced the Thailand Service.
- 1990 May** Commenced the Indonesia Service.
Jul Commenced the Philippines Service.
- 1991 Mar** Tonnage sharing agreement with Hyundai Merchant Marine Co., Ltd. in Thailand and Southeast Asia Service.
Apr Cross-charter slot with Main Group in Japan/Taiwan. Taiwan/Southeast Asia Service.
- 1995 Feb** Held the 30th Anniversary Party at Taipei's Grand Hotel on Feb. 24, and awarded an honorable tablet by the President of R.O.C. Mr. Teng-Hui Lee.
- 1996 Apr** Commenced Vietnam-Haiphong Service.
May WHL Stock was listed in the Stock Market and was classified as the first category stock of the transportation industry.
Jun Commenced India Service.
- 2000 May** Commenced West America Service
- 2003 Mar** OHI pier 5, port of Tokyo, Japan was commenced to be the exclusive berth of WHL
Aug Establishment of WAN HAI CHARITY FOUNDATION
- 2004 May** Establishment of a subsidiary office in Germany.
- 2005 Feb** Implement ISO 14001 Environmental Management System (EMS).
- 2007 Nov** Commenced China/Black Sea Service
- 2008 Jul** Commenced UAE/Iran/Pakistan Service, the first feeder service in the Middle East.
- 2009 May** Launched Singapore/Malaysia / India(SC1) service with Bengal Tiger Line (BTL).
- 2010 Feb** Wan Hai, CCNI, Hanjin, Hapag-Lloyd and Zim announce co-operation on Asia South America East Coast service.
Mar Wan Hai Lines Ltd, Evergreen and Simatech Shipping to launch an East Africa Joint Service.
- 2011 Apr** Wan Hai, Evergreen, and COSCO Group containers, as well as Pacific International Lines, jointly began an Asia to South American West Coast shipping line (WSA).
Apr Wan Hai, Evergreen, and Interasia Lines began joint operation of Taiwan-Madras shipping line (TMT).
Apr Wan Hai awarded Port of Long Beach's Green Flag Award for the fourth year in succession.
Apr Joint operation of Japan-Taiwan-Indonesia shipping line (JTI) by Wan Hai and Interasia Lines.
Aug Joint operation of Japan-Taiwan-Indonesia shipping line (JTI) by Wan Hai, Yangming Shipping, and Interasia Lines.





We carry the world ,We care about the future



Corporation Social Responsibility(CSR)

1. Policies Implemented and Promoted by the Company

- The promotion and implementation of the ISO 14001 environmental management system, and a creation of an ISO committee for regular inspection of the effectiveness of improvements to environmental protection.
- We formed the task force and then taken some measures or coordinated by ISO14001 seeds in each division.
- Compliance with the regulations set out by supervisory boards of the competent authority and securities and Securities and Futures Bureau, and adherence employee handbook dealing with continuing evaluation, reward and punishment, Education and training.

2. Developing a Sustainable Environment

- Both newly built and current vessels have been fitted with sewage and bilge water treatment system, so waste water is treated before being release, this reduces the ocean pollution caused by waste water.
- Engines and generators on ships built after 2010 are all up to Tier 2 emissions standards, thereby reducing the effect of emissions on the atmosphere and environment.
- Hulls are painted with a tin-free paint, avoiding the release of toxic tin into the environment, preventing damage to marine life.
- Reducing engine cylinder, speed shipping and set up PBCF to reduce fuel expenditure; Energy saving software has been added to all freezer containers.

3. Upholding Public Good

- The company conducts itself according to the relevant labor laws and regulations, and protects the legal rights of its employees, and has set up an appropriate management process.
- The Company provides safe and healthy working environment and education to its employees.
- The Company has instituted policies for the protections consumers' rights and interests, and are recorded amongst the provisions on the back of the bill of lading.
- In order to protect the environment and the health of our employees, the Company uses products conforming to environmental standards and green products and materials that are provided by suppliers. We also strive to use recyclable materials.



■ Beginning in 2003, the company has donated funds to the Wan Hai Charity Organization, the organization provides help to the elderly, children, people with disabilities, disaster relief, impoverished citizens, and other relevant societal aid, as well as medical treatment, medical equipment donation, public charity, etc.. Donations to the Wan Hai Charity Organization and charity-related expenditures totaled TWD 28,683,377 in 2011.

■ In addition to this, the Company has also promoted the following charity and community participation

- (1) Support of the “Mahler Symphony No.8 Charity Concert” run by the Wan Hai Charity Foundation. All income from the sale of tickets were used for services for as funds for the betterment of impoverished and marginalized family’s living education, and medical treatment.
- (2) Continuation of the bi-annual “Wan Hai Blood Donation Drive,” held in February and August. Employees from the Taipei, Keelung, Taichung, and Kaohsiung offices, as well as surrounding business were encouraged to participate. The two events had 1,312 participants, collecting a total of 1,846 donations, totaling 461,500cc.
- (3) Called for corporate volunteers to participate in two “Children’s home Outdoor Adventure” events, five “Double Ninth Festival Nursing Home Concert” events, and one “Container Drawing for Blessing Delivery” event, all run by Wan Hai Charity Foundation.
- (4) Responded to relieve the victims of a disaster after Japan earthquake, Wan Hai Group cooperated with Ministry of Foreign Affairs, Overseas Compatriot Affairs Commission and Tzu Chi Foundation to transport more than 50 containers of charity to Japan.
- (5) Donated shipping containers to Noordhoff Craniofacial Foundation and Care Without Borders Association, for the shipment of used books, clothes, and medical equipment, to Cambodia, Vietnam, Pakistan, and other locations. This helped support local teams of volunteers in raising the level of medical care and child education.
- (6) WHL employees and WHCF volunteers were devoted to "Million trees planting project at Taipei Fude Park" in April 22nd, 2011

4. Strengthening Provision of Information

■ The Company has already published a report detailing the implementation and results of corporate responsibility.

■ The report on corporate responsibility has also been made public on the company's website.





Letter to Shareholders

In conjunction with the annual shareholders meeting, we are pleased to present our annual report for 2011. As always, we welcome all of your comments and suggestions. With the steadfast leadership from our able and dynamic Board of Directors, the untiring support and cooperation from shareholders, and dedicated efforts of management and staff, we have achieved operating revenue of TWD 62,697,925,000 in 2011, a decrease of TWD 2,014,138,000 compared to TWD 64,712,063,000 in 2010.

Looking back on 2011, it can be seen as a very challenging year. First, the 311 Earthquake in Japan triggered a downturn in the global economy. Followed by the skyrocketing oil prices driven by the political turmoil of the oil exporting countries such as Libya have exacerbated the decrease in consumer expenditures. Lastly, the European debt crisis and downgraded US credit ratings had also an adverse impact on the global economy.

For the shipping industry, due to the quick recovery from the financial tsunami of 2010, carriers started to make huge amount of profit. Under an optimistic environment, new and large size ships were ordered in an attempt to expand the service domain aggressively. As a result, demand and supply in the market became increasingly imbalanced, resulting in a decrease in freight rate levels. Unfortunately, factors unfavorable to global economic recovery resurfaced in 2011. Consequently, the soaring bunker prices made it even more difficult for the shipping industry to generate profits. The rapid rise and fall of the market changes kept testing the adaptability of shipping company's ship deployment and management strategies.

With respect to operation management, Wan Hai adheres to the principal of flexibility by optimizing the service presence between intra-Asia and long-haul markets to better respond to rapid changes in the market. In order to effectively reduce operating costs, in addition to aggressively seeking the opportunities to launch joint venture services with other shipping lines, Wan Hai has also planned to increase its ratio of own fleets and in the meantime reduce the number of chartered vessels.

With regards to our long-term fleet development, apart from utilizing vessel charters to adjust our overall fleet capacity, we have also been actively working with shipyards to coordinate adjustments to the ships to fulfill demands of our fleet in the future and to comply with the new global environmental policies. Based on the adjustment plans, the timetable for the release of new ships is as follows:

Planned for 2012, we will launch three 4,500 TEU and two 1,800 TEU, and four 1,000 TEU vessels into operation. In 2013, and another three 4,500 TEU vessels will begin service. By then, our fleet will include 73 ships, with a freight capacity of 177,723 TEU.

Meanwhile, in order to quickly respond to the rapid changes in the market, Wan Hai plans a diversification in its employment of capital and investment opportunities. We have also added to the mobility and efficiency of our application of capital. In addition, we have devoted ourselves to the management of our internal costs, with a goal of reduction of expenses. By ensuring dedicated examination of all possible cost reduction, we believe we are able to deal with more challenges ahead.

Sincerely,

Po-Ting Chen

Chairman

Mar 25,2012



Company Profile

2.1 Date of Establishment: February 24, 1965

2.2 Main Activities

1. Marine Transportation
2. Shipping Agency
3. Purchasing & selling of Vessels and Containers
4. Container Freight Station Business
5. Leasing of Vessels and Containers

2.3 Major Event of Corporate History

1. Founded on February 24, 1965, Wan Hai started as a log carrier servicing Taiwan, Japan, and Southeast Asia. Recognizing the coming trend of containerization, Wan Hai transitioned to a fully containerized fleet in 1976. Initially serving the Taiwan and Japan trade, Wan Hai has expanded our network and now offers Asia's most comprehensive service network and has extended our global reach.

2. With the management philosophy of "customer first, full participation, business continuity" in mind, Wan Hai is devoted to providing high quality service to our customers. We are committed to providing punctual schedules and personalized service across our service network. Under dedicated management, we have won widespread support and trust from customers, which enable us to grow at an impressive pace. To better serve society and clients, we continually improve our hardware and set up branch offices in Kaohsiung, Keelung, and Taichung. Wan Hai also leased dedicated wharves at Kaohsiung, Taichung, and Tokyo Port and leased the exclusive container yard at Keelung Port. Wan Hai is an investor in Taipei Port, which began operations in 2009, to provide an additional service and option to our customers.

3. In June of 1983 Wan Hai introduced two separate shuttle services to Kanto and Kansai of Japan. As the first carrier to pioneer this revolutionary service model, we benefited from reduced transit time and improved punctuality, which allowed Wan Hai to secure its position as number one in the Taiwan - Japanese trade. In response to the relocation of Taiwanese manufacturing facilities to the Southeast Asia, we launched new service strings to Korea, Singapore, Malaysia, Thailand, Indonesia, Philippines, and Vietnam beginning 1989. Since then, we have increased and maintained large cargo volumes establishing Wan Hai as the third ranked Taiwanese carrier and the leading carrier in the Intra-Asia trade. Wan Hai has also received numerous awards from the Ministry of Transportation & Communications in recognition of our remarkable performance. In May 1996, Wan Hai was listed on the Taiwan Stock Exchange. In August 1997, we began to operate Taiwan-Hong Kong-Xiamen cross-straits service via a third country, to serve the booming trade between Taiwan and China. Wan Hai then launched the Taiwan-Hong Kong-Shanghai service in July 1998 to further enhance our service network in China.

In April 1998, we succeeded in creating a shipping service to the Middle East. Our results were favorable, and received the praise of our clients, leading us to establish a second shipping service to the Middle East in November of the same year. Connecting Singapore, Port Kelang, Dubai, and Karachi as our main stops, this move greatly improved our competitive power in the market.

In May 1999, in order to further expand the scope of our operations into a global shipping company, Wan Hai invested in a trans-Pacific shipping service by means of a strategic alliance. Our results were outstanding, and in June 2001 we invested in ships for independent operation.

From the second half of 2002, the global goods market was showing a marked improvement, and the markets in the US and Europe were rebounding. This resulted in a flourishing environment for long haul container shipping.

In 2004, with its deep roots in the Asian market, and the support of our clients, Wan Hai, by means of strategic alliance, launched a joint venture service from Far East to Northwestern Europe . With this, we established ourselves as a link to the U.S. and Europe, the two largest consumer markets.

In November 2007, we launched a second string service from the Far East to the Black Sea. With the delivery of ships between year 2005 and 2008, we continued to restructure the presence of our long-haul services. Additionally, in April 2010, we began an Asia - South Africa - South American East Coast shipping service. In May of the same year, we started a joint service from Colombo to East Africa. With the continuing efforts of Wan Hai to expand the scope of our shipping services, we come closer and closer achieving our goals of becoming a truly global shipping company.

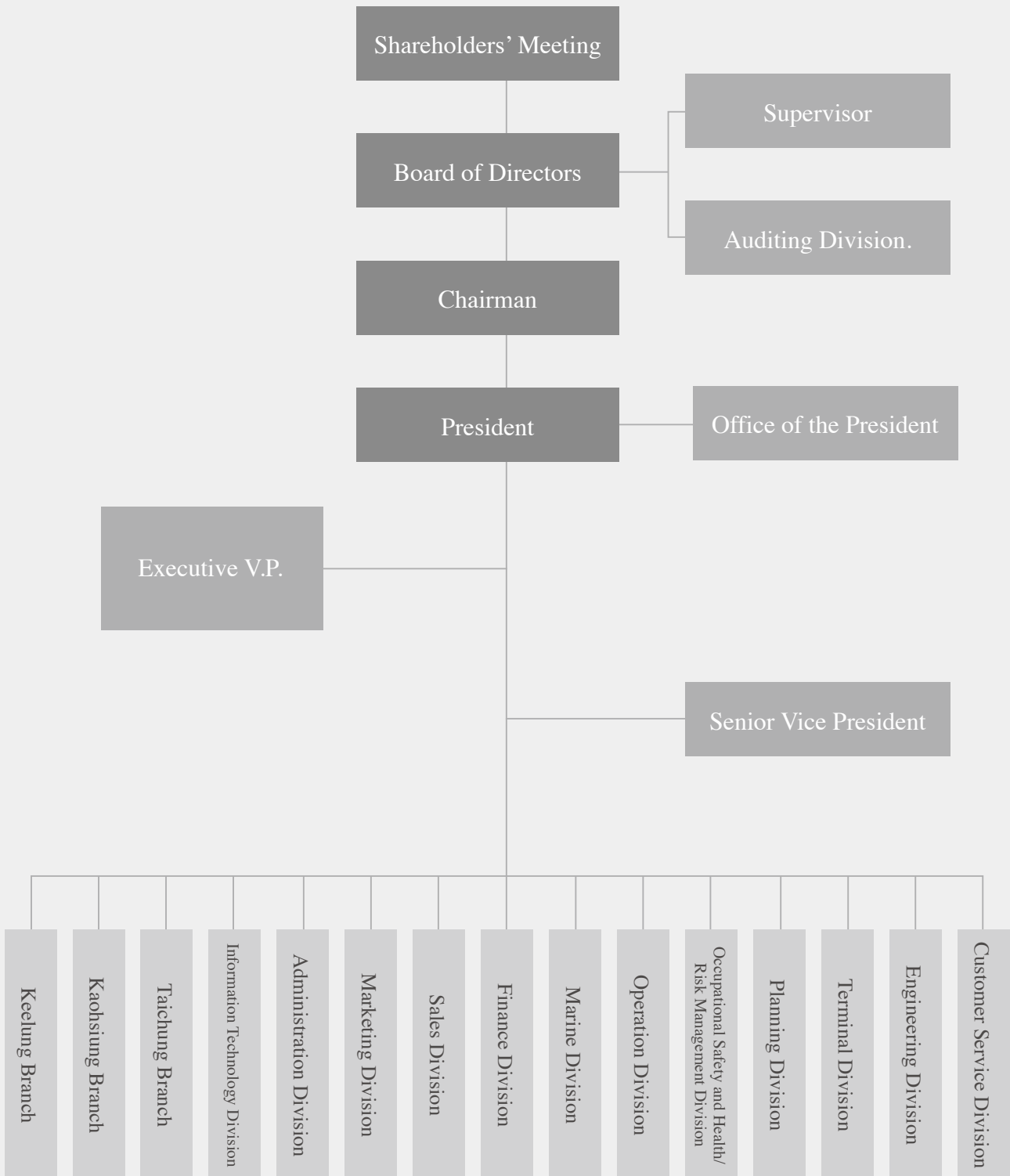
In 2011, in order to provide direct sailing service from Asia to west coast of South America, Wan Hai has jointly operated the service with other carriers to run this market starting from the end of April .In the meantime , in order to develop and expand the east Indian market , we have also launched a joint venture service to connect Far East Asia to Chennai , providing more comprehensive service coverage to customers.



Corporate Governance

3.1 Organization Structure

3.1.1 Organization Chart



3.1.2 Description of each division's operation under the company

Division	Responsibilities
Operation Division	Domestic and international allocation, deployment, and management of cargo containers; design, construction, and maintenance of cargo containers; management of loading and unloading cargo containers; planning and management of shipping schedules.
Sales Division	Solicitation of domestic cargo shipments; creation of relevant sales plans.
Marketing Division	Promotion and marketing of core services; management of overseas marketing.
Customer Service Division	Issuance and payment of shipping documents; collections of shipping tariffs and service fees.
Information Technology Division	Promotion of the wider use of technology company-wide; maintenance of the domestic and overseas information systems. Carries out operation of computers, programming and planning of computer systems; design of computer programs; management and use of computer-related resources.
Finance Division	Planning and execution of domestic and overseas financial forecasts and budgets; record-keeping of accounting matters; review of billing documentation; allocation of capital; foreign exchange; stock services; and other matters pertaining to finance.
Terminal Division	Supervision and management of the operation of domestic and overseas terminals, container yards, and warehouses; evaluation of investment results of terminals; business solicitation and promotion; maintaining customer relations; establishing proposals and plans for terminal construction.
Administration Division	Management of domestic and overseas human resources matters and general affairs.
Planning Division	Research and construction of business strategies; planning of mid to long-term business operations.
Occupational Safety and Health/ Risk Management Division	Compliance with all relevant occupational safety and health laws and regulations; legal affairs.
Marine Division	Supervision of crew, and the evaluation, registration of safety documents; marine security, safety, and insurance; purchase of fuel; other matters relevant to marine operation.
Engineering Division	Planning and supervision of new ship construction; routine and annual maintenance of vessel fleet; purchase of components.
Auditing Division	Auditing the operational, financial, and accounting matters of every division of the company, as well as domestic and overseas branch offices and agents.
Office of the President	Transfer of investments, risk management, cost management, financial market analysis and recommendations; public relations; management of corporate identity.
Branch Office	Responsible for local shipping business; issuance of shipping documents; arrangement of vessels and containers.

3.2 Information of Directors, Supervisors, President, Executive Vice President, and the Chiefs of all the Company's divisions and branches

3.2.1 Director and Supervisors

1. The list of Directors and Supervisors(17th Board of Directors committee)

Title		Chairmen	Director	Director		Director		Director	
Name		Po-Ting Chen	Hui-Ying Chen	Yi Teh Optical Technology Co., Ltd.	Representative: Chih-Chao Chen	Yi Chun (Liberia) Shipping Co., Ltd.	Representative: Randy Chen	Baltimore International Ltd.	Representative: Ye-Tsan Lee
Date elected		2008-06-18	2008-06-18	2008-06-18		2008-06-18		2008-06-18	
Tenure		3 years	3 years	3 years		3 years		3 years	
Date first elected (Note 2)		1999-05-06	2005-06-23	2008-06-18		1999-05-06		1999-05-06	
Shareholding on date elected	No. of shares	8,710,702	42,325,719	6,982,336	0	258,715,911	0	1,632,611	0
	Holding Ratio	0.42%	2.04%	0.34%	0.00%	12.45%	0.00%	0.08%	0.00%
Current Shareholding	No. of shares	9,603,548	25,872,683	7,698,024	8,379,283	285,234,291	0	1,799,953	0
	Holding Ratio	0.43%	1.17%	0.35%	0.38%	12.86%	0.00%	0.08%	0.00%
Current shareholding of Spouse and Minor Children	No. of shares	0	0	0		0		0	
	Holding Ratio	0.00%	0.00%	0.00%		0.00%		0.00%	
Shareholding under other names	No. of shares	0	0	0		0		0	
	Holding Ratio	0.00%	0.00%	0.00%		0.00%		0.00%	
Major Academic qualification and professional experience (Note 3)		Master of Business Administration, University of San Francisco	Master in College of Education, Harvard University	Stanford University		Master of Business Administration MIT SLOAN School of Management		Department of Economics, National Taiwan University	
Positions held in the Company and other companies		FORMOSA WONDERWORLD CO., Ltd. Chairman WAN HAI LINES (INDIA) PVT. LTD. Director k.k. WH Corporation Director WAN HAI LINES(UAE)LTD. Director WAN HAI LINES THAILAND LTD. Director WAN HAI LINES (PHILS) INC. Chairman WAN HAI LINES KOREA LTD. Director WAN HAI LINES(M) SDN.BHD. Director WAN HAI LINES (SINGAPORE) PTE. LTD. Director WAN HAI LINES(AMERICA) LTD. Director WAN HAI INTERNATIONAL PTE. LTD. Director WAN HAI LINES(H.K.)LTD. Director DAWIN LOGISTIC(INTERNATIONAL) LTD. Director	ASIA PACIFIC LOGISTICS INTERNATIONAL CO., Ltd. Vice Chairman, Board of Directors	YI CHAO CORP. Director DAWIN LOGISTIC (INTERNATIONAL) LTD. Director WAN HAI LINES (H.K.) LTD. Director WAN HAI LINES (AMERICA) LTD. Director BAO SHENG SHIPPING AGENCY CO., LTD Chairman	EVERVALIANT CORP. Director WAN HAI LINES (PHILS) INC. Director WAN HAI LINES (SINGAPORE) PTE. LTD. Director WAN HAI LINES(AMERICA) LTD. Director	SHIH LIN PAPER CORP. Director SUNSHINE SHIH LIN DEVELOPMENT CO., Ltd. Director FORMOSA WONDERWORLD CO., Ltd. Consultant			
officer, director, or supervisor held by spouse or relatives within two levels Title Name of blood relations	Title	Director	Chairman	Supervisor		-		-	
	Name	Hui-Ying Chen Hui-Ling Chen	P. T. Chen Hui-Ling Chen	Chih Hsiang Chen		-		-	
	Relation	Siblings	Siblings	Brothers		-		-	

Title		Director		Director		Supervisor		Supervisor		Supervisor
Name	Hsin Feng Co., Ltd.	Representative: Bai-Chih Chow(note 1)	Blue Moon Investment Co., Ltd.	Representative: Cheng-Hsien Lin	Chao Shih International Development Co., Ltd.	Representative: Hsin-Pei Lin	Yi Hsiang Industrial Co., Ltd.	Representative: Chih-Hsiang Chen	Chia-Chin Lin	
Date elected	2008-06-18		2008-06-18		2008-06-18		2008-06-18		2008-06-18	
Tenure	3 years		3 years		3 years		3 years		3 years	
Date first elected (Note 2)	2005-06-23		2008-06-18		1999-05-06		2008-06-18		1999-05-06	
Shareholding on date elected	No. of shares	2,443,719	0	2,646,100	0	28,293,018	0	5,832,703	0	7,939,321
	Holding Ratio	0.12%	0.00%	0.13%	0.00%	1.36%	0.00%	0.28%	0.00%	0.39%
Current Shareholding	No. of shares	2,694,200	0	2,917,325	0	31,963,051	23,379	6,430,554	2,648,785	3,753,101
	Holding Ratio	0.12%	0.00%	0.13%	0.00%	1.44%	0.00%	0.29%	0.11%	0.17%
Current shareholding of Spouse and Minor Children	No. of shares	0		0		0		0		0
	Holding Ratio	0.00%		0.00%		0.00%		0.00%		0.00%
Shareholding under other names	No. of shares	0		0		0		0		0
	Holding Ratio	0.00%		0.00%		0.00%		0.00%		0.00%
Major Academic qualification and professional experience (Note 3)	Department of Marine & Trans. Management, National Chiao Tung University,		Southern Methodist University, LL.M		Master in Business Administration, University of California, Berkeley		New Jersey College of Science and Engineering		Department of Business Administration Sophia University	
Positions held in the Company and other companies	WAN HAI LINES LTD. President WAN HAI LINES(H.K.) LTD. Director		SHIH LIN PAPER CORP. Representative Director for legal entity CHANG HWA BANK Representative Director for legal entity		Chao Shih International Development Co., Ltd. Chairman		SHIH LIN PAPER CORP. Director		UNI COOPERATE INTERNATIONAL CO., Ltd. Supervisor	
officer, director, or supervisor held by spouse or relatives within two levels Title Name of blood relations	Title	-		-		-		Director		-
	Name	-		-		-		Chih-Chao Chen		-
	Relation	-		-		-		Siblings		-

* Note1 : 1. Hsin Feng Corp. Representative: Bai-Chih Chow resigned on 2011/03/18.

2. The list of Directors and Supervisors (18th Board of Directors committee)

Title		Chairmen	Director		Director		Director		Director	
Name		Po-Ting Chen	Baltimore International Ltd.	Representative: Hui-Ying Chen	Chen-Yung Fundation	Representative: Chih-Chao Chen	TAILI Corporation	Representative: Randy Chen	Blue Moon Investment Co., Ltd.	Representative: Ye-Tsan Lee(note 1)
Date elected		2011-06-24	2011-06-24		2011-06-24		2011-06-24		2011-06-24	
Tenure		3 years	3 years		3 years		3 years		3 years	
Date first elected (Note 2)		1999-05-06	2005-06-23		2011-06-24		2011-06-24		1999-05-06	
Shareholding on date elected	No. of shares	9,146,237	1,714,241	0	30,383,025	0	5,208,816	0	2,778,405	0
	Holding Ratio	0.43%	0.08%	0.00%	1.44%	0.00%	0.25%	0.00%	0.13%	0.00%
Current Shareholding	No. of shares	9,603,548	1,799,953	25,872,683	31,902,176	8,379,283	5,469,256	0	2,917,325	0
	Holding Ratio	0.43%	0.08%	1.17%	1.14%	0.38%	0.25%	0.00%	0.13%	0.00%
Current shareholding of Spouse and Minor Children	No. of shares	0	0		0		0		0	
	Holding Ratio	0.00%	0.00%		0.00%		0.00%		0.00%	
Shareholding under other names	No. of shares	0	0		0		0		0	
	Holding Ratio	0.00%	0.00%		0.00%		0.00%		0.00%	
Major Academic qualification and professional experience (Note 3)		Master of Business Administration, University of San Francisco	Master in College of Education, Harvard University		Stanford University		Master of Business Administration MIT SLOAN School of Management		Department of Economics, National Taiwan University	
Positions held in the Company and other companies		FORMOSA WONDERWORLD Co., Ltd. Director SHIH LIN PAPER CORP. Director SUNSHINE SHIH LIN DEVELOPMENT Co., Ltd. Director WAN HAI LINES (INDIA) PVT. LTD. Director k.k. WH Corporation Director WAN HAI LINES(UAE)LTD. Director WAN HAI LINES THAILAND LTD. Director WAN HAI LINES (PHILS) INC. Director WAN HAI LINES KOREA LTD. Director WAN HAI LINES(M) SDN.BHD. Director WAN HAI LINES (SINGAPORE) PTE. LTD. Director WAN HAI LINES(AMERICA) LTD. Director WAN HAI INTERNATIONAL PTE. LTD. Director WAN HAI LINES(H.K.)LTD. Director YI CHUN SHIPPING AGENCIES SDN.BHD. DAWIN LOGISTIC(INTERNATIONAL) LTD. Director	ASIA PACIFIC LOGISTICS INTERNATIONAL Co., Ltd Vice Chairman Board of Directors FORMOSA WONDERWORLD Co., Ltd. Director/President SHIH LIN PAPER CORP. Director SUNSHINE SHIH LIN DEVELOPMENT Co., Ltd. Director		YI CHAO CORP. Director DAWIN LOGISTIC(INTERNATIONAL) LTD. Director WAN HAI LINES(H.K.)LTD. Director WAN HAI LINES(AMERICA) LTD. Director BAO SHENG SHIPPING AGENCY Co., Ltd Chairman		EVERVALIANT CORP. Director WAN HAI LINES (PHILS) INC. Director president WAN HAI LINES (SINGAPORE) PTE. LTD. Director WAN HAI LINES(AMERICA)LTD. Director		SHIH LIN PAPER CORP. Director SUNSHINE SHIH LIN DEVELOPMENT Co., Ltd. Director FORMOSA WONDERWORLD Co., Ltd. Consultant	
officer, director, or supervisor held by spouse or relatives within two levels of blood relations	Title	Director Vice President	Director Vice President		Supervisor		-		-	
	Name	Hui-Ying Chen Hui-Ling Chen	Po-Ting Chen Hui-Ling Chen		Chih Hsiang Chen		-		-	
	Relation	Siblings	Siblings		Siblings		-		-	

Title		Director		Director		Director		Supervisor		Supervisor		Supervisor
Name		Blue Moon Investment Co., Ltd.	Representative: Fu-Tian Huang (note 2)	TAHSIN INVESTMENT CO., LTD.	Representative: Huey-Juan Chen	FORMOSA WONDERWORLD CO., Ltd.	Representative: Cheng-Hsien Lin	Yee Sing Co., Ltd.	Representative: Mei-Huei Wu	Yi Teh Optical Technology Co., Ltd.	Representative: Chih-Hsiang Chen	Hwa-Mei Lin Yen
Date elected		2011-06-24		2011-06-24		2011-06-24		2011-06-24		2011-06-24		2011-06-24
Tenure		3 years		3 years		3 years		3 years		3 years		3 years
Date first elected (Note 2)		1999-05-06		2011-06-24		2011-06-24		2011-06-24		2008-06-18		2011-06-24
Shareholding on date elected	No. of shares	2,778,405	0	36,464,019	0	838,852	0	1,400,000	0	7,331,452	0	10,115,699
	Holding Ratio	0.13%	0.00%	1.73%	0.00%	0.04%	0.00%	0.07%	0.00%	0.35%	0.00%	0.48%
Current Shareholding	No. of shares	2,917,325	0	38,287,219	123,168	880,794	0	1,470,000	13,335	7,698,024	2,648,785	19,727,001
	Holding Ratio	0.13%	0.00%	1.73%	0.00%	0.04%	0.00%	0.07%	0.00%	0.35%	0.12%	0.89%
Current shareholding of Spouse and Minor Children	No. of shares	0		0		0		0		0		0
	Holding Ratio	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%
Shareholding under other names	No. of shares	0		0		0		0		0		0
	Holding Ratio	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%
Major Academic qualification and professional experience (Note 3)		Jeannine Rainbolt College of Education, University of Oklahoma		Department of International Trade, Tamkang University		Southern Methodist University, L.L.M		Ming Chuan University		New Jersey College of Science and Engineering		Shih Chien University
Positions held in the Company and other companies		FORMOSA WONDERWORLD Co., Ltd. Consultant SHIH LIN PAPER CORP. Director		WAN HAI LINES KOREA LTD. Director WAN HAI LINES (AMERICA) LTD. Director WAN HAI LINES (INDIA) PVT. LTD. Director WAN HAI LINES(U.A.E) L.L.C Director TK LOGISTICS INTERNATIONAL Co., Ltd. Director		SHIH LIN PAPER CORP. Representative Director for legal entity CHANG HWA BANK Representative Director for legal entity		YEE SING CO., Ltd. Finance Dept. Manager		SHIH LIN PAPER CORP. Director		SUN SHINE CONSTRUCTION Co., Ltd Chairman UNI COOPERATE INTERNATIONAL Co., Ltd. Chairman
officer, director, or supervisor held by spouse or relatives within two levels of blood relations	Title	-		-		-		-		Director		-
	Name	-		-		-		-		Chih-Chao Chen		-
	Relation	-		-		-		-		Siblings		-

Note1: Blue Moon Investment Co., Ltd. Representative: Ye-Tsan Lee 2011/6/24~ 2012/1/31.

Note2: Blue Moon Investment Co., Ltd. Representative: Fu-Tian Huang from 2012/3/1

3. Major shareholders of corporation stockholders

Corporation shareholders	Major Shareholders and holdings %					
Formosa Wonderworld Co., Ltd.	Da Shin Investment, Inc. 10.48%	Yuki Holdings Group Limited 29.7%	Sunpark Investment Group Limited 29.81%	Blue Moon Investment Co., Ltd. 6.14%		
	Chaw-Chuan Chen 7.8%	Hui-Ling Chen 4.41%	Hui-Long Chen 3.89%	Hui-Ying. Chen 3.34%		
Tai Li Corp.	R&D Investments, Inc. 90.820%		Chen-Yung Foundation 9.116%	Ching-Chih Chen 0.035%	Randy Chen 0.021%	
	Wen-Tsung Sue 0.002%	Te-Ming Lin 0.002%	Hsiu-Wen Wang 0.002%	An-Chou Lin 0.002%		
Chen-Yung Foundation	None					
Baltimore International Ltd.	In-Ru Chen 20%	Fu-Kuei Wu 20%	Po-Ting Chen 44%	Mei-Ru Chen 10%	Jau-Di Chen 6%	
Da Shin Investment, Inc.	Hui-Long Chen 6.67%	Hui-Ying Chen 10%	Su-Hsing Chen 5%	Po-Ting Chen 23.33%	In-Ru Chen 0.83%	
	Mei-Ru Chen 0.83%	Hui-Ling Chen 4.91%	Formosa Wonderworld Co., Ltd. 5.93%	Sun Trader Holding Corp. 41.67%	Jau-Di Chen 0.83%	
Blue Moon Investment Co., Ltd.	Po-Ting Chen 72.4%	Da Shin Investment, Inc. 2%		Hui-Ling Chen 2.3%	Formosa Wonderworld Co., Ltd. 3.8%	
	Chaw-Chuan Chen 2.7%	Su-Hsing Chen 2.7%	In-Ru Chen 3.5%	Hui-Ying Chen 3%	Mei-Ru Chen 3.5%	Hui-Long Chen 4.1%
Yee Sing Co., Ltd.	I-Cheng, Lin 3.45%	Chiu-Ling, Wu 17.24%	Che-I, Lin 53.45%	Chia-Chin, Lin 3.45%	Yu-Syuan, Lin 18.96%	Chia-Ying, Lin 3.45%
Yi Teh Optical Technology Co., Ltd.	Chih-Yuan Chen 99.909%	Yi-Wen Hsieh 0.023%	Te-Ming Lin 0.017%	Wen-Tsung Sue 0.017%	Yu-Lin Wang 0.017%	Zih-Han Liao 0.017%

4. Major shareholders of corporation shareholders who are as corporation shareholders

Corporation shareholders	Major shareholders of corporation shareholders			
R&D Investments, Inc.	Randy Chen 47.62%	Shea Chen 47.62%	Ching-Chih Chen 2.38%	Ruth Chen 2.38%
Evervaliant Corp.	Tai Li Corp. 58.185%	R&D Investments, Inc. 11.507%	Yi Chun (Liberia) Shipping Co., Ltd. 25.460%	
	Chen-Yung Foundation 4.845%	Ching-Chih Chen 0.001%	Ruth Chen 0.001%	Chao-Heng Chen 0.001%
Yuki Holdings Group Limited	Woodwind Development Limited 100%			
Sunpark Investment Group Limited	Wonder View Investments Limited 100%			
Sun Trader Holding Corp.	Billion Sea Trading Limited 100%			

5. Information of Directors and Supervisors

2012.04.30

Names	Conditions	Whether the directors and supervisors hold hands-on experience accumulated in the field for a minimum of five years and whether they meet the following professional qualification requirements:			Consistent in the independence: (note 1)										Number of other public companies where they are concurrently serving
		Being an instructor or professor teaching Commerce, Law, Finance or other expertise required by the Company in public or private universities & colleges	As a judge, prosecutor, lawyer, Certified Public Accountant or other professional or engineer in the expertise required by the Company, having successfully passed the National Examinations and held licenses	Having accumulated hands-on experiences in Commerce, Law, Finance, Accounting or other expertise required by the Company	1	2	3	4	5	6	7	8	9	10	
The 17th Board of Directors and Supervisors															
Po-Ting Chen			V			V				V		V	V	0	
Hui-Ying Chen			V							V		V	V	0	
Yi Teh Optical Technology Co., Ltd. Representative: Chih-Chao Chen			V			V		V		V	V	V		0	
Yi Chun (Liberia) Shipping Co., Ltd. Representative: Randy Chen			V			V		V		V	V	V		0	
Baltimore International Ltd. Representative: Ye-Tsan Lee		V	V			V	V	V		V	V	V		0	
Hsin Feng Co., Ltd. Representative: Bai-Chih Chou (note2)			V			V	V	V	V	V	V	V		0	
Blue Moon Investment Co., Ltd. Representative: Cheng-Hsien Lin		V	V		V	V	V			V	V			0	
Chao Shih International Development Co., Ltd. Representative: Hsin-Pei Lin			V		V	V	V			V	V	V		0	
Chia-Chin Lin			V		V	V	V		V	V	V	V	V	0	
Yi Hsiang Industrial Co., Ltd. Representative: Chih-Hsiang Chen			V		V	V		V		V				0	
The 18th Board of Directors and Supervisors															
Po-Ting Chen			V			V				V		V	V	0	
Baltimore International Ltd. Representative: Hui-Ying Chen			V							V		V		0	
Chen-Yung Fundation Representative: Chih-Chao Chen			V			V		V		V	V	V		0	
TAILI Corporation Representative: Randy Chen			V			V		V		V	V	V		0	
Blue Moon Investment Co., Ltd. Representative: Ye-Tsan Lee(note3)		V	V			V	V	V		V	V	V		0	
Blue Moon Investment Co., Ltd. Representative: Fu-Tian Huang (note4)					V	V	V	V		V	V	V		0	
Ta Hsin Investment Co., LTD. Representative: Huey-Jiuan Chen			V			V	V	V	V	V	V	V		0	
Formosa Wonderworld Co., Ltd. Representative: Cheng-Hsien Lin		V	V		V	V	V			V	V			0	
Yee Sing Co., Ltd. Representative: Mei-Huei Wu			V		V	V	V			V	V	V		0	
Hwa-Mei LinYen			V		V	V		V		V	V	V	V	0	
Yi Teh Optical Technology Co., Ltd. Representative: Chih-Hsiang Chen			V		V	V		V		V		V		0	

Note 1: Please tick with a “V” mark under the box(es) as appropriate when the directors and supervisors meet the following qualification requirements in two years prior to appointment to the positions:

- (1) Not an employee of the Company or a director, supervisor or employee of an affiliated company.
- (2) Not a director or supervisor of the Company or its affiliate (except the case of an independent director of the Company or its parent company, subsidiary where the Company holds more than 50% of the voting power either directly or indirectly).
- (3) Not as a natural person (individual) shareholder of a company where he or she, his or her spouse, minor child or in another’s name holds more than 1% of the total outstanding issued shares or a shareholder ranking among the top ten.
- (4) Not a person as the spouse, relative within the second degree of kinship or blood relative within the fifth degree of kinship of a person defined under the three preceding paragraphs.
- (5) Not as a director or supervisor or employee of a juristic (corporate) person shareholder who holds more than 5% of the total outstanding issued shares of the Company or a director or supervisor or employee of a juristic (corporate) person shareholder ranking among the top five in shareholding.
- (6) Not as a director (council member), supervisor(supervisory officer), managerial officer or a shareholding holding more than 5% in shareholding of a specific company or institution in financial or business transaction with the Company.
- (7) Not as a professional, proprietor of sole proprietorship, partnership, company, a partner, director (council member), supervisor(supervisory officer), managerial officer or spouse thereof of a company or institution that renders commercial, legal, financial, accounting or such professional services to the Company or its affiliates.
- (8) Not as the spouse or a relative within relative within the second degree of kinship with other director.
- (9) Not meeting any situations under Article 30 of the Company Law.
- (10) Not elected as a government, juristic (corporate) person or the representative thereof falling under Article 27 of the Company Law.

Note 2: Hsin Feng Corp. Bai-Chih Chow resigned on 2011/03/18.

Note 3: Blue Moon Investment Co., Ltd. Representative: Ye-Tsan Lee 2011/6/24~ 2012/1/31.

Note 4: Blue Moon Investment Co., Ltd. Representative:Fu-Tian Huang appointed on 2012/3/21.

3.2.2 Information of President, Executive Vice Presidents, Vice Presidents and chiefs of all the company’s divisions and branches

2012.04.30

Title	Name	Position taken since	Shareholding		Spouse, minors shareholding		Shareholding with others name		Major academic qualifications	Position held in other company	Spouse or relative acts as other managerial officer		
			Shares	Holding ratio	Shares	Holding ratio	Shares	Holding ratio			Title	Name	Relation
President	Po-Ting Chen	2011-03-18	9,603,548	0.43%	0	0.00%	0	0.00%	Master of Business Administration, University of San Francisco	FORMOSA WONDERWORLD CO., Ltd. Director SHIH LIN PAPER CORP. Director SUNSHINE SHIH LIN DEVELOPMENT CO., Ltd. Director WAN HAI LINES (INDIA) PVT. LTD. Director k.k. WH Corporation Director WAN HAI LINES(UAE)L.L.C. Director WAN HAI LINES THAILAND LTD. Director WAN HAI LINES (PHILS) INC. Chairman WAN HAI LINES KOREA LTD. Director WAN HAI LINES(M) SDN.BHD. Director WAN HAI LINES (SINGAPORE) PTE. LTD. Director WAN HAI LINES(AMERICA)LTD. Director WAN HAI INTERNATIONAL PTE. LTD. Director WAN HAI LINES(H.K.)LTD. Director YI CHUN SHIPPING AGENCIES SDN.BHD. DAWIN LOGISTIC (INTERNATIONAL)LTD. Director	Director Vice President-	Hui-Ying Chen Hui-Ling Chen	Siblings

Title	Name	Position taken since	Shareholding		Spouse, minors shareholding		Shareholding with others name		Major academic qualifications	Position held in other company	Spouse or relative acts as other managerial officer		
			Shares	Holding ratio	Shares	Holding ratio	Shares	Holding ratio			Title	Name	Relation
Executive President	Huey-Jiuan Chen	2007-04-01	123,168	0.01%	0	0.00%	0	0.00%	Department of International Trade, Tamkang University	WAN HAI LINES KOREA LTD. Director WAN HAI LINES (AMERICA) LTD. Director WAN HAI LINES (INDIA) PVT. LTD. Director WAN HAI LINES(U.A.E) L.L.C Director TK LOGISTICS INTERNATIONAL Co. LTD. Director	-	-	-
Senior Vice President	Jen-Yee Huang	2007-06-01	10,838	0.00%	4,353	0.00%	0	0.00%	Department of Business Administration, National Cheng Kung University	BLUE OCEAN LOGISTICS CO. LTD. Director SHENZHEN UNIWIN INTERNATIONAL LOGISTICS LTD. Director	-	-	-
Senior Vice President	Wen-Chau Yeh	2007-06-01	936	0.00%	22,332	0.00%	0	0.00%	Department of Shipping and Transportation Management, National Taiwan Ocean University	CLIPPER INTERNATIONAL SHIPPING AGENCY LTD. Director DAWIN LOGISTIC (INTERNATIONAL) LTD. Director BLUE OCEAN LOGISTICS CO. LTD. Director WAN HAI LINES(H.K.)LTD. Director	-	-	-
Senior Vice President	Jiong-Xin Lin	2007-06-01	127,019	0.01%	0	0.00%	0	0.00%	Department of Merchant Marine, Chinese Culture University	CLIPPER INTERNATIONAL SHIPPING AGENCY LTD. Director SHENZHEN YONG CHUN INTERNATIONAL SHIPPING MANAGEMENT CO., LTD. Director	-	-	-
Senior Vice President	Fu-Lung Hsieh	2007-06-01	109,312	0.00%	92,720	0.00%	0	0.00%	Department of Shipping and Transportation Management, National Taiwan Ocean University	WAN HAI LINES THAILAND LTD. Director WAN HAI LINES KOREA LTD. Supervisor TK LOGISTICS INTERNATIONAL Co. LTD. Supervisor BAO SHENG SHIPPING AGENCY CO., LTD Supervisor	-	-	-
Vice President	Li-Kuang Huang	2007-04-01	105,927	0.00%	11,536	0.00%	0	0.00%	Department of Business Administration, University of Buffalo, New York	WAN HAI LINES (INDIA) PVT. LTD. Director	-	-	-
Vice President	Kuo-Loong Kao	2007-06-01	92,195	0.00%	43,653	0.00%	0	0.00%	Department of Merchant Marine, Chinese Culture University	-	-	-	-
Vice President	Ming-Shan Huang	2007-06-01	17,545	0.00%	6,856	0.00%	0	0.00%	Department of International Trade, Soochow University	BLUE OCEAN LOGISTICS CO. LTD. Director	-	-	-
Vice President	Ching-Seng Huang	2007-06-01	0	0.00%	19,579	0.00%	0	0.00%	Department Shipping and Transportation Management, National Taiwan Ocean University	-	-	-	-
Vice President	Juang-Jyh Juang	2007-06-01	0	0.00%	0	0.00%	0	0.00%	Department of Mechanical Engineering, China Junior College of Technology	-	-	-	-
Vice President	Wei-Chien Chuang	2007-06-01	9,370	0.00%	454	0.00%	0	0.00%	Department of International Trade, National ChengChi University	TK LOGISTICS INTERNATIONAL Co. LTD. Supervisor	-	-	-
Vice President	Wei-Hsin Hsu	2007-06-01	128,513	0.01%	395	0.00%	0	0.00%	Department of Electrical Engineering, Chung Yuan Christian University	-	-	-	-
Vice President	Chung-Yi Kao	2008-01-01	142,377	0.01%	110	0.00%	0	0.00%	Department of Public Finance, Tamkang University	-	-	-	-
Vice President	Yen-Ru Chen	2009-05-01	65,951	0.00%	0	0.00%	0	0.00%	Department of Transportation and Navigation Science, National Taiwan Ocean University	-	-	-	-
Vice President	Hung-Chuan Chien	2008-08-01	0	0.00%	5,775	0.00%	0	0.00%	Department of Transportation Technology & Management, Feng Chia University	k.k. WH Corporation Director	-	-	-

Title	Name	Position taken since	Shareholding		Spouse, minors shareholding		Shareholding with others name		Major academic qualifications	Position held in other company	Spouse or relative acts as other managerial officer		
			Shares	Holding ratio	Shares	Holding ratio	Shares	Holding ratio			Title	Name	Relation
Vice President	Hui-Chang Chung	2007-06-01	176,294	0.01%	20,721	0.00%	0	0.00%	Department of Shipping and Transportation Management, National Taiwan Ocean University	SHENZHEN YONG CHUN INTERNATIONAL SHIPPING MANAGEMENT CO., LTD. Director	-	-	-
Vice President	Chih-Heng Wan	2009-02-16	23,516	0.00%	58,214	0.00%	0	0.00%	Department of International Trade, Chinese Culture University	TK LOGISTICS INTERNATIONAL Co. LTD. Director BAO SHENG SHIPPING AGENCY CO., LTD Director	-	-	-
Vice President	Li-Mei Su	2009-02-16	1,212	0.00%	0	0.00%	0	0.00%	Department of International Trade, National ChengChi University	BAO SHENG SHIPPING AGENCY CO., LTD Director	-	-	-
Vice President	Cheng-Hsien Huang	2009-02-16	0	0.00%	0	0.00%	0	0.00%	Department of Business Administration, National Sun Yat-sen University	WAN HAI LINES (SINGAPORE) PTE. LTD. Director WAN HAI INTERNATIONAL PTE. LTD Director	-	-	-
Vice President	Ren-Kai Wu	2012-03-15	0	0.00%	0	0.00%	0	0.00%	Department of Industrial and Information Management National Cheng Kung University	-	-	-	-
Vice President	Chien-Cheng Hsiao	2012-03-15	0	0.00%	0	0.00%	0	0.00%	Department of International Trade Fu Jen Catholic University	-	-	-	-
Vice President	Hui-Ling Chen (Note 1)	2011-05-01	28,069,043	1.27%	0	0.00%	0	0.00%	Department of International Business, Ming Chuan University	-	Director/ President Director/ Deputy Vice President	Po-Ting Chen Hui-Ying Chen	Siblings
Vice President	Ming-Hsiung Hsieh (Note 2)	2007-06-01	37,216	0.00%	0	0.00%	0	0.00%	Department of Merchant Marine, Tamkang University	SHENZHEN YONG CHUN INTERNATIONAL SHIPPING MANAGEMENT CO., LTD. Director	-	-	-
Deputy Vice President	Tai-Chih Liu	2009-07-25	0	0.00%	0	0.00%	0	0.00%	Department of Institute of Nuclear Engineering, National Tsing Hua University	BAO SHENG SHIPPING AGENCY CO., LTD Director	-	-	-
Deputy Vice President	Tai-Feng Sun	2011/10/31	0	0.00%	0	0.00%	0	0.00%	Department of Marine Engineering, National Suao Marine & Fisheries Vocational High School	-	-	-	-
Deputy Vice President	Yi-Pai Chan (Note3)	2010-04-01	64,398	0.00%	0	0.00%	0	0.00%	Department of Social Work, Fu Jen Catholic University	-	-	-	-
Assistant Vice President	Wan-Li Jen	2010-09-01	0	0.00%	0	0.00%	0	0.00%	Department of International Business, Ming Chuan University	-	-	-	-
Assistant Vice President	Chia-Yi Hsiao	2007-08-13	8,199	0.00%	0	0.00%	0	0.00%	Department of Accounting, National Chung Hsing University	-	-	-	-

Note 1: Hui-Ling Chen retired on 2012/2/15
 Note 2: Ming-Hsiung Hsieh retired on 2011/12/1
 Note 3: Yi-Pai Chan retired on 2012/2/25

3.2.3 Remuneration to directors, supervisors, president and executive vice presidents

1. Remuneration to directors

Title		Chairman	Director	Director	Director	Director	Director	Director	Director	
Name		Po-Ting Chen	Hui-Ying Chen	Yi Chun (Liberia) Shipping Co., Ltd. Representative: Randy Chen	Baltimore INT'L Ltd Representative: Yi-Tsan Lee	Blue Moon Investment Co., Ltd. Representative: Cheng-Hsien Lin	Hsin Feng Co., Ltd. Representative: Bai-Chih Chow	Yi The Optical Technology Co., Ltd. Representative: Chih-Chao Chen	Ta Hsin Investment co., Ltd. Representative: Huey_Jiuan Chen	
			Baltimore International Ltd. Representative : Hui-Ying Chen	Taili Corporation Representative: Randy Chen	Blue Moon Investment co., Ltd. Representative: Ye-Tsan Lee	Formosa Wonderworld co., Ltd. Representative: Cheng-Hsien Lin		Chen_Yung Foundation Representative: Chih-Chao Chen		
Remuneration to directors	(A) Allowance	Unconsolidated	0							
		Consolidated	0							
	(B) Retirement pension	Unconsolidated	0							
		Consolidated	0							
	(C) Remuneration from retained earnings	Unconsolidated	0							
		Consolidated	0							
(D) Transportation allowance	Unconsolidated	84,243								
	Consolidated	84,243								
Percentage of (A+B+C+D) in net income after tax		Unconsolidated								
		Consolidated								
Related remuneration for serving in the company concurrently	(E) Salary, bonus and specific subsidy	Unconsolidated	9,355,822							
		Consolidated	22,667,260							
	(F) Retirement pension	Unconsolidated	13,449,480							
		Consolidated	13,585,416							
	(G) Employee's bonus from retained earnings	Unconsolidated	Cash bonus	0						
			Stock bonus	0						
(H) Shares of employee's stock warranty	Unconsolidated	Cash bonus	0							
		Stock bonus	0							
Percentage of (A+B+C+D+E+F+G+H) in net income after tax		Unconsolidated								
		Consolidated								
Other income			264,516							

Levels of remuneration

Level of remuneration paid to directors	Name of directors			
	Total remuneration for (A+B+C+D)		Total remuneration for (A+B+C+D+E+F+G)	
	Unconsolidated	Consolidated	Unconsolidated	Consolidated
LoLower than TWD 2,000,000	Po-Ting Chen, Hui-Ying Chen, Randy Chen, Yi-Tsan Lee, Cheng-Hsien Lin, Bai-Chih Chow, Chih-Chao Chen, Huey-Jiuan Chen	Po-Ting Chen, Hui-Ying Chen, Randy Chen, Yi-Tsan Lee, Cheng-Hsien Lin, Bai-Chih Chow, Chih-Chao Chen, Huey-Jiuan Chen	Po-Ting Chen, Hui-Ying Chen, Randy Chen, Yi-Tsan Lee, Cheng-Hsien Lin, Chih-Chao Chen,	Po-Ting Chen, Hui-Ying Chen, Cheng-Hsien Lin
From TWD 2,000,000 to 4,999,999			Huey-Jiuan Chen	Huey-Jiuan Chen, Yi-Tsan Lee
From TWD 5,000,000 to 9,999,999				Chih-Chao Chen, Randy Chen
From TWD 10,000,000 to 14,999,999				
From TWD 15,000,000 to 29,999,999			Bai-Chih Chow	Bai-Chih Chow
From TWD 30,000,000 to 49,999,999				
From TWD 50,000,000 to 99,999,999				
TWD 100,000,000 and above				
Total	Po-Ting Chen, Hui-Ying Chen, Randy Chen, Yi-Tsan Lee, Cheng-Hsien Lin, Bai-Chih Chow, Chih-Chao Chen, Huey-Jiuan Chen	Po-Ting Chen, Hui-Ying Chen, Randy Chen, Yi-Tsan Lee, Cheng-Hsien Lin, Bai-Chih Chow, Chih-Chao Chen, Huey-Jiuan Chen	Po-Ting Chen, Hui-Ying Chen, Randy Chen, Yi-Tsan Lee, Cheng-Hsien Lin, Bai-Chih Chow, Chih-Chao Chen, Huey-Jiuan Chen	Po-Ting Chen, Hui-Ying Chen, Randy Chen, Yi-Tsan Lee, Cheng-Hsien Lin, Bai-Chih Chow, Chih-Chao Chen, Huey-Jiuan Chen

2. Remuneration to supervisors

Title			Supervisor	Supervisor	Supervisor	Supervisor	Supervisor	
Name			Chia Chin Lin	Chao Shih International Development Co.,Ltd Representative: Hsin-Pei Lin	Yi Hsiang Industrial Co.,Ltd Representative: Chih Hsiang Chen	Yee Sing Co., Ltd. Representative: Mei-Huei Wu	Hwa-Mei Lin Yen	
Remuneration to supervisors	(A) Allowance	Unconsolidated						0
		Consolidated						0
	(B) Remuneration from retained earnings	Unconsolidated						0
		Consolidated						0
	Transportation allowance	Unconsolidated						0
		Consolidated						0
Percentage of (A+B+C+D) in net income after tax	Unconsolidated							
	Consolidated							
Other income								0

Levels of remuneration

Level of remuneration paid to supervisors	Name of supervisors	
	Total remuneration for(A+B+C)	
	Unconsolidated	Consolidated
Lower than TWD 2,000,000	Chia Chin Lin, Hsin Pei Lin, Chih Hsiang Chen, Mei-Huei Wu, Hwa-Mei Lin Yen	Chia Chin Lin, Hsin Pei Lin, Chih Hsiang Chen, Mei-Huei Wu, Hwa-Mei Lin Yen
From TWD 2,000,000 to 4,999,999		
From TWD 5,000,000 to 9,999,999		
From TWD 10,000,000 to 14,999,999		
From TWD 15,000,000 to 29,999,999		
From TWD 30,000,000 to 49,999,999		
From TWD 50,000,000 to 99,999,999		
TWD 100,000,000 and above		
Total	Chia Chin Lin, Hsin Pei Lin, Chih Hsiang Chen, Mei-Huei Wu, Hwa-Mei Lin Yen	Chia Chin Lin, Hsin Pei Lin, Chih Hsiang Chen, Mei-Huei Wu, Hwa-Mei Lin Yen

3. Remuneration to President and Vice presidents

Unit: TWD

Title			President	President	Executive President
Name			Po-Ting Chen	Bai-Chih Chow	Huey-Jiuan Chen
(A) Salary	Unconsolidated		2,243,117		
	Consolidated		2,243,117		
(B) Retirement pension	Unconsolidated		13,449,480		
	Consolidated		13,449,480		
(C) Bonus and specific subsidy, etc.	Unconsolidated		4,411,992		
	Consolidated		4,411,992		
(D) Employee's bonus from retained earnings	Unconsolidated	Cash bonus	0		
		Stock bonus	0		
	Consolidated	Cash bonus	0		
		Stock bonus	0		
Percentage of (A+B+C+D) in net income after tax	Unconsolidated				
	Consolidated				
Shares of employee's stock warranty	Unconsolidated	0			
	Consolidated	0			
Other income			352,688		

Levels of remuneration

Level of remuneration paid to the President and Vice presidents	Name of President and Vice presidents	
	Unconsolidated	Consolidated
Lower than TWD 2,000,000	Po-Ting Chen	Po-Ting Chen
From TWD 2,000,000 to 4,999,999	Huey-Jiuan Chen	Huey-Jiuan Chen
From TWD 5,000,000 to 9,999,999		
From TWD 10,000,000 to 14,999,999		
From TWD 15,000,000 to 29,999,999	Bai-Chih Chow	Bai-Chih Chow
From TWD 30,000,000 to 49,999,999		
From TWD 50,000,000 to 99,999,999		
TWD 100,000,000 and above		
Total	Po-Ting Chen, Bai-Chih Chow, Huey-Jiuan Chen	Po-Ting Chen, Bai-Chih Chow, Huey-Jiuan Chen

4. Bonus to Executives

Unit: TWD

Title	Name	Stock Bonus	Cash Bonus	Total	Percentage in Net Income after tax
President	Po-Ting Chen	0	0	0	
President	Bai-Chih Chow(Note A)				
Specil Assistant to President	Randy Chen				
Executive President	Huey-Jiuan Chen				
Senior Vice President	Jen-Yee Huang				
Senior Vice President	Wen-Chau Yeh				
Senior Vice President	Jiong-Xin Lin				
Senior Vice President	Fu-Lung Hsieh				
Vice President	Ching-Seng Huang				
Vice President	Wei-Hsin Hsu				
Vice President	Chung-Yi Kao				
Vice President	Kuo-Lung kao				
Vice President	Wei-Chien Chuang				
Vice President	Ming-Shan Huang				
Vice President	Juang-Jyh Juang				
Vice President	Li-Kuang Huang				
Project Vice President	Yen-Ru Chen				
Vice President	Hui-Chang Chung				
Vice President	Chih-Heng Wan				
Vice President	Li-Mei Su				
Vice President	Hung-Chuan Chien				
Vice President	Cheng-Hsien Huang				
Vice President (Note B)	Ming-Hsiung Hsieh				
Vice President	Hui-Ling Chen				
Assistant Vice President	Chia-Yi Hsiao				

Note A : Retired on 2011/3/18

Note B: Retired on 2011/11/30

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 income after tax in 2011		Percentage of total remuneration in net income after tax in 2010		Description
	Unconsolidated	Consolidated	Unconsolidated	Consolidated	
Directors	0.41%	0.41%	0.55%	0.75%	Remuneration of retained earnings to directors and supervisors is according to the company's articles of incorporation.
Supervisors	0.00%	0.00%	0.19%	0.18%	
President and Executive vice president	99.01%	99.01%	0.52%	0.66%	

3.3 Implementation of Corporate Governance

3.3.1 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 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) (%)	Remarks
The 17th Board of Directors Meeting					
Chairman	Po-Ting Chen	5	1	83%	
Director	Hui-Ying Chen	4	2	67%	
Director	Yi Chun (Liberia) Shipping Co., Ltd. Representative: Randy Chen	5	1	83%	
Director	Baltimore International Ltd. Representative: Ye-Tsan Lee	6	0	100%	
Director	Blue Moon Investment Co., Ltd. Representative: Cheng-Hsien Lin	6	0	100%	
Director	Hsin Feng Co., Ltd. Representative: Bai-Chih Chow	2	1	67%	Bai-Chih Chow resigned on 2011/3/18
Director	Yi Teh Optical Technology Co., Ltd. ; representative: Chih-Chao Chen	5	1	83%	
Supervisor	Chao Shih International Development Co., Ltd. ; representative: Hsin-Pei Lin	5	0	83%	
Supervisor	Chia-Chin Lin	3	0	50%	
Supervisor	Yi Hsiang Industrial Co., Ltd. ; representative: Chih-Hsiang Chen	4	0	67%	
The 18th Board of Directors Meeting					
Chairman	Po-Ting Chen	6	0	100%	Get re-elected On Jun,24 2011
Director	Baltimore International Ltd. Representative: Hui-Ying Chen	5	1	83%	Appointed on Jun 24,2011
Director	TAILI Corporation Representative: Randy Chen	6	0	100%	Appointed on Jun 24,2011
Director	Blue Moon Investment Co., Ltd. Representative: Ye-Tsan Lee	6	0	100%	Ye-Tsan Lee resigned on Jan 31,2012 and the new representative Fu- Tian Huang appointed on Mar 21,2012
Director	FORMOSA WONDERWORLD CO., Ltd. Representative:Cheng-Hsien Lin	6	0	100%	Appointed on Jun 24,2011
Director	TA HSIN INVESTMENT CO. , LTD. Representative: Huey-Jiuan Chen	6	0	100%	Appointed on Jun 24,2011
Director	Chen-Yung Fundation Representative: Chih-Chao Chen	5	1	83%	Appointed on Jun 24,2011
Supervisor	Yee Sing Co., Ltd. Representative: Mei-Huei Wu	6	0	100%	Appointed on Jun 24,2011
Supervisor	Hwa-Mei LinYen	4	0	67%	Appointed on Jun 24,2011
Supervisor	Yi Teh Optical Technology Co., Ltd. Representative: Chih-Hsiang Chen	4	0	67%	Appointed on Jun 24,2011

Other noteworthy items:

Article 14-3 of the Securities and Exchange Act states that when an independent director has a dissenting opinion or holds reservations, it shall be recorded, along with the date and term of the meeting, content of proposal, the opinion of all independent directors and how the opinion is dealt with by the company. This is not applicable as the company has not established any independent director thus far.

In the event of a recusal by one of the directors due to shared interests, a record of the names of the directors, content of the proposal, cause of the recusal, and the resolution of the issue by participants shall be made.

1. General Manager Bai-Chih Chow retired, and the General Manager position was assumed by Director Po-ting Chen concurrently, effective from March 18, 2011.
 - (1) Directors' names: Po-ting Chen and Ye-Tsan Lee
 - (2) Motion: General Manager Bai-Chih Chow applied for retirement at the 9th temporary directors' meeting of 17th term (March 17, 2011). Therefore, Director Po-ting Chen was nominated to assume the General Manager position concurrently, effective from March 18, 2011.
 - (3) Cause for avoidance of conflict of interest: To resolve the concurrent assumption of the General Manager and present on behalf of Director Bai-Chih Chow.
 - (4) Participation in voting: The motion was resolved separately. The director present on behalf of Director Chow, and Director Po-ting Chen, avoided participating in the voting. The motion was ratified by the other present directors unanimously upon the chairperson's inquiry.
2. Changhua Commercial Bank, Singapore Branch granted Wan Hai Singapore 7-year long-term finance guarantee to repay the vested obligation and enrich the working fund. The subsidiary requested that the Company should act as the guarantor for the financing project.
 - (1) Director's name: Cheng-Hsien Lin
 - (2) Motion: The subsidiary, Wan Hai Singapore, requested that the Company should act as the guarantor for the financing project at the 36th directors' meeting of the 17th term (May 25, 2011). The limit of guarantee was US\$23,000,000.
 - (3) Cause for avoidance of conflict of interest: The lending bank is Changhua Commercial Bank. Cheng-Hsien Lin was a director of the Bank.
 - (4) Participation in voting: Cheng-Hsien Lin has avoided participating in the voting. The motion was ratified by the other present directors unanimously.

Evaluation on the objective and performance of enhancement on the functions of Board of Directors in the current year and the most recent year: The Company plans to amend the Articles of Incorporation, and will elect independent directors upon expiration of the current directors' term of office, in order to comply with the requirements defined 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 In recent year(s), the Board of Directors convened a total of 12th board of directors meetings. 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
The 17th Board of Directors Meeting				
Supervisor	Chao Shih International Development Co., Ltd. ; representative: Hsin-Pei Lin	5	83%	
Supervisor	Chia-Chin Lin	3	50%	
Supervisor	Yi Hsiang Industrial Co., Ltd. ; representative: Chih-Hsiang Chen	4	67%	
The 18th Board of Directors Meeting				
Supervisor	Yee Sing Co., Ltd. Representative: Mei-Huei Wu	6	100%	Appointed on Jun 24,2011
Supervisor	Hwa-Mei LinYen	4	67%	Appointed on Jun 24,2011
Supervisor	Yi Teh Optical Technology Co., Ltd. Representative: Chih-Hsiang Chen	4	67%	Appointed on Jun 24,2011
Other remarks required:				
1. The organization of Supervisors and their duties and responsibilities:				
(1) 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.				
(2) 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.				
2. 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: None				

3.3.4 Distinctions between the Company's corporate governance and companies listed on the Taiwan Stock Exchange Corporation (TSEC) and the GreTai Securities Market (or together as "TSEC/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>(1) Company's dealings with shareholders suggestions and disputes</p> <p>(2) The status of the roster of company's controlling shareholders and major shareholders</p> <p>(3) Establishment of risk control mechanism and firewall between company and its affiliates</p>	<p>(1) The Company has designated a spokesperson and an acting spokesperson for handling matters in connection with shareholders suggestions or disputes.</p> <p>(2) 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>(3) 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>(1) Appointment of independent director in the Company</p> <p>(2) Regular review on the independency of the CPAs attesting for company's financial reports.</p>	<p>(1) The Company has not established the post of independent director</p> <p>(2) 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>(1) Establishment of company website for disclosing financial matters and corporate governance related matters.</p> <p>(2) 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 the conference calls made with company investors.</p>	<p>The Company's website http://www.wanhai.com has the following information disclosed</p> <p>(1) Financial and business related information</p> <p>(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. 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> <ul style="list-style-type: none"> • The Company's Director/Cheng-Hsien Lin had completed the workshop Corporate management performance from equity separation administered by Taiwan Corporate Governance Association. • The Company's Director/Huey-Jiuan Chen had completed the workshop for director and supervisor (including independent director/supervisor) administered by Securities and Futures Institute (Taiwan) (the 169th class) held in Taipei. • Liability insurance for the Company's directors, supervisors, and officers has been subscribed and provided by Taian Insurance commencing from 2007. The liability coverage for 2011 is NTD 10 Million. 		
<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. * 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 self-evaluating items.</p>		

3.3.5 Continuing education and training related to business administration attended by the Company's officers

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

Name	Title	Date	Sponsor unit	Course	Time (hr.)
Cheng-Hsien Lin	Director	Jan 11,2011	Taiwan Corporate Governance Association	Corporate management performance from equity separation	3
Huey-Jiuan Chen	Director	Aug 3,2011 ~Aug 4,2011	Securities & Futures Institute	Board director and the supervisor actual situation study class in Taipei	12

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

*Taiwan CPA Association: Three individuals (Financial Division)

*Taiwan CIA Association: One individual (Financial Division)

* Continuing Education for Auditing Division personnel:

Name	Title	Date	Sponsor unit	Course	Time (hr.)
Chung-Yi Kao	Audit Supervisor	Sep 23,2011	The Institute of Internal Auditors, Taiwan	Skill of leadership for Auditor	14

*Continuing Education/Training for the Financial Division personnel:

Name	Title	Date	Sponsor unit	Course	Time (hr.)
Chia-Yi Hsiao	Accounting Supervisor	Feb 15,2011	Accounting Research and Development Foundation	Notes and cases analysis of tax-relief	3
		Apr 19,2011	Accounting Research and Development Foundation	Cases and practices of taxes plan that matching principal of enterprise.	4
		May 6,2011	Finance and Economics Research and Education Foundation	The latest practice of Tax Return for Profit-seeking Enterprise Income Tax	5
		Nov 22,2011	Accounting Research and Development Foundation	The behavior, responsibility and cases analysis of crime of Irregular transactions.	3
Chih-Hsien Chen	Financial Supervisor	Apr 14,2011	KPMG Campus	KPMG Elite forum-- Compensation committee	4
		Apr 19,2011	Accounting Research and Development Foundation	Cases and practices of taxes plan that matching principal of enterprise.	4
		Apr 21,2011	Accounting Research and Development Foundation	The Act and Problem Solving of Meeting of Shareholders	3.5
		May 6,2011	Finance and Economics Research and Education Foundation	The latest practice of Tax Return for Profit-seeking Enterprise Income Tax	5

3.3.7 Other important information to facilitate better understanding of the Company's corporate governance practices

Items	Status of Work	Difference between the corporate responsibility measures taken by other publicly-listed, OTC companies and reason for difference
<p>1. Policies implemented and promoted by the Company:</p> <ul style="list-style-type: none"> (1) Policies and regulations concerning corporate responsibility, and an appraisal of effectiveness (2) The status of full and part-time work units established by the Company for promotion of corporate responsibility (3) Corporate ethics training and guidance undertaken by the directors, supervisors, and employees, and the incorporate of corporate ethics into the employee evaluation system, creating an effective incentive and punishment system 	<ul style="list-style-type: none"> (1) WHL spare no effort on caring about green globe, so that environmental and safety regulations were enacted as a means of promoting corroborative social accountability. Its listed as follows: <ul style="list-style-type: none"> (a) The promotion and implementation of the ISO 14001 environmental management system, and a creation of an ISO committee for regular inspection of the effectiveness of improvements to environmental protection (b) The continued control and improvement of pollution, and the lessening of its effect on the environment (c) Adherence to the relevant legally-binding environmental regulations, international shipping safety management regulations, international conventions, and other relevant demands, whose (d) The strengthening of environmental protection ideals within the company, and the continued education for the promotion of environmental awareness (e) Set up the task force for energy reserving so as to chair and execute environmental policies into practice. (f) Encouragement of suppliers and business partners to strengthen environmental awareness, and adherence to environmental rules and regulations (g) Continued improvement to the safety management techniques of on-shore and ship crew, including relevant emergency response techniques for safety and environmental protection (2) For full achievement of corporate social accountability, we formed the task force and then taken some measures or coordinated by ISO 14001 seeds in each division. (3) Compliance with the regulations set out by supervisory boards of the competent authority and securities and Securities and Futures Bureau, and adherence employee handbook dealing with continuing evaluation, reward and punishment, Education and training. 	<p>No difference</p>
<p>2. Developing a sustainable environment</p> <ul style="list-style-type: none"> (1) The status of the Company devotion to increasing the efficiency of all its resources, and the use of renewable resources with a lower environmental impact (2) The status of the establishment of an environmental management system suited to the special characteristics of our industry (3) The status of the units created or employees assigned for the specific task of environmental protection (4) The status of the Company's awareness of climate change's effect on operation activities, and policies for reducing carbon emissions 	<ul style="list-style-type: none"> (1) WHL has devoted itself to increasing the efficiency of all its resources, and the use of renewable resources with a lower environmental impact in the following ways: <ul style="list-style-type: none"> (a) Vessels use Low Steaming Shipping, reducing fuel consumption, and greatly reducing the effect of emissions on the environment (b) Hulls are painted with a tin-free paint, avoiding the release of toxic tin into the environment, preventing damage to marine life (c) Current ships have been outfitted with a new type of oily water separator, purifying the discharge of waste water on ship, and avoiding any possible ocean pollution (d) Starting in 2010, newly-built ships will be fitted with a water ballast treatment system, protecting the ocean ecology and avoiding the foreign organisms from being released via the water ballast, as well as environmental pollution (e) Damaged or worn machines or fitting on vessels, if able to be repaired, are arranged to be reused by the manufacturer (f) Instruction of manufacturers working on the ship to recycle and dispose of trash on shore (2) Current environmental management system employed by the company as related to the shipping industry is as follows: <ul style="list-style-type: none"> (a) Both newly built and current vessels have been fitted with sewage and bilge water treatment system, (b) Engines and generators on ships built after 2010 are all up to Tier 2 emissions standards. (c) Waste oil from engine rooms discharged to the shore is recycled by a qualified company (d) Bilge water from the engine room passes through a 15 PPM bilge water separator before being released, thus decreasing ocean pollution (e) On-board bilge water passes through a bilge water separator where organic matter is filtered out before being released (f) All engine room internal combustion engines, boilers, and incinerators comply with emissions laws and regulations (g) Our vessels use low-sulfur fuel in the ECA (Emission Control Area) and carry out the changeover procedure in order to comply with the regulations of MARPOL Annex VI, EU Directive and special port states. (3) All employees cooperate with person in charge to abide by ISO 14001 environmental management policies, wish for the ideal attainment of lifelong environmental protection. (4) WHL's policies for achieving goals of carbon emission and greenhouse gas reduction are as follows: <ul style="list-style-type: none"> (a) Reducing engine cylinder, speed shipping and set up PBCF to reduce fuel expenditure. (b) Energy saving software has been added to all freezer containers (c) Purchases low sulfur fuel to comply with the limit as required by MARPOL (d) To introduce energy-saving refrigerator unit (e) In accordance with environmental policy, the resource reserving unit are set up and make some strategies. 	<p>No difference</p>

Items	Status of Work	Difference between the corporate responsibility measures taken by other publicly-listed, OTC companies and reason for difference
<p>3. Upholding Public Good</p> <p>(1) The status of the Company's observance of relevant labor laws, protecting the legal rights of employees, creation of appropriate methods and processes for a management system</p> <p>(2) The status of the Company's provision of a safe and healthy working environment to its employees, and the regular provision of health and safety education to its employees.</p> <p>(3) The status of the Company's establishment and promulgation of consumers' rights, and the provision of transparency of products and services, as well as an effective customer appeal process.</p> <p>(4) The status of the Company's cooperation with suppliers to strive for and promote corporate responsibility.</p> <p>(5) The status of the Company's use of business activities, material contributions, corporate volunteers service, or other free service, to participate in community development and philanthropic organizations.</p>	<p>(1) The company conducts itself according to the relevant labor laws and regulations, and protects the legal rights of its employees, and has set up an appropriate management process.</p> <p>(2) The Company's provision of a safe and healthy working environment to its employees, and the regular provision of health and safety education to its employees is implemented as follows:</p> <p>(a) Worker health and safety education: apart from obtaining legally required certification and retraining, the Company also provides regular health and safety guidance, carries out fire and emergency drills, etc.. At the same time, we also provide a yearly health inspection, health education counseling, health and safety class information, and other assistance. This provides employees with proper health and safety management.</p> <p>(b) We were officially rewarded as outstanding model as result of our superior management for caring about employees' healthy behavior. This award issued by "Bureau of Health Promotion, Department of Health, ROC(Taiwan)" in November of 2011.</p> <p>(c) Standard on-site pier working safety: Aimed at the vendor management of pier, the Company has arranged a standard operating procedure for implementing health and safety management and examination of operations. Additionally, the company has held regular meetings with the Health and Safety Committee to enhance communication and coordination, with the focus on a constant demand for improvement, and the enhancement of the effectiveness of health and safety policies.</p> <p>(3) The Company has instituted policies for the protections consumers' rights and interests, and are recorded amongst the provisions on the back of the bill of lading. The Company has established a website, http://www.wanhai.com (includes relevant announcement of business information and inquiry service), and has created a customer service email and a customer service hot line, providing an outlet for an expression of opinions and inquiries on the part of the customer.</p> <p>(4) In order to protect the environment and the health of our employees, the Company uses products conforming to environmental standards and green products and materials that are provided by suppliers. We also strive to use recyclable materials. Waste material that is able to be recycled is given priority, and the remainder is sent to an incinerator or legal waste burial group, thus reducing environmental harm.</p> <p>(5) Beginning in 2003, the company has donated funds to the Wan Hai Charity Foundation, the foundation provides help to the elderly, children, people with disabilities, disaster relief, impoverished citizens, and other relevant societal aid, as well as medical treatment, medical equipment donation, public charity, etc.. Donations from Wan Hai Charity Foundation to charity-related expenditures totaled TWD 28,683,377 in 2011. In addition to this, the Company has also promoted the following charity and community participation:</p> <p>(a) Support of the "Mahler Symphony No.8 Charity Concert" run by the Wan Hai Charity Foundation. All income from the sale of tickets were used for services for as funds for the betterment of impoverished and marginalized family's living education, and medical treatment.</p> <p>(b) Continuation of the bi-annual "Wan Hai Blood Donation Drive," held in February and August. Employees from the Taipei, Keelung, Taichung, and Kaohsiung offices, as well as surrounding business were encouraged to participate. The two events had 1,312 participants, collecting a total of 1,846 donations, totaling 461,500cc.</p> <p>(c) Called for corporate volunteers to participate in two "Children's home Outdoor Adventure" events, five "Double Ninth Festival Nursing Home Concert" events, and one "Container Drawing for Blessing Delivery" event, all run by Wan Hai Charity Foundation.</p> <p>(d) Responded to relieve the victims of a disaster after Japan earthquake, Wan Hai Group cooperated with Ministry of Foreign Affairs, Overseas Compatriot Affairs Commission and Tzu Chi Foundation to transport more than 50 containers of charity to Japan.</p> <p>(e) Donated shipping containers to Noordhoff Craniofacial Foundation and Care Without Borders Association, for the shipment of used books, clothes, and medical equipment, to Cambodia, Vietnam, Pakistan, and other locations. This helped support local teams of volunteers in raising the level of medical care and child education.</p> <p>(f) WHL employees and WHCF volunteers were devoted to "Million trees planting project at Taipei Fude Park" in April 22nd, 2011</p>	<p>No difference</p>

Items	Status of Work	Difference between the corporate responsibility measures taken by other publicly-listed, OTC companies and reason for difference
<p>4. Strengthening Provision of Information</p> <p>(1) Methods for the provision of information regarding the relevance and reliability of the Company's corporate responsibility</p> <p>(2) Status of the Company's published corporate responsibility report, which details the promotion of corporate responsibility</p>	<p>4. Methods for strengthening the spread of information regarding the promotion of corporate responsibility</p> <p>(1) The Company has already published a report detailing the implementation and results of corporate responsibility</p> <p>(2) The report on corporate responsibility has also been made public on the company's website</p>	<p>The Company has already published a report detailing the implementation and results of corporate responsibility. The report on corporate responsibility is also available on the company's website.</p>
<p>5. The Company has complied with the rules and regulations for corporate responsibility as laid out in "Practice and Regulations for Corporate Responsibility for Listed, OTC Companies." Please describe anything else that differs from the regulations described: None.</p>		
<p>6. Any other important which may aid in the understanding of the actions taken to further promote corporate responsibility (such as the Company's policy and actions taken regarding the environment, participation in society, contributions to society, service to society, public good, consumers' rights, human rights, health and safety, and any other relevant activities):</p> <p>Using environmental conservation as an example, the Company has showed its concern for environmental sustainability by installing energy saving lights in its offices, controlling use of electricity, measures to conserve water and paper, separation and recycling of garbage, the conversion away from use of paper for internal documents, etc.</p>		
<p>7. Description of accreditation given by relevant accrediting organizations the Company's products or corporate responsibility report may have received:</p> <p>In 2005 the Company received ISO14001 2004 environmental management system accreditation by Det Norske Veritas (DNV).</p>		

3.3.8 The Company should disclose the inquiry method of rules concerning corporate governance and its relevant regulations, if any: <http://newmops.twse.com.tw/> and <http://www.wanhai.com>

3.3.9 Other important information capable of enhancing understanding of the state of the Company's corporate governance: None.

3.3.10 Wan Hai Lines Ltd.

The Declaration of Internal Control

Based on the self-examination of Company's internal control system for year ended of 2011, we declare that:

1. The establishment, implementation and maintenance of an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system, designed to provide reasonable assurance with respect to the effectiveness and efficiency of business operations (including profitability, performance and safeguarding of assets), the preparation of reliable financial statements and their compliance with relevant rules and regulations.
2. An internal control system, no matter how well designed, has inherent limitations and therefore can provide only reasonable assurance with respect to the accomplishment of the above goals. Furthermore, because of changing conditions and circumstances, the effectiveness of an internal control system may vary over time. Notwithstanding, the internal control system of the Company contains self-oversight mechanisms, and actions are taken to correct deficiencies as they are identified.
3. The Company examined the design and effective implementation of its internal control system according to the criteria prescribed in "Criteria for Establishment of Internal Control Systems by Public Companies" (called the "Criteria" below). The "Criteria" divide internal control into five constituents in line with the process of management control: (1) control environment, (2) risk assessment, (3) control operation, (4) information and communication, and (5) supervision. Each constituent contains several criteria. Please refer to the "Criteria" for details.
4. The Company has evaluated the design and effectiveness implementation of its internal control system in accordance with the above criteria.
5. Based on the results of examination, the Company believes on Dec 31, 2011 that the design and implementation of its internal control system (including supervision and management of subsidiaries), consisting of the effectiveness and efficiency of business operations, the preparation of reliable financial statements and the compliance of relevant rules and regulations, are effective and reasonably assure the achievement of the aforementioned goals.
6. This Statement shall become a major part of the annual report of the Company and be made public. Any false representation or concealment in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171 and 174 of the R.O.C. Securities & Exchange Law.
7. This Statement has been unanimously approved by directors and objected by directors of the Company present at the meeting held on 20120326.

WAN HAI LINES LTD.

Chairman: Po-Ting Chen
President: Po-Ting Chen

3.3.11 For the past year and current year up to the annual report's date of publication, sanctions imposed in accordance to the law on the company, or penalization of the company's personnel, or significant discrepancies and the status of measures for improvement: None.

3.3.12 Major Resolutions by the General Shareholders Meeting and Board of Directors in the past year and current year up to the publishing date of the annual report

***Major Resolutions of the General Shareholders Meeting**

Date	Resolutions
2011 General Shareholder's Meeting (Jun 24, 2011)	1.Motion: The Company's final account statement 2010 was submitted for ratification. Resolution: The Motion was ratified by the whole present shareholders unanimously upon the chairperson's inquiry. 2.Motion: The Company's earnings allocation proposal 2010 was submitted for ratification. Resolution: The Motion was ratified by the whole present shareholders unanimously upon the chairperson's inquiry. 3.Motion: Election of directors and supervisors, 18th Committee. Resolution: Directors and supervisors were elected by voting. The chairperson announced the name list of elected directors and supervisors. 4.Motion: The Company's recapitalization by earnings proposal was submitted for ratification. Resolution:The Motion was ratified by the whole present shareholders unanimously upon the chairperson's inquiry. 5.Motion:The amendments to the shareholders' meeting parliamentary rules were submitted for ratification. Resolution: The Motion was ratified by the whole present shareholders unanimously upon the chairperson's inquiry. 6.Motion: The amendments to the regulations for acquisition or disposition of derivative products were submitted for ratification. Resolution:The Motion was ratified by the whole present shareholders unanimously upon the chairperson's inquiry. 7.Motion:The motion for release of non-competition imposed on new directors was submitted for ratification. Resolution:The Motion was ratified by the whole present shareholders unanimously upon the chairperson's inquiry.

***Major resolutions of the Board of Directors, 17th & 18th Committee**

Date	Resolutions
9th Provisional Meeting, (March 17, 2011)	Motion: The transfer of personnel was submitted for consideration. Resolution: The motion was resolved separately. The director present on behalf of Director Chow, and Director Po-ting Chen, have avoided participating in the voting. The motion was ratified by the other present directors unanimously upon the chairperson's inquiry.
34th Meeting, (March 31, 2011)	Motion: The transfer of personnel was submitted for consideration. Resolution: The motion was ratified by the whole present directors unanimously upon the chairperson's inquiry.
34th Meeting, (March 31, 2011)	Motion: The motion for offering of domestic corporate bond to raise long-term and mid-term working fund, replay the bank's loan, and purchase its own containers and vessels was submitted for consideration. Resolution: The motion was ratified by the whole present directors unanimously.
34th Meeting, (March 31, 2011)	Motion: The motion to define the relevant matters for the Company's general shareholders' meeting 2011 was submitted for ratification. Resolution: The motion was ratified by the whole present directors unanimously.

Date	Resolutions
35th Meeting, (April 27, 2011)	<p>Motion: The Company's earnings allocation proposal 2010 was submitted for ratification:</p> <p>Resolution: 1. Upon evaluation on the Company's fund utilization overview produced by the Treasury and the whole directors' discussion, the amendments were made to the proposal for allocation of dividends to shareholders as following: "NT\$3,300,416,414 shall be allocated as the shareholders' dividend, including the cash dividend allocated at NT\$1.0622 per share, totaling NT\$2,244,084,294, and stock dividend allocated at NT\$0.5 per share, totaling NT\$1,056,332,120.</p> <p>2. The motion for said amendments was ratified by the whole directors unanimously upon the chairperson's inquiry.</p> <p>3. To deal with the resolution on the amendments and allocation of the stock dividend, the motion for recapitalization by earnings was ratified by the whole directors unanimously.</p> <p>4. To deal with the resolution on the amendments, the motion for recapitalization by earnings was submitted to the general shareholders' meeting for discussion pursuant to laws. The addition of causes for the general shareholders' meeting 2011 was ratified unanimously.</p>
First Meeting, (June 24, 2011)	<p>Motion: The motion for election of directors was submitted for discussion.</p> <p>Resolution: Director Po-ting Chen was nominated to be the Chairman of 18th Committee, and the motion was ratified by the whole present directors unanimously.</p>
2nd Meeting, (July 22, 2011)	<p>Motion: The motion for base date of placement/(capital increase) dividend for earnings allocation and date of allocation of cash dividend 2010 was submitted for consideration.</p> <p>Resolution: The Motion was ratified by the whole directors unanimously upon the chairperson's inquiry.</p>
4th Meeting, (September 23, 2011)	<p>Motion: The explanation made in accordance with Article 14-6 of the Securities and Exchange Act (the "Act"), and Paragraph 1, Article 14-6 of the Act concerning the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter (hereinafter referred to as the "Remuneration Committee Regulations") was submitted for consideration.</p> <p>Resolution: The motion was ratified by the whole present directors unanimously.</p>
4th Meeting, (September 23, 2011)	<p>Motion: The motion for release of the non-competition imposed on the Company's managers was submitted for consideration.</p> <p>Resolution: The motion was ratified by the whole present directors unanimously.</p>
4th Meeting, (September 23, 2011)	<p>Motion: The motion for 14 new ships sold to Wan Hai Singapore was submitted for consideration.</p> <p>Resolution: The motion was ratified by the whole present directors unanimously.</p>
4th Meeting, (September 23, 2011)	<p>Motion: The motion for re-appointment of the director of the subsidiary, Wan Hai Singapore, was submitted for ratification.</p> <p>Resolution: The motion was ratified by the whole present directors unanimously.</p>
5th Meeting, (November 23, 2011)	<p>Motion: The motion for release of the non-competition imposed on Deputy Assistant President, Huei-Chang Chung, concurrently assuming the director of Shenzhen Yung Chun Ship Management Co., Ltd. was submitted for ratification.</p> <p>Resolution: The motion was ratified by the whole present directors unanimously.</p>

3.3.13 For the past year and current year up to the annual report's publication date, dissenting opinions that have been recorded as a written declaration from directors or supervisors with regards to a major resolution passed by the board of directors: None.

3.3.14 Summary of resignations and dismissals during the past year and up to the annual report publishing date that connected with the company's financial report: President, Bai-Chih Chow. Retire on March 18, 2011.

April 30, 2012

3.3.15 Procedure for dealing with important internal information

During its 17th meeting, the board of directors adopted an internal control procedure for the prevention of insider trading, the relevant rules for the observation of this operating procedure are as follows:

1. The Company will provide guidelines for the prevention of insider trading to newly appointed directors, current directors, auditors, managers, and high-ranking employees in a timely manner.
2. Appropriate safeguards or encryption, including cautionary reminder of confidentiality and insider information, must be used when transmitting important information in writing, by email, or other electronic means. This includes information that can influence stock prices, trade secrets, and important business and financial information.
3. Internal information regarding the Company shall be handled by the Company spokesperson or acting spokesperson appointed by the Company, unless as otherwise required by law or regulatory order.
4. The Company's spokesperson and acting spokesperson may only release information within the limits authorized by the Company. No company employee may disclose internal information to the public, except for the Chairman, spokesperson, acting spokesperson, or those specifically given the power to do so.

3.3.16 Execution of the resolutions passed at the 2011 General Shareholders' Meeting

1. Accepted final account statement of the year 2010: In accordance with company law and the relevant laws and regulations, all related financial information has been submitted to the competent authority for review.
2. Distribution of earnings allocation proposal from 2010: The earnings allocation proposal of 2010 will reimburse the retained losses of 2009, totaling NTD 1,736,210,504. Dividends and stock compensation will also be distributed.
3. The 18th election of directors and supervisors: The election of directors and supervisors via the ballot-voting method. The chairman announced the list of elected directors and supervisors. Newly-appointed directors and supervisors have taken their posts and begun carrying out their responsibilities.
4. Discussion of retained earnings being used for the issuance of capitalization-increasing new stock: resolution being complied with.
5. The amendments to the shareholders' meeting parliamentary rules: resolution being complied with.
6. The amendments to the regulations for acquisition or disposition of derivative products: resolution being complied with.
7. Release of non-competition imposed on new directors: 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	Lily Lu	Fu-Wei Chen	Jan. 1,2011~Dec.31,2011	

Expressed in thousands of New Taiwan dollars

Fees item	Amount scales	Audit fees	Non-audit fees	Total
1	Under 2,000 thousand dollars		1,876	1,876
2	2,000~4,000 thousand dollars			
3	4,000~6,000 thousand dollars	5,000		5,000
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	Lily Lu Fu-Wei Chen	5,000		535		1,341	1,876	2011/1/1-2011/12/31	Non-audit fees-others (including the following items): 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: Nil
3. The auditing fee has not decreased by more than 15% compared to the previous year: Nil

3.5 Information on replacement of CPA

1. About former CPA

Replacing Date	January 1, 2010		
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	Nil	
	Rejection of accepting (continuing) appointment		
Sign and issue audit report excluding non-retained opinion audit report	Sign and issue unqualified 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 firm	KPMG
Name of CPA	Lily Lu , Fu-Wei Chen .
Appointment Date	January 1, 2010
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

3. Reply from former CPA about Article 10 principle : Not Applicable

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 2011		2011/1/1~2011/12/31		At the end of 2011		2012/1/1~2012/4/29		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	Po-Ting Chen	9,146,237	3,378,614	457,311	1,000,000	9,603,548	4,378,614	0	0	Mar 18,2011 serve GM
Director	Baltimore International Ltd. Representative: Hui-Ying Chen	1,714,241	153,275	85,712	1,493,966	1,799,953	1,647,241	0	0	
Director	CHEN-YUNG Memorial Foundation Representative: Chih-Chao Chen	30,383,025	0	1,519,151	0	31,902,176	0	0	0	
Director	TALI Corporation Representative: Randy Chen	5,208,816	3,925,778	260,440	0	5,469,256	3,925,778	0	-2,841,000	
Director	Blue Moon Investment Corporation. Representative: Ye-Tsan Lee	2,778,405	0	138,920	0	2,917,325	0	0	0	2012.01.31 Resign Representative
Director	Blue Moon Investment Corporation. Representative: Fu-Tian Huang	0	0	0	0	0	0	0	0	2012.03.21 New Representative
Director	Da Shin Investment, Inc. Representative: Huey-Jiuan Chen	36,464,019	24,045,959	1,823,200	-1,695,959	38,287,219	22,350,000	0	-4,400,000	
Director	Formosa Wonderworld Co., Ltd. Representative: Cheng-Hsien Lin	838,852	0	41,942	0	880,794	0	0	0	
Supervisor	Yee Sing Co., Ltd. Representative: Mei-Hui Wu	1,400,000	0	70,000	0	1,470,000	0	0	0	
Supervisor	Yi The Optical Technology Co., Ltd. Representative: Chih Hsiang Chen	7,331,452	0	366,572	0	7,698,024	0	0	0	
Supervisor	Hwa Mei Lin Yen	10,115,699	0	505,784	0	10,621,483	0	91,055,018	0	
Main shareholder	Yi Chun (Liberia) Shipping Co., Ltd.	271,651,706	88,864,514	13,582,585	0	285,234,291	88,864,514	0	0	
Executive Vice President	Huey-Jiuan Chen	117,303	0	5,865	0	123,168	0	0	0	
Managemer	Hui-Ying Chen	44,442,005	29,072,787	2,222,100	-3,200,104	46,664,105	25,872,683	-20,791,422	-18,189,683	
Senior Vice President	Jen-Yee Huang	10,322	0	516	0	10,838	0	0	0	

Title (note1)	Name	At the beginning of 2011		2011/1/1~2011/12/31		At the end of 2011		2012/1/1~2012/4/29		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	
Senior Vice President	Wen-Chau Yeh	892	0	44	0	936	0	0	0	
Senior Vice President	Jiong-Xin Lin	120,971	0	6,048	0	127,019	0	0	0	
Senior Vice President	Fu-Lung Hsieh	104,107	0	5,205	0	109,312	0	0	0	Finance Executive
Vice President	Li- Kuang Huang	100,598	0	5,029	0	105,627	0	0	0	
Vice President	Kuo-loong kao	87,805	0	4,390	0	92,195	0	0	0	
Vice President	Otto Huang	16,710	0	835	0	17,545	0	0	0	
Vice President	Ching-Seng Huang	0	0	0	0	0	0	0	0	
Vice President	Juang-Jyh Juang	0	0	0	0	0	0	0	0	
Vice President	Wei-Chien Chuang	8,924	0	446	0	9,370	0	0	0	
Vice President	Wei-Hsin Hsu	122,394	0	6,119	0	128,513	0	0	0	
Vice President	Chung-Yi Kao	135,598	0	6,779	0	142,377	0	0	0	
Project Vice President	Yen-Ru Chen	62,811	0	3,140	0	65,951	0	0	0	
Vice President	Hung-Chuan Chien	0	0	0	0	0	0	0	0	
Vice President	Hui-Chang Chung	167,902	0	8,395	0	176,297	0	0	0	
Vice President	Chih-Heng Wan	22,397	0	1,119	0	23,516	0	0	0	
Vice President	Li-Mei Su	1,155	0	57	0	1,212	0	0	0	
Vice President	Ching-Seng Huang	0	0	0	0	0	0	0	0	
Vice President	Jen-Kai Wu	0	0	0	0	0	0	0	0	2012.03.15 newly appointed
Vice President	Chien-Cheng Hsiao	0	0	0	0	0	0	0	0	2012.03.15 newly appointed
Advisor	Huai-Ling Chen	26,732,422	209,562	1,336,621	0	28,069,043	209,562	0	0	
Vice President	Ming-Hsiung Hsieh	35,444	0	1,772	0	37,216	0	0	0	2011.12.01 Retirement
Assistant Vice President	Chia-Yi Hsiao	7,809	0	390	0	8,199	0	0	0	

Note1: The entity has the shares holding of the company over 10% should be remarked as "main shareholders" and disclosed accordingly.

Note2: If the entities of shares holding transferred or shares holding pledged were relative parties, the information should be disclosed as following chart.

3.8 Information Disclosing the Relationship between any of the Company's Top Ten shareholders

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	
Yi Chun (Liberia) Shipping Co., Ltd. Representative: Ching-Chih Chen	285,234,291 0	12.86% 0.00%	0 9,095,335	0.00% 0.41%	0 0	0.00% 0.00%	None Randy Chen	None Relatives within the second degree	
TCE Representative: Hui-Ying. Chen	170,902,859 25,872,683	7.70% 1.16%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	None Da Shin Investment, Inc. Liu He Investment, Inc. Pong-Ting Chen	None Director Supervisor Relatives within the second degree	
CCE Representative: Randy Chen	170,902,859 0	7.70% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	None Ching-Chih Chen	None Relatives within the second degree	
Asia Pacific Container Terminal Inc. Representative: Han Jui Tsai	106,214,398 0	4.79% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	Da Shin Investment, Inc. None	Director None	
Chun-Hsing Lin	56,667,820	2.55%	0	0.00%	0	0.00%	None	None	
Evervaliant Corp. Representative: Ching-Chih Chen	46,786,950 0	2.11% 0.00%	0 9,095,335	0.00% 0.41%	0 0	0.00% 0.00%	None Randy Chen	None Relatives within the second degree	
Yeong Yi(Asia) Co.,Ltd. Representative: Chih-Yuan Chen	41,365,724 16,008,552	1.86% 0.72%	0 6,403,184	0.00% 0.29%	0 0	0.00% 0.00%	None None	None None	
Da Shin Investment, Inc. Representative: Pong-Ting Chen	38,287,219 9,603,548	1.73% 0.43%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	Asia Pacific Container Terminal Inc. Liu He Investment, Inc. Hui-Ying Chen Liu He Investment, Inc.	Director Director Relatives within the second degree Representative of corporate director	
Liu He Investment, Inc. Representative: Pong-Ting Chen	32,977,554 9,603,548	1.49% 0.43%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	Da Shin Investment, Inc. Hui-Ying Chen Da Shin Investment, Inc.	Director Representative of corporate director Director	
Joyce Investment Corp. Representative: Wen-Shung Lin	31,963,051 2,746,337	1.44% 0.12%	0 6,194,257	0.00% 0.28%	0 0	0.00% 0.00%	None None	None None	

Note 1: Should list all of the company's top ten shareholders and need to list the company name and the name of representative separately if belongs to coporate shareholder.

Note 2: The calculation of shareholding ratio is calculate the shareholding ratio of shares hold by self, by spouse and minors and hold in others name separately.

Note 3: Should disclose the relation between shareholders listed above including coporate shareholders and natural persons.

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

Unit: Shares,%

Investing Business (note)	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	100.00%	901,540	100.00%
Wan Hai Lines (HK) Ltd.	-	-	160,000,000	100.00%	160,000,000	100.00%
Wan Hai Lines (S) Pte.Ltd	273,496,000	100.00%	0	0.00%	273,496,000	100.00%
Wan Hai Lines (M) Sdn.Bhd.	-	-	500,000	100.00%	500,000	100.00%
Yi chun Shipping Agencies(M) Sdn.Bhd	-	-	200,000	100.00%	200,000	100.00%
Wan Hai Lines Korea Ltd.	-	-	20,000	100.00%	20,000	100.00%
Wan Hai Lines (America) Ltd	90,000	100.00%	0	0.00%	90,000	100.00%
Wan Hai Information Technology Network Ltd.	No shares issued	-	No shares issued	100.00%	No shares issued	100.00%
Wan Hai International Pte.Ltd.	-	-	50,000	100.00%	50,000	100.00%
Wan Hai Lines (India) Pvt.Ltd	-	-	10,000	100.00%	10,000	100.00%
k.k WH Corporation	500	100.00%	0	0.00%	500	100.00%
Wan Hai Lines (Germany) GmbH	No shares issued	100.00%	No shares issued	-	No shares issued	100.00%
Wan Hai Lines (UAE.) LLC.	-	-	147	49.00%	147	49.00%
Shih Lin Paper Co.,Ltd	5,419,088	2.08%	25,560,314	9.83%	30,979,402	11.91%
Taipei Port Container Terminal Corp	64,062,500	15.25%	0	0.00%	64,062,500	15.25%
TK Logistics International Co.,Ltd.	14,300,000	55.00%	0	0.00%	14,300,000	55.00%
Dawin Logistic(International)Ltd	-	-	1,920,000	100.00%	1,920,000	100.00%
Shenzhen Asia World Logistic Ltd	No shares issued	-	No shares issued	100.00%	No shares issued	100.00%
Shenzhen Uniwin International Logistic Ltd	No shares issued	-	No shares issued	100.00%	No shares issued	100.00%
Clipper International shipping Agency Ltd.	No shares issued	-	No shares issued	49.00%	No shares issued	49.00%
Blue Ocean Logistic Co,Ltd.	No shares issued	-	No shares issued	100.00%	No shares issued	100.00%
Wan Hai Lines (Thailand) Ltd.	-	-	24,500	49.00%	24,500	49.00%
United Stevedoring Corporation	781,250	15.63%	0	0.00%	781,250	15.63%
Bao Sheng Shipping Agency Co., Ltd.	3,000,000	70.01%	0	0.00%	3,000,000	70.01%
Shenzhen Yong Chun International Shipping Management Co., Ltd.	No shares issued	-	No shares issued	90.00%	No shares issued	90.00%

Note:Long term investment Wan Hai Lines and subsidiary companies.



Information on capital raising activities

4.1. Capital and Shares

4.1.1 Capital's Resource

Unit:TWD

Date	Issue Price	Authorized Capital		Issued Capital		Remark		
		Shares	Amount	Shares	Amount	Source of capital	Capital paid by property, rather than cash	Others
1994.09.27	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
1996.06.22	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
1997.07.30	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
1998.06.25	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
1999.06.25	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
2000.07.15	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
2001.07.20	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
2003.07.09	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
2004.07.08	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
2004.11.02	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
2005.02.22	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
2005.05.04	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
2005.08.03	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
2005.09.28	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
2005.10.13	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
2006.10.12	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
2007.07.27	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
2007.10.12	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
2008.01.14	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
2008.04.18	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
2008.09.05	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
2008.12.05	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
2009.01.12	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
2009.03.11	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
2009.05.11	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
2009.08.13	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
2011.09.02	10	2,500,000,000	25,000,000,000	2,218,297,466	22,182,974,660	Capital increment by retained earnings TWD1,056,332,120	none	Note19

- 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
 Note19: Approved by SFB on July 21, 2010 with notice No. 1000032221

Shares

April 30,2012

Type	Shares	Authorized Capital			Remark
	Issued on Market	Unissued	Total		
Common Stock	2,218,297,466	281,702,534	2,500,000,000	-	

4.1.2 Shareholder's Composition

April 30, 2011

	Government institution	Financial institution	Other Corporation	Individual	Foreign institutes and corporation	Total
Stockholder's No.	5	17	118	38,898	308	39,346
Holding shares	10,452,677	35,047,780	588,105,348	628,175,241	956,516,420	2,218,297,466
Holding percentage	0.47	1.58	26.51	28.32	43.12	100.00

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

April 30,2011

Shares Level	Stockholder's No.	Holding shares	Holding percentage
1-----999	14,298	3,142,204	0.14%
1,000-----5,000	14,832	32,630,821	1.47%
5,001-----10,000	4,303	29,012,533	1.31%
10,001-----15,000	2,283	26,879,086	1.21%
15,001-----20,000	709	12,359,169	0.56%
20,001-----30,000	1,073	25,341,665	1.14%
30,001-----40,000	441	15,113,413	0.68%
40,001-----50,000	266	11,856,869	0.53%
50,001----100,000	489	33,911,434	1.53%
100,001----200,000	276	38,072,835	1.72%
200,001----400,000	134	36,843,362	1.66%
400,001----600,000	48	23,492,304	1.06%
600,001----800,000	25	17,077,559	0.77%
800,001--1,000,000	16	14,195,105	0.64%
1,000,001~	153	1,898,369,107	85.58%
Total	39,346	2,218,297,466	100.00%

4.1.4 Main shareholders

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

April 30, 2011

Main shareholders	Holding Shares	Holding percentage
YCN	285,234,291	12.86%
TCE	170,902,859	7.70%
CCE	170,902,859	7.70%
Asia Pacific Container Terminal Inc.	106,214,398	4.79%
C.S.Lin	56,667,820	2.55%
Evervaliant Corp.	46,786,950	2.11%
Yeong Yi(Asia) Co.,Ltd.	41,365,724	1.86%
Da Shin Inv.	38,287,219	1.73%
Liu He Investment, Inc.	32,977,554	1.49%
Chao Shih International Development Co.,Ltd.	31,963,051	1.44%

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	2010	2009	2012/01/01~2012/04/30
Market Price per share (Note 1)	Highest		26.15	26.00	17.65
	Lowest		12.35	14.90	14.25
	Average		19.07	20.12	15.93
Net Value per share (Note 2)	Before Distribution		13.05	15.12	12.80
	After Distribution		(Note 4)	15.12	-
Earnings per share	Weighted Average shares		2,218,297,466	2,112,664,254	2,218,297,466
	Earning Per Share (Note 3 & 4)	Before Adjustment	0.01	2.58	(0.17)
		After Adjustment		2.46	
Dividend per share	Cash Dividend		0	1.0622	-
	Stock Dividend	Dividends from Retained Earnings	0	0.5	-
		Dividends from Capital Surplus	0	0	-
	Accumulated dividend not paid (Note 5)		0	0	-
Return on Investment	Price / Earning Ratio (Note 6)		1,907	8.18	-
	Price / Dividend Ratio (Note 7)		-	18.94	-
	Cash Dividend Yield Rate (Note 8)		-	0.05	-

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: Adjustments to the before and after figures on retroactive adjustments to non-denominated stock dividends are to be duly noted.

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

Note5: Conditions that stipulated beneficiary certification requires the issuance of all cumulative appropriation of the current year over a year in future with earnings are required to disclose all cumulative dividends undistributed to date.

Note6: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note7: Price / Dividend Ratio = Average Market Price / Annual Dividend per Share

Note8: Cash Dividend Yield = Annual Dividend per Share / Average Market Price

4.1.6 The Dividend Policy and Execution

1. Dividend policy

The industry of the Company is highly changeable and is capital intensive. The Company is in the stable growing stage. According to the Company's articles of incorporation, 10% of its annual net income after offsetting prior years' deficits and paying tax is to be set aside as a legal reserve, and special reserves are to be provided according to the regulations. Distribution of the remaining earnings will be as follows:

- (1) 1% as bonus to the employees,
- (2) 1% as remuneration to the directors and supervisors
- (3) 98% as bonus to the stockholders, with the cash dividend not less than 10% of the dividends to the stockholders.

In consideration of future financing demands and the long-term finance plan, the Company's stockholders' meeting could adjust the retained earnings distribution percentages.

If the annual net income after income tax is not enough for special reserve but there is prior year's accumulated income, the special reserve should be provided from prior year's earnings before distribution.

2. Proposed distribution of retained earnings of year 2011

2011 year opening undistributed earnings is NT\$ 0 and net income is NT\$ 20,306,152. After deducting

legal reserve amounting NT\$2,030,615 according to the law, the rest amount NT \$ 18,275,537 will be in full accordance with regulations set aside in special reserve and not for distribution.

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 percentages or ranges with respect to employee bonuses and director/supervisor remuneration, as set forth in the company's articles of incorporation: Please refer to 4.1.6 -1.
2. The basis for estimating the amount of employee bonuses and director/supervisor remuneration, for calculating the number of shares to be distributed as stock bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for year 2011: It is not applicable, because there's no employee bonuses and director/supervisor remuneration in 2011.
3. Information on any employee bonus distribution proposal approved by the board of directors:
 - (1) Distribution of cash bonuses or stock bonuses to employees, and remuneration for directors and supervisors. If there is any discrepancy between such an amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: It is not applicable, because there's no employee bonuses and director/supervisor remuneration in 2011.
 - (2) The amount of any proposed distribution of employee stock bonuses, and the size of such an amount as a percentage of the sum of the current after-tax net income and total employee bonuses: There's no proposed distribution of employee stock bonuses in 2011. The percentage is 0.
 - (3) The annual report shall assess the effect upon imputed earnings per share of any proposed distribution of employee bonuses and director/supervisor remuneration: It is not applicable, because there's no employee bonuses and director/supervisor remuneration in 2011.
 - (4) The actual distribution of employee bonuses and director/supervisor remuneration for the previous fiscal year (with an indication of the number, dollar amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee bonuses and director/supervisor compensation, additionally the discrepancy, cause, and how it is treated: The discrepancy between the actual distributed amount and the estimated figure is TWD 1,377,654. It is the difference in accounting estimates and will be included in the net income / loss of 2011.

4.1.9 Buyback of Common Stock

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 (TWD)	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 (TWD)	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
Effective date of capital deduction approved	2009/01/12	2009/03/11	2009/05/11	2009/08/13

4.2 Status of Corporate Bond

Bond Type	1st Ordinary unsecured bond issuing of 2004	1st Ordinary unsecured bond issuing of 2011		2nd Ordinary unsecured bond issuing of 2011
		A	B	
Issue date	June 28, 29, 30, 2004	June 22, 2011	June 24, 2011	July 28, 2011
Par value	TWD 10,000,000	TWD 1,000,000		TWD 1,000,000
Place of listing	At R. O. C.	At R. O. C.		At R. O. C.
Issue price	At Par value	At Par value		At Par value
Total issue amounts	TWD 9,000,000,000	TWD 3,000 million	TWD 4,500 million	TWD 2,900 million
Coupon rate	See the terms and conditions	Fixed annual rate at 1.65%	Fixed annual rate at 1.85%	Fixed annual rate at 1.75%
Maturity date	June 30, 2011	5-year, Date of maturity: June 22, 2016	7-year, Date of maturity: June 24, 2018	6-year, Date of maturity: July 28, 2017
Guarantee institute	Nil	Nil		Nil
Trustee	M.E.G.A. Trust Dept.	H.C.B. Trust Dept.		H.C.B. Trust Dept.
Lead manager	M.E.G.A. Trust Dept.	Nil		Nil
Endorsement lawyer	Modern Law office	Modern Law office		Modern Law office
Endorsement accountant	KPMG	KPMG		KPMG
Redemption	on the Maturity Date	on the Maturity Date		on the Maturity Date
Outstanding amount	TWD 0	TWD 7,500,000,000		TWD 2,900,000,000
Redemption / Call option	Nil	Nil		Nil
Restriction covenants	Nil	Nil		Nil
Rating institute	Taiwan Ratings	Taiwan Ratings		Taiwan Ratings
Rating date	Apr 15,2011	Apr 15,2011		Apr 15,2011
Rating result of the bond	TWA-	TWA-		TWA-
Rights	The amounts of bonds converted	Nil		Nil
	Terms and Conditions for issuance and conversion	Nil		Nil
Terms and Conditions for issuance and conversion	Nil	Nil		Nil
Trustee for conversion	Nil	Nil		Nil

4.3 Status of preferred stock: None

4.4 Status of Global Depositary 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 Financing Plans and Implementation

1st Ordinary unsecured bond issuing of 2004

Unit: TWD thousand

Program Item	Execution Situation		Accumulated till Mar 31,2011	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%	

2nd Ordinary unsecured bond issuing of 2011

Unit: TWD thousand

Program Item	Execution Situation		Accumulated till Dec 31,2012	Reason for being ahead or behind schedule
Vessel purchase	Amount	Program	18,223,738	Actual payment according to contract schedule
		Actual	7,174,755	
	Progress	Program	100.00%	
		Actual	39.37%	



Condition of the Business Operation

5.1 Business profile

5.1.1 Scope of business

1. Marine transportation (90.68%)
2. Shipping agency (0.02%)
3. Purchase & sales of vessels and containers (1.45%)
4. Container freight station business (0.79%)
5. Leasing of vessels and containers (7.06%)

Wan Hai Lines provides full-containerized shipping service covering ports in China, Taiwan, Kansai and Kanto in Japan, Korea, Thailand, Indonesia, Phillipines, Singapore, Malaysia, Hong Kong, Vietnam, India, Pakistan, Sri Lanka, Iran, the Middle East, the United States, Uruguay, Argentina, Brazil, Mexico, Columbia, Peru, Chile, the Netherlands, Belgium, Germany, Romania, Ukraine, and Turkey. Wan Hai Lines also operates shipping agency business and is currently representing Norwegian Hoegh autoliners 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 General state of the industry

Since the global economy bottomed out rapidly in 2010, shipping companies had successively deployed large size vessels into the market and as a result pushed the tonnage supply upwards drastically. Given the escalation of the European debt crisis and continuation of inflation in global economies in 2011, the economic growth became sluggish. The unfavorable factors have further tipped the balance of tonnage supply and demand in the shipping industry. In order to deal with the various challenges, Wan Hai has not only utilized its own fleets but also adjusted its chartered fleet to meet its demand. In addition, we also cooperate with various shipping companies in the form of joint venture in order to pursue lower operating costs. And we are also dedicated to planning the optimal scale of fleet in response to the fast changing markets.

5.1.3 General state of technology and development

Wan Hai has been firmly established in Intra-Asia market for quite a while, and we have the most complete and intensive service network within the region. The company has developed services to China, India, the Middle East, Northern Europe, South and North America, the Black Sea, and still retains as our established service network in Asia. Additionally, we have successfully expanded into the markets of East Africa, South Africa, and the East Coast of South America. The company is also active in adjusting the deployment and intensity of shipping services in order to increase competitiveness. By increasing the size of our vessel fleet, we hope to increase competitiveness and achieve a better operating efficiency.

5.1.4 Long-term and short-term business development plans

The short-term business development plans for the company are: decrease cost of operations, increase operating effectiveness; further integrate and expand our service network; increase and expand independent operations in all regions; further strengthen the intensity of shipping services in Asia, and further expand our long-haul services.

The long-term business development plans for the company are: expand the size of our vessel fleet; expand our strategic alliances; continue to develop niche markets.

5.2 General State of sales and the market

5.2.1 Market Analysis

1. Major service areas and ratio of market share

Wan Hai is a full container liner operator, its service network includes Northeast Asia, Mainland China, Hong Kong, Southeast Asia, the Indian Subcontinent, Pakistan, the Middle East, Africa, the Black Sea, Europe, and the Americas. They are separated as follows:

(1) Northeast Asia

Wan Hai has had its deep root in the market of Taiwan, Japan and Korea. Considering the fact that the market has already been matured, we do not foresee a significant change in terms of cargo volume. However in the face of the increase in variable costs and in order to strengthen our competitiveness, we remain flexible in service restructuring and in the meantime actively proceed with space swap cooperation with other shipping lines. In the aftermath of the 311 Earthquake in Japan in 2011, we saw a contract in Japan's export but experienced growth in its import sector. For the long term basis, we believe its cargo growth will be back on the track gradually and we will continue observing its economic development as well as its trade flow with other economies.

(2) Mainland China

The economic growth of the China market has continued in recent years, and Wan Hai has been continuing expanding its presence in China. With the opening of direct service across the Taiwan Strait, we saw a significant reduction in cargo delivery time, which had greatly benefited imports and exports on the two sides of the Strait. Each year our plans for shipping services to China directly reflect the needs of the market. In December 18, 2008, with the commencement of direct transportation, we have started to expand our service network in this region. Up to the present time, we have eight service strings, in the form of independent, joint venture or space swap, provided to customers. By forgoing the needs for goods to pass through a third area, the costs of fuel, docking, and shipping time have decreased. Additionally, we have opened up service network in Nanning/Zhanjiang/Taicang/Jiujiang/Luzhou, thus providing faster, higher quality service to our customers.

(3) Southeast Asia

With the signing of the FTA by China, Japan, South Korea, and the ASEAN countries, the tariff barriers within the region has been gradually lifted. This has led to a flourishing development in intra-region trade. Further, after China entered into the Free Trade Agreement with the ASEAN members as of January 2010, trade between these two regions has grown rapidly. In witness of the cargo growth, we have also consolidated and employ our shipping resources to provide faster, safer shipping services, and maintain our competitiveness and market share in Southeast Asia.

(4) The Indian Subcontinent, Pakistan, the Middle East, and Africa

Apart from Mainland China, India represents one of the fastest growing economic regions. Including joint operations with other shipping companies and purchase of shipping space, Wan Hai has six shipping services running between Asia and India. We are actively seeking to invest more resources in the region, thus increasing our competitiveness.

In consideration of the flourishing development in trade between Asia and Middle East, in addition to deploying larger size vessels to jointly operate the Middle East service with other carriers in pursuit of lower operating costs, Wan Hai also obtained space that connected Thailand to the Middle East via Singapore and Malaysia to form a more comprehensive service coverage for this trade lane.

(5) The America

In order to solidify our competitiveness in the trans-Pacific services, we have chosen to jointly operate the services, in pursuit of lower operating costs, and further investment opportunities.

Additionally, in order to expand our service network, we have formed a strategic alliance with other carriers to open up a service connecting Asia and the East Coast of South America.

(6) The Black Sea and Europe

Following the economic recovery in 2010, shipping companies successively launched new Asia to Europe services. The significant increase in tonnage supply has resulted in more competition and as such made it difficult to maintain reasonable rate levels. On the other hand, soaring bunker prices have brought about higher operating burden to shipping companies. Given this, as of the second half of 2011, we saw shipping lines proceed with service consolidation and fleet arrangement. For Wan Hai, in response to such faster-than-expected changes, we have re-adjusted our service model to space charter in place of joint venture and we are also dedicated to researching this market so as to deploy our fleet at a right timing.

2. Future supply and demand with growth potential

Although the worst of the economic collapse is over, the two major markets of the U.S. and Europe have yet to completely emerge from its effects. As they continue to recover, the heart of economic growth has shifted eastwards towards the emerging markets of Asia and the Indian subcontinent, helping to drive the growth of shipping volume. Wan Hai is firmly established in Asia, and apart from its deep roots in the region, we will continue to extend our presence to all locations worldwide.

3. Niches, challenges, and solutions

(1) Niches

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

(2) Challenges

- (a) Foreign exchange volatility risk
- (b) Oil price volatility risk
- (c) Threat of new competitors
- (d) Uncertain economic situation of relevant economies

(3) Solutions

Immediate response and adjustment to external markets; improvement to adjustments of optimum vessels and shipping services; strengthening of competitiveness; continued strategic partnerships in order to reduce operating costs and risk.

5.2.2 Key features of major products and production procedures

Currently, our company provides full container shipping services to of China, Taiwan, Kansai and Kanto in Japan, Korea, Thailand, Indonesia, Phillipines, Singapore, Malaysia, Hong Kong, Vietnam, India, Pakistan, Sri Lanka, Iran, the Middle East, the U.S., Uruguay, Argetina, Brazil, Mexico, Columbia, Peru ,Chile , the Netherlands, Belgium, German, Romania, Ukraine, and Turkey. A brief description of our 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 designated 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 ships 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 vendor list: sum of money and proportion

1. Vendor list of last two 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 Production output of last two years: Service industry; not applicable

Wan Hai's business belongs to the service industry (shipping), rather than the manufacturing industry. Thus we are unable to use terms such as upstream, midstream, or downstream to describe our production output.

5.2.6 Sales volume of last 2 years

	Year 2011	Year 2010
Sales Income (TWD)	62,697,000,000	64,712,000,000
Operating Capacity (TEU)	3,368,000	3,258,000
Vessels in Operation	70	87

5.3 Human Resources Statistics

Location		Year	2010	2011	2012 as of April 30
No. of Employees	Offices		796	804	822
	Terminals		290	395	388
	Total		1086	1199	1210
Average Age			38.3	39.6	39.5
Average Years of Service			8.5	7.9	8.0
Level of Education	Ph. D Degree		2	2	2
	Master's Degree		183	188	185
	College Degree		580	639	648
	Associate Degree		154	173	175
	High School		137	152	144
	Below High School		30	43	56

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

- All of our company's vessels have been insured against ship owner liability risks and equipped with or certified by the following:
 - In accordance with revised MARPOL 73/78 Annex I, we have obtained the International Oil Prevention Certificate issued by Class Society approval.
 - In order to enhance the separation of bilge water and attain the highest level of environmental standards, all of our vessels are equipped with bilge water separators and also have Bilge Water Primary tanks located in the engine rooms. The bilge water separator is equipped with automatic detect alarm (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 Pollution Prevention in 1973, as amended in 1978).
 - To process sanitary waste water, sewage treatment plans have been installed in all engine rooms. These plans have 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 an subsequently received the International Air Pollution Prevent Certificate (IAPP). This certificate completely satisfies the 1997 resolution 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 (NO_x) compounds. Manufacturer-provided technical files and parameters of diesel engines have 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 article 13, as satisfied in MARPOL 73/78 Annex IV.
- (6) Engine rooms are equipped with Incinerators (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 regulations.
- (7) To assist in on-shore discharging of waste oil and sludge, 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 article 17 as outlined in MARPOL 73/78 Annex VI.
- (8) Our company has 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 pain maker in line with the convention of the IMO for International Convention on the Control of Harmful Anti-fouling Systems on Ship (referred to henceforth as the AFS pact) based on the resolution A.882 (21) as amended by article 19 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 the F.O. And the L.O. system on deck.
- (11) The purchases of ship's bunker has complied with the sulfur content limit as required by MARPOL, and has also met with international and local regulations, such as SECA of Europe, and California of USA.
- (12) As per the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 (Bunker Convention), we have furnished all vessels with the Bunker Convention Certificate (BCC), which has covered the liability for pollution damage by bunker oil from our vessels.
- (13) In order to phase into compliance with the International Convention for the Control and Manage of Ship Ballast Water and Sediments, 2004 at an earlier time, we have prepared all vessels' Ballast Water Management Plan, and some have been sent for Class approval. We also follow the local regulations for ballast water exchange with well-documented evidence in ballast water exchange as well as training records.
All pollution prevention facilities are installed at the shipyard prior to delivery to the Company. Thus, all equipment costs and subsequent depreciation have been included into the total shipbuilding costs. Since all such facilities comply with international pollution

control criteria and all of our ships have been operated in accordance with internationally accepted practices, the company has not been assessed with any environmental violations.

2. The estimated capital expenditure of environmental protection for the next three years:

All pollution prevention facilities purchased in the future will correspond to MARPOL 73/78/97 rules. These pollution prevention facilities for oil, water, and air will be installed at the time of shipbuilding. Thus, the cost will be included into the overall cost of ship construction.

3. The influence of installed facilities to the Company:

In accordance with the MARPOL 73/78/97 rules and regulations, all of our vessels are equipped with anti-pollution facilities for the disposal of residue oil, bilge water, and polluted air to comply with the international environmental protection standards.

5.4.3 In accordance with industry practices, our company is not limited by ROHS

5.5 Labor Relations

5.5.1 Major labor agreements currently being implemented

1. Employee benefit program

The Company provides labor and health insurance in line with relevant laws and regulations. The Employee Benefit Committee was established in March 1989 and is charged with all matters concerning employee welfare. The major employee benefits are as follows:

- (1) Employee benefit program: includes meal allowances, group insurance, provision of uniforms, bonus distribution, and regular health examinations.
- (2) The Employee Benefit committee implements a benefit program that includes birthday parties, cash gifts for weddings, childbirth support, monetary condolence, aid for grave accidents, and leisure travel expense reimbursement.

2. Retirement plan

Pursuant to the Labor Standards Act and the Labor Pension Act, on July 1, 2005, the Company issued written inquiries to employees with respect to their selection of the new or old pension plan. The Company subsequently reported the results to the Bureau of Labor Insurance (BLI). Accordingly, the Company sets aside a sum equal to 15% of total monthly wage to the retirement funds of those who chose the old pension plan. A sum equal to 6% of total monthly wage is set aside for those who chose the new pension plan. These amounts are deposited into each employee's individual account with the BLI. The Company has also set aside the full amount covering the provisional difference between the new and old pension plans for those employees who chose to switch to the new pension plan within five years. The Company has actuarial reports on file for such provisions prepared by qualified actuary.

3. Other major agreements

The Company maintains harmonious labor relations, and never has labor disputes

4. Continuing education and training for employees

The Company values the growth and development of all our workers, and provides multi-faceted educational training classes as a way of enriching professional knowledge and developing personal potential. In total 415 classes were run in 2011, with a total of 8935 participants.

Class type	Content	Time (hr.)	Number of Trainees	Total Cost
Newcomers Orientation	Orientation program designed for new employees to participate in a series of training classes, helping them to better understand the Company's corporate culture, the organization and function of each department The program consists of: (1) Corporate culture: corporate culture and business ideals (2) Organization: A brief introduction of the company and each of its departments, attendance rules, labor and health insurance, Employee Benefits Committee, and our non-profit organization (3) Basic skills: Report-writing skills, business etiquette, Wan Hai Family site (4) Shipping industry knowledge: introduction to the shipping industry, the global shipping process, an overview of vessels and shipping containers (5) On-site visit: a visit to Taichung harbor and TK Logistics International, guided tour of each floor of the company (6) General awareness: professional integrity and legal responsibilities	104	72	\$201,445
Professional training for general staff	(1) Professional training aimed at each area of expertise, separated into the following categories: vessel and terminal operation, knowledge of law, knowledge of cargo solicitation, knowledge of document processing, finance, on-shore crew training, English workshop, and enhancement of foreign language abilities (2) Apart from specific professional training, a yearly ISO awareness and fire safety training course is given (3) Seminars and other activities aimed at employees personal and professional development	444.2	7910	\$765,455
Professional training for supervisors	Series courses for middle-level managers and executive level managers: <Middle-level> (1) Role of Managers (2) Working plan and implementation (3) Superior organization construction (4) Leadership and change management (5) Five ways to be happy at work (6) Problem analyzing and solving (7) Recruiting interview skill (8) Communication and negotiation skill <Executive-level> (1) Know-how to be international business manager (2) Common problem of marine and latest Maritime Law introduction (3) Five ways to be happy at work (4) The effect and development of Taiwan and China economy in container shipping industry (5) Leadership and change management (6) Oil market analysis, industry trend and management (7) Key factors to affect oil saving performance (8) Brainstorming and innovative thinking	65	595	\$ 818,336
Courses sponsored by the Employee Benefits Committee	Every year the Employee Benefits Committee assists in the training of employees, this years courses included: (1) Healthy breath of Shaolin. (2) Five methods for joy of working. (3) Cosmetics for business scene. (4) Building originality of sense (5) Self-discovery and creative thinking. (6) Emotional intelligence and stress management	11	243	\$163,150
External training courses	(1) As required by law, internal auditing personnel must complete a minimum of six hours of training related to their profession (2) Labor safety courses : Labor safety and sanity, fire safety training (3) Finance classes: IFRS, taxes in Mainland China (4) Information technology courses. (5) For the first-time supervisor courses.	1127.5	115	\$ 775,540
TOTAL		1751.7hr	8935	\$2,723,926

5. Guidelines for employee behavior and morality

Employee conduct and morality are of the utmost importance to Wan Hai. In addition to including workplace attitude and morality into our employee guidelines, we have also included into our performance evaluation index.

- (1) General requirements of work attitude and morality:
 - (a) All employees should take pride in being a part of Wan Hai, and faithfully observe the company requirements regarding working environment, workplace attitude, employee relationships, etc., as publicized in various regulations, notices, and official announcements.
 - (b) All employees should keep business information strictly confidential. Any documents which have not been approved may not leave the office (or be sent via email), nor disclosed to outside parties. If such an event occurs, the concerned employee risks discharge from his or her post, and may even face legal action if deemed necessary.
 - (c) During employment at Wan Hai, employees shall not accept nor solicit commission, kickbacks, special treatment, or any other form of gifts, all of which are considered improper. If violation of the above is discovered, the employee will be discharged immediately; in the event that the guilty employee's actions result in a loss for the Company, legal actions for damages shall be carried out.
 - (d) All employees shall uphold and protect the reputation of the Company. Any personal opinions regarding the company may not be released publicly before obtaining permission. Except when conducting business designated by the Company, employees may not act under the name of the Company.
 - (e) Employees should be sincere, willing to take initiative, and responsible. They should be actively seeking out problems and proposing solutions.
- (2) Work attitude and morality as criteria for performance evaluation:
 - (a) Morality and personal integrity: employees should be honest and selfless, and are prohibited from obtaining personal gain through illegal or morally unjustified means; an employee's conduct shall not adversely impact the Company's reputation.
 - (b) Compassion and respect for work: employees shall demonstrate compassion for his or her work, and be willing to put in extra time and effort in order to ensure the success of their work.
 - (c) Activeness and Accountability: employees are to be held accountable by their superiors for working hard to complete their assigned duties
 - (d) The Company's interest before individual interest: employees shall understand the scope and authority of their jobs, and should be able to understand how to evaluate and uphold the interests of the Company as a whole

5.5.2 Damages caused by labor disputes in the past three years

As the Company has faithfully followed the relevant laws and regulations, included those newly issued by the competent authority, we have enjoyed and maintained harmonious labor relations with its employees. This is evident in the continued lack of labor conflicts resulting in loss.

5.5.3 Measures for ensuring the safety of the working environment and employees

The principles of upholding workplace safety and lowering employee occupational hazards has been a long-term pursuit of Wan Hai. This is demonstrated in three broad areas:

1. Occupational health and safety training

In addition to the acquiring the required certification for employee health and safety, the Company has also provided regular health and safety guidance, fire prevention training, and emergency drills. At the same time, yearly health inspections, hygienic instruction, and other medical assistance, providing employees with the proper health and safety management.

2. Policies for occupational health and safety coordination

The Company has carried out regular inspections and maintenance of automatic equipment as required by law, and has also heightened awareness of health and safety via regular meetings. In addition, the Company has carried out a management policy pertaining to health and safety documents. By better understanding the concepts of occupational health and safety, we hope to create a surprise-free workplace, and prevent the occurrence of occupational hazards.

3. Standard on-site pier working safety:

Aimed at the vendor management of piers, the Company has arranged a standard operating procedure for implementing health and safety management and examination of operations. Additionally, the company has held regular meetings with the Health and Safety Committee to enhance communication and coordination, with the focus on a constant demand for improvement, and the enhancement of the effectiveness of health and safety policies.

5.6 Significant Contracts

Partners	Model	Cooperation coverage	CooperationDuration		
			from		to
PIL/CSCL/ Kline/YML	Joint Venture	Far East to Black Sea	2009/01/15	-	-
PIL/Kline/SCI	Joint Venture	Far East to India	2011/04/30	-	2013/04/29
PIL/Kline	Joint Venture	Far East to Middle East	2010/02/07	-	-
Coscon	Charter	Far East to Europe	2011/06/25	-	2012/06/25
	Joint Venture	Asia to West Coast of the US	2011/11/01	-	2012/04/10
	Swap	China to Northeast Asia	2009/07/24	-	-
Hanjin	Swap	China to West Coast of the US	2011/11/01	-	2012/04/10
EMC / COSCO / PIL	Joint Venture	Far East to South Western America	2011/04/30	-	2012/04/29
EMC / HLC	Joint Venture	Far East to India	2006/04/30	-	2013/04/29
EMC	Joint Venture	Northeast Asia to South China	2002/09/01	-	-
	Joint Venture	Northeast Asia to South China & Philippine	2008/09/12	-	2013/09/11
	Swap	Intra Asia	2009/02/22	-	-
	Joint Venture	Intra Asia	2011/11/04	-	2012/05/03
	Charter	Northeast Asia - South China	2011/11/08	-	2012/05/07
EMC/IAL	Joint Venture	Taiwan to India	2011/04/29	-	-
Sinotrans	Joint Venture	Across Taiwan Strait service	2005/05/12	-	-
	Swap	China to Southeast Asia	2010/02/14	-	-
	Swap	Across Taiwan Strait service	2009/11/13	-	-
MOL	Swap	Intra Asia	2008/12/18	-	-
OOCL	Joint Venture	China to Southeast Asia	2011/04/03	-	2013/04/03
OOCL	Charter	China to Southeast Asia	2011/04/03	-	2013/04/03
RCL/Seacon/Hamburg Sud	Joint Venture	China to India	2011/04/23	-	2012/04/22
SEACON	Charter	Intra Asia	2010/07/01	-	-
SEACON	Charter	Intra Asia	2011/05/01	-	-
YML	Charter	Intra Asia	2009/07/22	-	-
	Swap	Intra Asia	2011/12/22	-	-
KLINE	Swap	Intra Asia	2011/09/20	-	-
	Joint Venture	Southeast Asia	2011/06/23	-	2012/06/23
Ming Sheng	Swap	Across Taiwan Strait service	2005/04/28	-	-
Simatech	Joint Venture	Southwest Asia	2008/07/11	-	-
	Swap	Southwest Asia	2010/05/19	-	2012/05/31
CUL	Charter	China to Southeast Asia	2011/09/30	-	-
	Charter	Across Taiwan Strait service	2009/02/10	-	-
IAL	Charter	Southeast Asia	2008/08/18	-	-
	Swap	Intra Asia	2009/11/09	-	-
	Charter	Intra Asia	2011/02/19	-	-
	Charter	Intra Asia	2008/12/22	-	2012/12/22
	Swap	Intra Asia	2011/09/11	-	-
	Joint Venture	Intra Asia	2011/09/11	-	2012/09/11
	Joint Venture	Intra Asia	2010/05/06	-	2013/05/06
Charter	Intra Asia	2011/11/08	-	2012/11/07	
IAL/HSD	Joint Venture	Intra Asia	2011/10/02	-	2012/10/01
CNC	Swap	Intra Asia	2009/02/12	-	-
	Charter	Intra Asia	2011/12/04	-	-
BTL	Joint Venture	Southeast Asia to India	2009/05/20	-	-
	Charter	Intra Asia	2011/05/01	-	-
	swap	Intra Asia	2011/07/15	-	-
MCC	Charter	Southeast Asia	2011/12/04	-	-
Sinokor	Swap	China to Northeast Asia	2011/09/16	-	-
Sovereign	Charter	Southeast Asia	2011/05/08	-	-
Gemadep	Charter	Southeast Asia	2011/05/08	-	-

Long –Term Loan

Unit: TWD thousand

Bank	Period	2011.12.31	2010.12.31
Chang Hwa Bank Chi-Lin Branch	Jun.26, 2009~ Jun.26, 2014	483,333	580,000
Bank SinoPac Banking Division	Jun.26, 2009~ Jun.26, 2016	432,000	516,000
Bank SinoPac Banking Division	Mar.12, 2010~ Mar.12, 2017	434,300	505,000
First Bank Chien Cheng Branch	Jun.12, 2009~ Jun.12, 2016	270,000	300,000
First Bank Chien Cheng Branch	Jun.26, 2009~ Jun.12, 2016	360,000	400,000
First Bank Chien Cheng Branch	Feb.25, 2011~ Jun.12, 2016	540,000	0
First Bank Chien Cheng Branch	Mar.14, 2011~ Jun.12, 2016	540,000	0
First Bank Chien Cheng Branch	Mar.24, 2011~ Jun.12, 2016	540,000	0
First Bank Chien Cheng Branch	Aug16, 2011~ Aug.16, 2016	90,870	0
First Bank Chien Cheng Branch	Aug18, 2011~ Aug.16, 2016	121,160	0
First Bank Chien Cheng Branch	Aug25, 2011~ Aug.16, 2016	393,770	0
Taiwan Cooperative Bank Cheng-Tung Branch	Jun.26, 2009~ Jun.26, 2016	225,000	250,000
Taiwan Cooperative Bank Cheng-Tung Branch	Jan.9, 2009~ Jan.9, 2014	1,514,500	1,456,500
Taiwan Cooperative Bank Cheng-Tung Branch	Sep.9, 2010~ Sep.9, 2015	1,211,600	1,165,200
Hua Nan Bank Cheng-Tung Branch	Sep21, 2011~ Sep.21, 2016	1,211,600	0
Mizuho Corporate Bank Taipei Branch	Dec.27, 2005~Oct.26, 2011	0	93,176
Mizuho Corporate Bank Taipei Branch	Aug.11, 2005~Oct.26, 2011	0	45,309
Mizuho Corporate Bank Taipei Branch	Aug.31, 2005~Oct.26, 2011	0	27,382
Mizuho Corporate Bank Taipei Branch	Sep.20, 2005~Oct.26, 2011	0	23,071
Mizuho Corporate Bank Taipei Branch	Dec.16, 2005~Oct.26, 2011	0	137,698
Mizuho Corporate Bank Taipei Branch	Feb.7, 2006~Oct.26, 2011	0	75,559
Mizuho Corporate Bank Taipei Branch	Mar.2, 2006~Oct.26, 2011	0	84,528
Mizuho Corporate Bank Taipei Branch	Aug.29, 2006~Oct.26, 2011	0	87,885
BNP PARIBAS Taipei Branch	Dec.26, 2007~Dec.26, 2012	253,224	485,888
Mega International Commercial Bank Singapore Branch	Oct.26, 2006~Oct.26, 2011	0	208,071
Taipei Fubon Bank An Ho Branch	Nov.27, 2006~Nov.27, 2011	0	139,933
Syndication Loan	Sep.28, 2006~Sep.30, 2014	2,839,688	3,641,250
Mega International Commercial Bank Singapore Branch	Sep.22, 2009~Sep.22, 2016	513,848	546,188
First Bank Singapore Branch	Sep.30, 2009~Sep.30, 2016	508,872	349,560
Hua Nan Bank Singapore Branch	Aug.27, 2009~Aug.27, 2016	2,289,924	696,207
Mega International Commercial Bank Central Branch	Jul.24, 2006~Jul.24, 2016	96,685	116,025
Mega International Commercial Bank Central Branch	Jul.24, 2006~Jul.24, 2013	11,961	32,961
First Bank Sao Chuan Tou Branch	May.11, 2009~ May.11, 2019	132,509	132,509
First Bank Sao Chuan Tou Branch	May.11, 2009~ May.11, 2019	101,500	101,500
Taipei Fubon Bank Hong Kong Branch	Mar.15, 2010~Mar.15, 2017	545,936	522,694
	Subtotal	15,662,280	12,720,094
Less: Current-portion of long-term loans		(3,472,078)	(2,504,011)
Total		\$12,190,202	\$10,216,083



Financial Highlights

6.1 Summarized financial statements for the past 5 years

6.1.1 Summarized balance sheets

Unit: TWD thousand

Item	Year	Financial analysis in the past five years					As for Mar 31,2012
		2011	2010	2009	2008	2007	
Current Assets		29,822,523	28,393,576	22,613,106	20,639,117	33,784,842	29,208,908
Fund and Investment		13,636,647	12,091,555	12,472,299	16,559,449	15,083,695	13,077,099
Property ,Plant and Equipment		12,037,781	9,662,230	9,652,196	11,644,299	10,430,001	12,087,325
Intangible Assets		323,954	313,810	11,686	16,252	9,055	316,052
Other Assets		661,200	703,582	1,020,326	1,102,444	855,925	669,462
Total Assets		56,482,105	51,164,753	45,769,613	49,961,561	60,163,518	55,358,846
Current Liabilities	Before distribution	8,900,837	12,666,298	10,959,281	13,178,721	13,238,108	9,014,573
	After distribution	(Note1)	14,910,382	10,959,281	13,178,721	18,964,196	(NOTE 1)
Long-term Liabilities		17,264,300	5,069,860	7,813,573	8,696,122	12,393,749	16,786,517
Other Liabilities		1,366,529	1,483,106	709,408	459,611	760,189	1,153,351
Total Liabilities	Before distribution	27,531,666	19,219,264	19,482,262	22,334,454	26,392,046	26,954,441
	After distribution	(Note1)	21,463,348	19,482,262	22,334,454	32,118,134	(NOTE 1)
Common stock		22,182,975	21,126,643	21,126,643	21,557,513	20,722,915	22,182,975
Capital surplus		2,446,570	2,446,570	2,440,478	2,495,565	2,480,713	2,446,570
Accumulated Earnings	Before distribution	5,929,659	9,209,769	3,762,115	5,498,325	11,219,122	5,561,765
	After distribution	(Note1)	5,909,353	3,762,115	5,498,325	5,493,034	(NOTE 1)
Unrealized gain (loss) on financial instruments		(592,164)	373,299	(576,399)	(1,661,376)	(1,504)	(511,765)
Accumulated currency adjustments		(750,066)	(936,857)	(231,331)	(1,643)	(396,121)	(1,008,605)
Unrecognized pension cost		(268,062)	(275,462)	(235,682)	(137,305)	(217,157)	(268,062)
Total stockholders' equity	Before distribution	28,950,439	31,945,489	26,287,351	27,627,107	33,771,472	28,404,405
	After distribution	(Note1)	29,701,405	26,287,351	27,627,107	28,696,662	(NOTE 1)

Note1 : Retained earnings in year 2011 have not yet proposed for distribution.

Note2 : The summarized financial data for the past 5 years and the first quarter of year 2012 all have been certified by CPA.

6.1.2 Summarized income statements

Unit: TWD thousand

Item	Year	Financial analysis in the past five years					As for Mar 31,2012
		2011	2010	2009	2008	2007	
Operating revenue		62,697,925	64,712,063	47,088,138	65,125,847	59,278,971	13,586,038
Gross profit		(329,732)	10,162,175	3,958,838	(1,334,284)	3,369,789	298,484
Operating income		(1,966,612)	8,427,901	2,553,375	(3,122,761)	1,352,299	(126,644)
Non-operating income & gain		3,310,412	1,900,419	2,645,168	6,834,010	6,297,507	297,993
Non-operating expense & loss		963,825	3,154,477	5,953,418	4,802,391	636,402	604,593
Net income before income tax		379,975	7,173,843	(754,875)	(1,091,142)	7,013,404	(433,244)
Net income after income tax		20,306	5,447,654	(1,635,278)	5,291	6,282,544	(367,894)
Income(loss) from operations of discontinued segments		-	-	-	-	-	-
Extraordinary gain or loss		-	-	-	-	-	-
Cumulative effect of changes in accounting principles		-	-	-	-	-	-
Net income		20,306	5,447,654	(1,635,278)	5,291	6,282,544	(367,894)
Earning per share (Note 1)		0.01	2.46	(0.77)	0	2.905	(0.17)

Note 1: Base on retroactive adjustment calculation.

Note2 : The summarized financial data for the past 5 years and the first quarter of year 2012 all have been certified by CPA.

6.1.3 CPA and Audit results for the past 5 years

Year	CPA name	Audit results
2007	Yu-Feng Hsu Yen-Ling Fang	The audit report is partly based on the report of another auditor, Unqualified opinion with an added explanatory paragraph.
2008	Lily-Lu Yen-Ling Fang	The audit report is partly based on the report of another auditor, Unqualified opinion with an added explanatory paragraph.
2009	Lily-Lu Yen-Ling Fang	The audit report is partly based on the report of another auditor, Unqualified opinion with an added explanatory paragraph.
2010	Lily-Lu Fu-Wei Chen	The audit report is partly based on the report of another auditor, Unqualified opinion with an added explanatory paragraph.
2011	Lily-Lu Fu-Wei Chen	The audit report is partly based on the report of another auditor, Unqualified opinion with an added explanatory paragraph.

6.2 Summarized financial analysis for the past 5 years

Item		Year	Financial analysis in the past five years					As for Mar 31,2012	
			2011	2010	2009	2008	2007		
Financial structure (%)	Ratio of liabilities to assets		48.74(Note1)	37.56	42.57	44.70	43.87	48.69	
	Ratio of long-term capital to fixed assets		383.91	383.09	353.30	311.94	422.62	373.87	
Solvency (%)	Current ratio		335(Note 2)	224	206	156	255	324	
	Quick ratio		319(Note 2)	206	196	145	221	303	
	Times interest earned ratio		3(Note 3)	64	-1	-2	15	-6	
Operating Performance	Accounts receivable turnover (turns)		32(Note 4)	50	44	54	46	6	
	Average collection period		11(Note 5)	7	8	7	8	63	
	Inventory turnover (turns)		-	-	-	-	-	-	
	Accounts payable turnover (turns)		11.15	11.16	10.22	13.82	11.38	2.43	
	Average days in sales		-	-	-	-	-	-	
	Fixed assets turnover (turns)		5.21(Note 6)	6.70	4.88	5.59	5.68	1.12	
	Total assets turnover (turns)		1.11	1.26	1.03	1.30	0.99	0.25	
Profitability	Return on total assets (%)		0.32(Note 7)	11.43	-2.93	0.54	11.76	-0.57	
	Return on stockholders' equity (%)		0.07(Note 7)	18.71	-6.07	0.02	19.95	-1.28	
	Ratio to issued capital (%)	Operating income		-9(Note 8)	40	12	-14	7.00	-1
		Pre-tax income		1.71(Note 9)	33.96	-3.57	-5.06	33.84	-1.95
	Profit ratio (%)		0(Note 10)	8	-3	0	10.00	-3	
	Earnings per share (\$)		0.01(Note 10)	2.46	-0.77	0	2.905	-0.17	
Cash flow	Cash flow ratio (%)		9.87(Note 11)	45.49	18.51	45.95	26.87	3.71	
	Cash flow adequacy ratio (%)		65.72(Note 11)	118.45	91.60	81.63	88.21	66.23	
	Cash reinvestment ratio (%)		-2.22(Note 11)	11.27	4.37	3.05	2.24	0.55	
Leverage	Operating leverage		-6.05(Note 12)	2.34	4.7	-4	12	-17.11	
	Financial leverage		0.92	11.01	1.14	0.89	1.60	0.67	

Note1: The rise in Ratio of liabilities to assets was due to a more increase in total liabilities than in total assets.

Note2: Both Current ratio and Quick ratio increased due to decrease in depreciation.

Note3: Times interest earned ratio reduced due to decrease in earnings before tax and interest.

Note4: Accounts receivable turnover decreased due to an increase in average receivable-trade.

Note5: Average collection period decreased due to an increase in turnover of receivable.

Note6: Fixed assets turnover decreased due to an increase in fixed assets-net.

Note7: Profitability ratio decreased due to a decrease in net income after tax.

Note8: Profit margin(operating income) decreased due to a decrease in operating income.

Note9: Profit margin (Pre-tax income) decreased due to a decrease in pre-tax income.

Note10: Both Profit ratio and Earnings per share decreased due to a decrease in net income after tax.

Note11: Cash flow ratio decreased due to a decrease in net cash provided by operating activities.

Note12: Operating leverage decreased due to a decrease in operating profit.

1. Financial structure

- (1) Liabilities to total asset = $\text{total liabilities} / \text{total assets}$
- (2) Long-term capital to net properties = $(\text{total stockholders' equity} + \text{long-term liabilities}) / \text{fixed assets-net}$

2. Solvency

- (1) Current ratio = $\text{current assets} / \text{current liabilities}$
- (2) Quick ratio = $(\text{current assets-inventories-prepaid expenses}) / \text{current liabilities}$
- (3) Times interest earned (times) = $\text{net income before income tax and interest expense} / \text{interest expenses}$

3. Operating performance

- (1) Turnover of receivable(including accounts receivable and receivable-trade notes) = $\text{net operating revenue} / \text{average receivable-trade(including accounts receivable and receivable-trade notes)}$
- (2) Average collection days = $365 / \text{turnover of receivable}$
- (3) Turnover of inventories = $\text{operating cost} / \text{average inventories}$
- (4) Turnover of payable(including accounts payable and notes payable-trade) = $\text{operating cost} / \text{average payable-trade}$
- (5) Average sales days = $365 / \text{turnover of inventories}$
- (6) Turnover of properties (times) = $\text{net operating revenue} / \text{fixed assets-net}$
- (7) Turnover of total assets (times) = $\text{net operating revenue} / \text{total assets}$

4. Profitability

- (1) Return on total assets = $[\text{net income after tax} + \text{interest expense} \times (1-\text{tax rate})] / \text{average total assets}$
- (2) Return on stockholders' equity = $\text{net income after tax} / \text{average total stockholders' equity}$
- (3) Profit margin = $\text{net income after tax} / \text{net operating revenue}$
- (4) Earnings per share = $(\text{net income after tax-dividend of prefer stock}) / \text{weighted average number of outstanding shares}$

5. Cash flow

- (1) Cash flow ratio = $\text{net cash provided by operating activities} / \text{current liabilities}$
- (2) Cash flow adequacy ratio = $\text{net cash provided by operating activities for past 5 years} / (\text{fixed assets expenditure} + \text{inventories increase} + \text{cash dividend}) \text{ for past 5 years}$
- (3) Cash reinvestment ratio = $(\text{net cash provided by operating activities-cash dividend}) / (\text{fixed assets} + \text{long-term investment} + \text{other assets} + \text{working capital})$

6. Leverage

- (1) Operating leverage = $(\text{net operating revenue-variable operating cost and expense}) / \text{operating profit}$
- (2) Financial leverage = $\text{operating profit} / (\text{operating profit-interest expenses})$

6.3 Supervisors' Report for Fiscal Year 2011

6.3.1 Supervisors' Report for Fiscal Year 2011

In accordance with Article 219 of the Company Act, the board of Directors has submitted year 2011 final statements, including the business report, financial statements and the earnings distribution proposal of the company. The Supervisors have examined the reports and found that they fairly present the company's financial position. Based on this result, we issued this Supervisors' Report and submitted year 2011 financial statements herewith to be approved.

To the general shareholders' meeting of 2012

WAN HAI LINES LTD.

Supervisor
Representative
Mei-Huei Wu

Yee Sing Co., Ltd.



Supervisor

Hwa-Mei LinYen



Supervisor
Representative
Chih-Hsiang Chen

Yi Teh Optical Technology Co., Ltd.



April 24, 2012

6.3.2 Supervisors' Report for Fiscal Year 2011 (Consolidated)

In accordance with Article 219 of the Company Act, the board of Directors has submitted year 2011 consolidated final statements, including the consolidated business report, and consolidated financial statements. The Supervisors have examined the reports and found that they fairly present the financial groups' position. Based on this result, we issued this Supervisors' Report and submitted year 2011 consolidated financial statements herewith to be approved.

To the general shareholders' meeting of 2012

WAN HAI LINES LTD.

Supervisor
Representative
Mei-Huei Wu

Yee Sing Co., Ltd.



Supervisor

Hwa-Mei LinYen



Supervisor
Representative
Chih-Hsiang Chen

Yi Teh Optical Technology Co., Ltd.



March 27,2012

6.4 Financial Statement for Fiscal Year 2011

6.4.1 Independent Auditors' Report

The Board of Directors
Wan Hai Lines Ltd.

We have audited the accompanying balance sheets of Wan Hai Lines Ltd. (the Company) as of December 31, 2011 and 2010, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of some investee companies which were accounted for under the equity method and were audited by the other auditors. The Company's investments in these companies at December 31, 2011 and 2010, were \$263,203 thousand and \$9,522,397 thousand, respectively, representing 0.47% and 18.61% of total assets and related, investment income (loss) recognized by the company were \$(53,074) thousand and \$499,718 thousand, representing 13.97% and 6.97% of income before income tax, for the years ended December 31, 2011 and 2010, respectively. Those financial statements were audited by the other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those companies, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Company as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

The Company prepared consolidated financial statements for the years ended December 31, 2011 and 2010, on which modified unqualified review reports have been given.

March 26, 2012

WAN HAI LINES LTD.
Balance Sheets

December 31, 2011 and 2010

(expressed in thousands of New Taiwan dollars, except for par value)

	2011	2010
Current assets:		
Cash and cash equivalents (note 4)	\$ 19,892,529	16,680,813
Financial assets at fair value through profit or loss — current (note 5)	101,021	195,220
Available-for-sale financial assets — current (note 6)	2,651,019	2,635,007
Notes receivable	28,414	32,360
Accounts receivable	2,227,786	1,483,841
Accounts receivable — related parties	114,346	6,433
Other receivables	750,373	437,318
Other receivables — related parties	4,989	144,998
Fuels (note 7)	1,169,870	1,343,373
Receivables from agents (note 8)	2,134,129	3,828,476
Other current assets	748,047	1,605,737
Total current assets	29,822,523	28,393,576
Investments:		
Long-term equity investments under equity method (note 9)	11,551,717	9,700,042
Prepayment for long-term investments (note 9)	-	170,360
Available-for-sale financial assets — non-current (note 10)	224,892	407,515
Financial assets measured at cost — non-current (note 11)	648,438	648,438
Bond portfolios with inactive market — non-current (note 12)	1,211,600	1,165,200
Long-term investments — net	13,636,647	12,091,555
Fixed assets (note 13):		
Cost:		
Land	620,477	297,242
Buildings	122,209	75,124
Containers	16,424,659	14,857,265
Computer and communication equipment	221,114	79,939
Vessels	4,143,127	4,143,127
Privileged wharf equipment	673,311	673,311
Leased assets	68,609	68,609
Leasehold improvement	6,508	8,678
Furniture and fixtures	7,769	7,340
Revaluation increments	1,527	1,527
Cost and revaluation	22,289,310	20,212,162
Less: accumulated depreciation	14,308,303	12,949,974
Prepayments for equipment	4,056,774	2,400,042
Net fixed assets	12,037,781	9,662,230
Intangible assets:		
Deferred pension costs	253,764	284,692
Other intangible assets	70,190	29,118
Total intangible assets	323,954	313,810
Other assets:		
Refundable deposits	207,045	181,368
Deferred charges (note 15)	454,155	522,214
Total other assets	661,200	703,582
Total assets	\$ 56,482,105	51,164,753
Current liabilities:		
Financial liabilities at fair value through profit or loss — current	\$ 658,192	1,226,337
Accounts payable	5,288,719	5,423,696
Accounts payable — related parties	277,116	311,077
Income tax payable	-	271,857
Accrued expenses	285,041	452,718
Payables for purchase of equipment	-	353,021
Current portion of bonds payable	-	3,000,000
Current portion of long-term loans	1,757,057	1,163,336
Payables to agents	209,087	326,366
Other current liabilities	425,625	137,890
Total current liabilities	8,900,837	12,666,298
Long-term liabilities:		
Bonds payable	10,400,000	-
Long-term loans	6,864,300	5,069,860
Total long-term liabilities	17,264,300	5,069,860
Other liabilities:		
Accrued pension liability	576,239	619,109
Guarantee deposits received	49,712	1,085
Deferred income tax liabilities — non-current	539,433	554,453
Deferred credits — gains from inter-affiliate accounts	162,226	191,701
Unrealized gain on sale and leaseback	38,919	116,758
Total other liabilities	1,366,529	1,483,106
Total liabilities	27,531,666	19,219,264
Stockholders' equity (notes 6, 7, 8):		
Common stock — \$10 par value per share; 2,500,000 thousand shares authorized in 2011 and 2010; 2,218,297 thousand shares 2,112,664 thousand shares issued as of December 31, 2011 and 2010, respectively	22,182,975	21,126,643
Capital surplus	2,446,570	2,446,570
Retained earnings:		
Legal reserve	5,071,860	4,700,716
Special reserve	837,493	797,610
Unappropriated earnings	20,306	3,711,443
Total retained earnings	5,929,659	9,209,769
Other adjustments to stockholders' equity:		
Cumulative translation adjustments	(750,066)	(936,857)
Net loss not recognized as pension cost	(268,062)	(275,462)
Unrealized gain (loss) on financial instruments	(592,164)	373,299
Unrealized revaluation increments	1,527	1,527
Total other adjustments to stockholders' equity	(1,608,765)	(837,493)
Total stockholders' equity	28,950,439	31,945,489
Commitments and contingencies		
Total liabilities and stockholders' equity	\$ 56,482,105	51,164,753

WAN HAI LINES LTD.

Statements of Income

For the years ended December 31, 2011 and 2010

(expressed in thousands of New Taiwan dollars, except for earnings per share)

	2011	2010		
Net operating revenue	\$ 62,697,925	64,712,063		
Operating cost	<u>63,027,657</u>	<u>54,549,888</u>		
Gross profit	(329,732)	10,162,175		
Operating expenses	<u>1,636,880</u>	<u>1,734,274</u>		
Operating income	<u>(1,966,612)</u>	<u>8,427,901</u>		
Nonoperating income and gains:				
Interest income	133,570	112,804		
Investment income under the equity method (note 7)	1,226,603	514,757		
Gain on disposal of fixed assets	920,879	82,542		
Gain on disposal of investments, net	74,956	-		
Foreign exchange income, net	171,805	-		
Valuation gain on financial assets	566,248	1,018,727		
Other income	<u>216,351</u>	<u>171,589</u>		
	<u>3,310,412</u>	<u>1,900,419</u>		
Nonoperating expenses and losses:				
Interest expenses (note 13)	180,732	113,329		
Loss on disposal of fixed assets	334	57		
Loss on disposal of investments, net	-	141,003		
Foreign exchange loss, net	-	1,187,496		
Valuation loss on financial liabilities	745,154	1,711,956		
Other losses	<u>37,605</u>	<u>636</u>		
	<u>963,825</u>	<u>3,154,477</u>		
Net income before income tax	379,975	7,173,843		
Income tax expenses	<u>359,669</u>	<u>1,726,189</u>		
Net income	<u>\$ 20,306</u>	<u>5,447,654</u>		
	Before tax	After tax	Before tax	After tax
Basic earnings per share (dollars)	<u>\$ 0.17</u>	<u>0.01</u>	<u>3.23</u>	<u>2.46</u>
Diluted earnings per share (dollars)	<u>\$ 0.17</u>	<u>0.01</u>	<u>3.23</u>	<u>2.45</u>

WAN HAI LINES LTD.
Statements of Changes in Stockholders' Equity

For the years ended December 31, 2011 and 2010
(expressed in thousands of New Taiwan dollars)

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain (Loss) on Financial Instruments	Unrealized Revaluation Increments	Total
Balance on January 1, 2010	\$ 21,126,643	2,440,478	4,700,716	797,610	(1,736,211)	(231,331)	(235,682)	(576,399)	1,527	26,287,351
Net income for the year ended December 31, 2010	-	-	-	-	5,447,654	-	-	-	-	5,447,654
Net loss not recognized as pension cost	-	-	-	-	-	-	(39,780)	-	-	(39,780)
Valuation adjustment of available-for-sale financial assets (notes 6 and 10)	-	-	-	-	-	-	-	949,698	-	949,698
Cumulative translation adjustments (note 9)	-	-	-	-	-	(705,526)	-	-	-	(705,526)
Additional paid-in capital from long-term investments under the equity method (note 9)	-	6,092	-	-	-	-	-	-	-	6,092
Balance on December 31, 2010	21,126,643	2,446,570	4,700,716	797,610	3,711,443	(936,857)	(275,462)	373,299	1,527	31,945,489
Net income for the year ended December 31, 2011	-	-	-	-	20,306	-	-	-	-	20,306
Appropriations of retained earnings (note 21) (Note):										
Legal reserve	-	-	371,144	-	(371,144)	-	-	-	-	-
Special reserve	-	-	-	39,883	(39,883)	-	-	-	-	-
Cash dividends	-	-	-	-	(2,244,084)	-	-	-	-	(2,244,084)
Stock dividends	1,056,332	-	-	-	(1,056,332)	-	-	-	-	-
Valuation adjustment of available-for-sale financial assets (notes 6 and 10)	-	-	-	-	-	-	-	(965,463)	-	(965,463)
Net loss not recognized as pension cost	-	-	-	-	-	-	7,400	-	-	7,400
Additional paid-in capital from long-term investments under the equity method (note 9)	-	-	-	-	-	186,791	-	-	-	186,791
Balance on December 31, 2011	<u>\$ 22,182,975</u>	<u>2,446,570</u>	<u>5,071,860</u>	<u>837,493</u>	<u>20,306</u>	<u>(750,066)</u>	<u>(268,062)</u>	<u>(592,164)</u>	<u>1,527</u>	<u>28,950,439</u>

Note: The directors' and supervisors' remuneration of \$33,678 and employees' bonuses of \$33,678 thousand have been recognized as operating expense.

WAN HAI LINES LTD.

Statements of Cash Flows

For the years ended December 31, 2011 and 2010
(expressed in thousands of New Taiwan dollars)

	2011	2010
Cash flows from operating activities:		
Net income	\$ 20,306	5,447,654
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,435,159	1,967,785
Amortization	95,634	79,430
Allowance (reversal of allowance) for inventory valuation	(18,842)	-
Investment gain under the equity method	(1,226,603)	(514,757)
Cash dividend from subsidiaries	6,545	-
Gain on disposal of fixed assets	(998,384)	(160,324)
Loss (gain) on disposal of available-for-sale financial asset	(74,956)	141,003
Unrealized foreign exchange loss (gain)	112,361	(215,910)
Deferred income tax expense	68,107	1,234,083
Changes in assets:		
Financial assets at fair value through profit or loss	94,199	145,661
Notes receivable	3,946	593
Accounts receivable	(743,945)	(503,765)
Accounts receivable — related parties	(107,913)	35,440
Other receivables	(253,049)	(141,140)
Fuels	192,345	(315,516)
Other current assets	589,654	(588,153)
Receivables from agents	1,694,347	(2,028,632)
Changes in liabilities:		
Financial liabilities at fair value through profit or loss	(568,145)	(1,051,491)
Accounts payable	(134,977)	1,615,512
Accounts payable — related parties	(33,961)	78,300
Income tax payable	(271,857)	74,642
Accrued expenses	(167,677)	303,714
Other current liabilities	287,735	52,376
Payables to agents	(117,279)	99,909
Accrued pension liability	(4,542)	5,221
Net cash provided by operating activities	<u>878,208</u>	<u>5,761,635</u>
Cash flows from investing activities:		
Increase in available-for-sale financial assets	(1,199,804)	(117,659)
Proceeds from sale of available-for-sale financial assets	469,728	1,788,918
Available-for-sale financial assets — proceeds from capital reduction	6,180	2,450
Increase in long-term investments under equity method	(89,557)	(30,000)
Increase in prepayment for long-term investments	-	(105,664)
Pyments for acquisition of fixed assets	(7,513,712)	(1,706,784)
Proceeds from sale of fixed assets	3,152,959	56,188
Increase in refundable deposits	(25,677)	(12,265)
Increase in deferred charges	(1,514)	-
Payment for intangible assets	(38,720)	(21,305)
Decrease in other receivable — related parties — financing accommodation	139,682	2,486,305
Net cash provided by (used in) investing activities	<u>(5,100,435)</u>	<u>2,340,184</u>
Cash flows from financing activities:		
Increase in bonds payable	10,400,000	-
Decrease in bonds payable	(3,000,000)	(3,000,000)
Increase in long-term loans	3,571,880	1,670,200
Repayment of long-term loans	(1,342,480)	(900,969)
Increase (decrease) in guarantee deposits	48,627	(3,133)
Cash dividends	(2,244,084)	-
Net cash provided by (used in) financing activities	<u>7,433,943</u>	<u>(2,233,902)</u>
Net increase in cash and cash equivalents	3,211,716	5,867,917
Cash and cash equivalents at beginning of year	16,680,813	10,812,896
Cash and cash equivalents at end of period	<u>\$ 19,892,529</u>	<u>16,680,813</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest (excluding capitalized interest)	\$ 134,710	113,632
Cash paid for income tax	\$ 572,190	424,099
Investing and financing activities not affecting cash flows:		
Current portion of long-term loans	\$ 1,757,057	1,163,336
Current portion of bonds payable	\$ -	3,000,000
Fixed assets classified into deferred charges	\$ 913	72,343
Valuation adjustments of available-for-sale financial assets	\$ (965,463)	949,698
Stockholder's equity from long-term investments under the equity method classified as capital surplus	\$ -	6,092
Recognition of deferred pension costs and net loss not recognized as pension cost	\$ (38,328)	324,472
Accumulated translation adjustments	\$ 186,791	(705,526)
Fixed assets classified into intangible assets	\$ 27,500	5,448
Investment activity affecting both cash and non-cash items:		
Payments for acquisition of fixed assets	\$ 7,160,691	2,059,805
Decrease (increase) in payables for purchase of equipment	353,021	(353,021)
Cash payment	\$ 7,513,712	1,706,784
Proceeds from sales of fixed assets	\$ 3,212,638	57,204
Increase in other current assets	(59,679)	(1,016)
Cash received	\$ 3,152,959	56,188

6.4.2 Notes to Financial Statements

December 31, 2011 and 2010

(expressed in thousands of New Taiwan dollars, unless otherwise specified)

1. Organization

Wan Hai Lines Ltd. (the Company) was incorporated as a company limited by shares on February 24, 1965. The Company is primarily involved in the business of international sea transportation, shipping agencies, container storage service, and the sale and rental of vessels and containers.

The Company set up branches in Taiwan (Keelung, Kaohsiung and Taichung) to function as shipping agencies and container freight stations.

The Company was approved by the former Securities and Futures Commission (now the Securities and Futures Bureau (SFB)) to have its stock publicly listed on the Taiwan Stock Exchange in May 1996.

As of December 31, 2011 and 2010, the Company had 955 and 943 employees, respectively.

2. Summary of Significant Accounting Policies

The financial statements of the Company have been prepared in the local currency and in Chinese. The 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 financial statements, the Chinese version shall prevail.

The Company prepared the accompanying financial statements in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China. Significant accounting policies and the measuring basis were as follows:

(1) Foreign currency transactions

The Company's reporting currency is the New Taiwan dollar. Non-derivative foreign currency transactions are recorded at the exchange rates prevailing at the transaction date. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into New Taiwan dollars using the exchange rates on that date. The resulting unrealized exchange gains or losses from such translations are reflected in the accompanying statements of income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the reporting currency at the foreign exchange rates at the balance sheet date. If the non-monetary assets or liabilities are measured at fair value through profit or loss, the resulting unrealized exchange gains or losses from such translation are reflected in the accompanying statements of income. If the non-monetary assets or liabilities are measured at fair value through stockholders' equity, the resulting unrealized exchange gains or losses from such translation are recorded as a separate component of stockholders' equity.

For long-term equity investments accounted for by the equity method, if the local currency is the functional currency, their foreign currency financial statements are translated into the Company's reporting currency. Translation adjustments resulting from the translation of foreign currency financial statements into the Company's reporting currency are accounted for as translation adjustment, a separate component of stockholders' equity. When the financial statements of a

foreign operation are translated into financial statements denominated in the reporting entity currency, the exchange rate as at the balance sheet date should be used for translating assets and liabilities. Stockholders' equity accounts should be translated at the historical rate except for the beginning balance of the retained earnings, which is carried at the translated amount of the last period. Dividends are translated at the spot rate of the declared date. Income statement accounts are translated at the weighted-average rate of the current period.

For long-term equity investments accounted for by the equity method, if the local currency is not the functional currency, a remeasurement of the financial statements into the functional currency is performed first, and the remeasuring differences are accounted for as exchange gains or losses in the statements of income.

(2) Use of estimates

The preparation of the accompanying financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

(3) Principles of classifying assets and liabilities as current and non-current

Cash or cash equivalents, and assets that will be held primarily for the purpose of trading or are expected to be realized within 12 months after the balance sheet date are classified as current assets; all other assets shall be classified as non-current.

Liabilities that will be held primarily for the purpose of being traded or are expected to be settled within 12 months after the balance sheet date are classified as current liabilities; all other liabilities shall be classified as non-current.

(4) Cash and cash equivalents

All highly liquid short-term investments that can be timely converted into a fixed amount of cash and for which a change in interest rate would not materially affect their value are considered to be cash equivalents, including bonds purchased under agreements to resell and commercial paper maturing within 3 months of the investment date.

(5) Financial instruments at fair value through profit or loss

(a) Financial assets

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition.

Financial instruments with fair value changes recognized in profit or loss should be measured at fair value. The fair value of an asset is the amount at which the asset could be purchased or sold in a current arm's-length transaction between willing parties. A quoted market price, if available, in an active market is the best evidence of fair value; however, if a quoted market price is not available, fair value should be estimated using the best information available in the circumstances or estimated using pricing models. Estimation of fair value is usually based on recent trading prices of such financial instruments and supplemented by related valuation techniques available.

The realized and unrealized gain or loss on financial instruments whose changes in fair value are recognized in earnings should be recognized in current year's net income or loss. Interest income (expense) received (paid) during the holding period are recorded under "interest income (expense)" and "gain (loss) on financial instruments at fair value through profit or loss", respectively. Financial instruments for trading purposes are acquired or issued principally for the purpose of selling or repurchasing them in the short term.

The Company designates derivatives as hedges of operating, financing and investment risk. Pursuant to this policy, the Company holds or issues derivatives for hedging purposes. The Company accounts for financial assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement"; derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value, with changes in fair value recognized in the income statement.

(b) Financial liabilities

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement".

Financial liabilities for trading purposes or whose changes in fair value are charged to profit or loss are recorded in financial liabilities at fair value through profit or loss. Financial liabilities should be classified as current and non-current; non-current financial liabilities should be recorded as financial liabilities at fair value through profit or loss under long-term liabilities. Financial liabilities for trading purposes are derivative contracts that are hedging instruments but are not accounted for under hedge accounting.

(6) Available-for-sale financial assets

The Company's purchases or sales of financial assets are recognized using trade-date accounting. Available-for-sale financial assets are mainly investments in domestic stocks or beneficiary certificates, and the transaction costs are recognized at fair value in addition to purchasing or issuing costs.

Available-for-sale financial assets are measured at fair value, and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss. If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized in earnings. If, in a subsequent period, the amount of the impairment loss decreases, then for equity securities, the previously recognized impairment loss is reversed to the extent of the decrease and recorded as an adjustment to equity; for debt securities, the amount of the decrease is recognized in profit or loss, provided that the decrease is clearly attributable to an event which occurred after the impairment loss was recognized.

Costs of available-for-sale financial assets are computed based on the weighted-average method, and the accumulated amount of unrealized gain (loss) under shareholders' equity is reversed and recorded as current net income or loss. Stock dividends received are recorded as additional shares instead of investment income. Cash dividends are recorded as dividend income at the ex-dividend date.

(7) Financial assets measured at cost

Financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at their original cost. If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. A subsequent reversal of such impairment loss is not allowed.

(8) Bond portfolios with inactive market

Bond portfolios with inactive market are those that do not have public quotes in an active market and are recorded at amortized cost. When there is objective evidence which indicates that bond

investments are impaired, impairment loss should be recognized. However, if there is any indication that the impairment loss recognized has decreased in a subsequent period, it should be reversed and recognized in current year's income. After reversal, the book value should not be greater than unamortized cost.

(9) Receivable financial assets

Allowance for doubtful accounts previously was estimated and calculated based on historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred in prior years.

Effective from January 1, 2011, the Company adopted the 3rd amendment of Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." In accordance with SFAS No. 34, receivables shall be measured at amortized cost using the effective interest method. The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event (e.g., repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through current profit or loss.

(10) Impairment of assets

The Company does not have goodwill. The Company assesses at each balance sheet date whether there is any indication that an asset (individual asset or cash-generating unit) may have been impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The Company recognizes impairment loss for an asset whose carrying value is higher than the recoverable amount.

The Company reverses an impairment loss recognized in prior periods for assets other than goodwill if there is any indication that the impairment loss recognized no longer exists or has decreased. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

(11) Fuels

Fuels are initially recorded at cost, which is determined by the FIFO method, and subsequently measured at the lower of cost or net realizable value at each individual item level, with the replacement cost representing net realizable value.

(12) Equity investments under equity method

Long-term investments are accounted for under the equity method when the percentage of ownership held by the Company and its subsidiaries exceeds 20%, or when the Company and its subsidiaries own less than 20% of the investee's common stock ownership but have significant influence on the investee's operation.

When a long-term investment under the equity method is sold, the difference between the cost and the selling price at the disposal date is recognized as gain (loss) from disposal of long-term equity investment. If there is any capital surplus resulting from long-term investments, the Company recognizes it as current income (loss) by the percentage sold.

Unrealized inter-affiliate profits or losses resulting from transactions between the Company and its subsidiaries and investees accounted for under the equity method are deferred until realized, or are amortized based on the useful lives of the assets that give rise to such unrealized profits or losses; other deferred gains or losses are recognized in the realized year.

If an investor company has significant influence but not control over an investee company, and if an investor company's share of an investee company's losses equals or exceeds the carrying amount of an investment accounted for under the equity method, plus advances made by an investor company, then the recognized investment losses shall be limited to the extent that makes the book value of a long-term investment and advances equal to zero. However, if any of the following conditions is met, the investor company shall continue to recognize investment losses in proportion to its stock ownership percentage:

- (a) the investor company intends to continue its support for the investee company, or
- (b) the investee company's losses are temporary and there exists sufficient evidence showing imminent return to profitable operations in the near future.

The resulting credit balance of the book value of a long-term equity investment and advances shall be treated as a liability on the balance sheet. If an investee company subsequently reports net income, an investor company shall resume applying the equity method only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

For investees which the Company has the ability to control, the Company recognizes fully investment losses when the equity in net assets of such investees is negative and the Company has a binding obligation to, and is able to, make good the losses. The investor company should recognize the losses of the investee; once the investee company starts to earn a profit, the profit should be recognized by the investor company under the equity method.

In addition to being accounted for under the equity method, investees which the Company has the ability to control should be included in the Company's quarterly, semiannual, and annual consolidated financial statements.

(13) Fixed assets

Land is stated at acquisition cost, which can be revaluated in accordance with related laws. Reserve for land appreciation tax is allocated and recorded as other liabilities. During a land transfer, both land revaluation increments and the reserves for land revaluation increment tax should be transferred with the acquisition cost of such land.

Fixed assets, except for land, are stated at acquisition cost, including capitalization of interest and certain expenses which were incurred in connection with the construction of a plant and the installation of machinery and equipment. Major renewals, additions and improvements are capitalized, while maintenance and repairs are expensed. Fixed assets without use value or left unused should be reclassified as idle assets, where the cost, cumulative depreciation, and cumulative impairment of such assets are all transferred to depreciation of idle assets.

The Company adopted Interpretation No. 340 of the Accounting Research and Development Foundation of the Republic of China, under which the cost of a fixed asset includes the estimated costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for a purpose other than to produce inventories during that period. Every component of the fixed asset that is significant in relation to its cost should be depreciated individually. The Company assesses the remaining useful lives, depreciation method, and residual value at least annually. Any changes in the above assumptions are accounted for as changes in accounting estimates.

Apart from land, useful lives of fixed assets were as follows:

Assets	Useful life
Buildings	43~56 years
Containers	3~8 years
Computer and communication equipment	3 years
Vessels	15~18 years
Privileged wharf equipment	3~5 years
Leasehold improvement	5 years
Furniture and fixtures	2~7 years
Leased assets	3~16 years

For operating lease under sale-leaseback, the gain or loss resulting from the sale of leased property is deferred and recorded as unrealized gain or loss on sale-leaseback and amortized over the leasing period.

(14) Intangible assets

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 37, "Intangible Assets". In accordance with SFAS No. 37, other than an intangible asset acquired by way of a government grant, which should be measured at its fair value, an intangible asset shall be measured initially at cost.

After initial recognition, an intangible asset shall be measured at its cost plus revaluation increment revalued in accordance with the related laws, less any accumulated amortization and any accumulated impairment losses.

The depreciable amount of an intangible asset is determined after deducting its residual value. Amortization is recognized as an expense on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Assets	Useful life
Computer software	3 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least at each fiscal year-end. Any changes shall be accounted for as changes in accounting estimates.

(15) Deferred charges

Costs of privileged wharf construction having future economic benefit are capitalized and amortized using the straight-line method over three to sixteen years.

(16) Pension

The Company set up an employee retirement plan in January 1981 covering all its regular employees (exclusive of crewmembers, certain contract employees, and temporary contract employees). Under this plan, all employees contributed 4% of their salaries to the employees' pension fund, and the Company deposited the same amount. After the Labor Standards Law was promulgated in August 1984, employees stopped contributing, and the part of the fund contributed by employees was returned to the employees. The part of the fund contributed by the Company will be paid to employees based on years of service before 1984 when they retire.

Under the defined benefit pension scheme under the Labor Standards Law, the employees' pensions are calculated based on the employees' years of service and average monthly salaries or wages during the year before retirement.

In accordance with the requirements of the ROC Labor Standards Law, the Company has contributed monthly payments of 15% of salaries and wages to a retirement fund maintained with Bank of Taiwan.

The R.O.C. Labor Pension Act (“the Act”), effective from July 1, 2005, adopts a defined contribution pension plan. In accordance with the Act, employees of the Company who were hired before July 1, 2005, may elect to be subject to either the Act and maintain their service years before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. Employees who are hired by the Company after July 1, 2005, are required to be covered by the pension plan as defined by the Act.

Pursuant to the Act, the Company contributed cash at the rate of 6% of gross salary of each employee to the Council of Labor Affairs. This contribution is recognized as pension expenses for the current period when the contribution is actually made.

For the defined benefit pension plan, the end of the fiscal year is the measurement date of the actuarial report. When the accumulated benefit obligation exceeds the fair value of plan assets, the difference is recognized as a minimum pension liability. Net periodic pension cost recognized includes the current service cost, net transition asset or obligation, prior service cost, and unrecognized gain (loss) on the pension plan, which is amortized on a straight-line basis over the expected average remaining service period.

In accordance with the R.O.C. Maritime Act, the vessel owners will pay to a crewmember a lump sum at the time of retirement. For a crewmember retiring at or after the age of 60 with minimum 10 years of service, the amount paid will equal fifteen months of salary. For each additional year of service, one and half months of salary will be added. According to the Maritime Act, if the member is 55 years of age and has 10 years of service, the owners will pay to the crewmember eighty-five percent of the full amount. After the R.O.C. Seafarer Act came into effect in 1999, the disbursement of a crewmember’s retirement fund was calculated following the R.O.C. Labor Standards Act and is subject to the pension scheme under the R.O.C. Labor Pension Act adopted by the Company on July 1, 2005.

(17) Income tax

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 22, “Accounting for Income Tax”. In accordance with SFAS No. 22, deferred tax liabilities are recognized for the tax consequences of taxable temporary differences by applying enacted statutory tax rates, and deferred tax assets are recognized for the tax consequences of deductible temporary differences, operating loss carryforwards, and tax credits. The allowance for deferred tax assets is based on the possibility of deferred tax assets being realized in future years.

Deferred income tax assets and liabilities are classified as current or non-current in accordance with the underlying assets or liabilities. Deferred income taxes not relating to assets or liabilities are classified as current or non-current according to the expected period of realization.

When the temporary differences will not be reversed in the foreseeable future, deferred tax assets or liabilities will not be recognized for the tax consequences of taxable differences on earnings from investing in foreign subsidiaries.

The items that are directly debited or credited to stockholders’ equity can be classified into two groups. First are those items that directly affect stockholders’ equity and are not included in the computation of net income. Therefore, they do not affect pretax financial income for the current period, but are, according to the tax laws, included in taxable income. Consequently, pretax financial income and taxable income differ. Second are those items that, according to the tax laws, are excluded from taxable income, but a difference between the tax basis and the book value of

the related asset or liability has occurred. When the related asset or liability is recovered or settled, a taxable or deductible amount will result; therefore, a taxable temporary difference should be properly recognized as deferred tax assets or liabilities.

Deferred income tax assets and liabilities are classified as current or non-current in accordance with the related assets or liabilities. Deferred income taxes not relating to assets or liabilities are classified as current or non-current according to the expected realization date of such deferred tax assets or liabilities.

When the basic income tax, which is calculated in accordance with the Basic Income Tax Act, is higher than the income tax calculated in accordance with the Income Tax Act, the difference is recorded in current income tax.

The 10% surtax on undistributed retained earnings is recognized as current expense in the reporting period of the stockholders' meeting resolution.

(18) Bonus to employees and remuneration to directors and supervisors

Employees' bonuses and directors' and supervisors' remuneration appropriated are accounted for by Interpretation (96) 052 issued by the Accounting Research and Development Foundation. The Company estimates the amount of employees' bonuses and directors' and supervisors' remuneration according to the Interpretation and recognizes it as expenses. Differences between the amount approved in the shareholders' meeting and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as current profit or loss.

(19) Revenue and cost recognition

Before freight arrives, revenues should be recognized as the estimated recoverable amount of cost incurred (zero-profit method). Unrecognized revenue will be recognized after freight arrives.

(20) Operating segment information

Effective from January 1, 2011, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 41, "Operating Segments". An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). The segment's operating results are reviewed regularly by the entity's chief operating decision maker to make decisions pertaining to the allocation of resources to the segment and to assess its performance for which discrete financial information is available.

The operating segment information is disclosed in the Company's consolidated financial statements in accordance with SFAS No. 41; therefore, the Company does not disclose segment information in individual financial statements.

(21) Earnings per share

Basic earnings per share are calculated based on the weighted-average number of common shares outstanding during the year. The effect on earnings per share from an increase in stock through stock dividends distributed from unappropriated earnings or capital surplus is computed retroactively.

Convertible corporate bonds and estimated bonus to employees are regarded as potential common stock. If potential common stock would dilute earnings per share, the Company has to disclose basic earnings per share and diluted earnings per share. The calculation of diluted earnings per share should consider the effect on net income and outstanding common stock from the potential common stock.

3. Reason for and Effect of Changes in Accounting Principle

Effective from January 1, 2011, the Company adopted the 3rd amendment of Statement of Financial Accounting Standards (SFAS) No. 34, “Financial Instruments: Recognition and Measurement”. The recognition, measurement, and impairment evaluation of receivables is subject to SFAS No. 34. The change in accounting principle did not have significant effect on the financial statements for the year ended December 31, 2011.

Effective from January 1, 2011, the Company adopted SFAS No. 41, “Operating Segments”. In accordance with SFAS No. 41, an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial impact of the business activities in which it engages and the economic environments in which it operates. The Company determines and presents the operating segments based on the information that is internally provided to the chief operating decision maker. This Standard supersedes SFAS No. 20, “Segment Reporting”. Such changes in accounting principle did not have significant impact on the financial statements for the year ended December 31, 2011.

4. Cash and Cash Equivalents

	December 31, 2011	December 31, 2010
Cash on hand	\$ 44,054	39,359
Demand deposits	586,339	687,437
Checking accounts	19,971	18,739
Time deposits	8,964,000	2,770,000
Foreign currency deposits—demand deposits	796,156	3,183,517
Foreign currency deposits—time deposits	9,474,173	9,974,234
Cash equivalents—money market deposit accounts— foreign currency	7,836	7,527
Total	<u>\$ 19,892,529</u>	<u>16,680,813</u>

5. Financial Assets at Fair Value through Profit or Loss—Current

As of December 31, 2011 and 2010, financial assets held for trading purposes were as follows:

	2011	2010
Structured time deposits	\$ 106,524	213,048
Add: valuation adjustment	<u>(5,503)</u>	<u>(17,828)</u>
	<u>\$ 101,021</u>	<u>195,220</u>

The above derivative financial instruments involving oil, foreign currency and interest rates are held for hedging, but hedge accounting is not applied.

6. Available-for-sale Financial Assets—Current

	December 31, 2011		
	Cost	Valuation adjustment	Fair value
Domestic listed stocks	<u>\$ 3,066,611</u>	<u>(415,592)</u>	<u>2,651,019</u>

December 31, 2010

	Cost	Valuation adjustment	Fair value
Domestic listed stocks	<u>\$ 2,267,759</u>	<u>367,248</u>	<u>2,635,007</u>

For the years ended December 31, 2011 and 2010, the details of movement of unrealized gain (loss) on available-for-sale financial assets—current were as follows:

	2011	2010
Beginning balance	\$ 367,248	(606,294)
Recognized in the period	(782,840)	973,542
Ending balance	<u>\$ (415,592)</u>	<u>367,248</u>

7. Long-term Equity Investments under Equity Method

As of December 31, 2011 and 2010, equity investments under equity method were as follows:

	Percentage of ownership	2011		Percentage of ownership	2010	
		Investment cost	Amount		Investment cost	Amount
Wan Hai Lines (Singapore) Pte Ltd	100.00	\$ 5,849,735	11,099,932	100.00	5,849,735	9,428,939
Wan Hai Lines (America) Ltd.	100.00	132,000	69,910	100.00	132,000	73,585
k.k. WH Corporation	100.00	7,141	15,090	100.00	7,141	14,644
Wan Hai Lines (Germany) GmbH	100.00	1,018	7,107	100.00	1,018	5,229
Tan Cang-Cai Mep International Terminal Co., Ltd. (Vietnam)	21.33	259,917	171,096	-	-	-
T.K. Logistics International Co., Ltd.	55.00	143,000	147,360	55.00	143,000	140,372
Bao Sheng Shipping Agency Co., Ltd.	70.01	30,000	41,222	70.01	30,000	37,273
		<u>\$ 6,422,811</u>	<u>11,551,717</u>		<u>6,162,894</u>	<u>9,700,042</u>

The above equity investments had not been provided as guarantee or pledge.

For the years ended December 31, 2011 and 2010, the Company's investment gain (loss) from long-term equity investments was as follows:

	2011	2010
Wan Hai Lines (Singapore) Pte Ltd	\$ 1,262,195	480,727
Wan Hai Lines (America) Ltd.	(6,409)	17,210
k.k. WH Corporation	(820)	738
Wan Hai Lines (Germany) GmbH	1,936	1,043
Tan Cang-Cai Mep International Terminal Co., Ltd. (Vietnam)	(47,781)	-
T.K. Logistics International Co., Ltd.	6,988	6,924
Bao Sheng Shipping Agency Co., Ltd.	10,494	8,115
	<u>\$ 1,226,603</u>	<u>514,757</u>

Bao Sheng Shipping Agency Co., Ltd. paid cash dividends in the year 2011, and the Company's long-term investment reduced by \$6,545.

The board of directors of the Company resolved to invest \$30,000 to establish Bao Sheng Shipping Agency Co., Ltd. The Company owned 100% of its outstanding shares.

Bao Sheng Shipping Agency Co., Ltd. resolved to increase its capital in cash in the year 2010, and the Company did not subscribe the shares in proportion to its existing ownership percentage. Due to the change in equity of Bao Sheng Shipping Agency Co., Ltd. and the capital surplus recognized by the subsidiary, the Company recognized capital surplus amounting to \$6,092.

The board of directors of the Company resolved to invest USD8,320 thousand in a joint venture to establish Tan Cang-Cai Mep International Terminal Co., Ltd. (Vietnam). The Company owned 21.33% of its outstanding shares. As of December 31, 2011 and 2010, the Company had remitted USD2,995 thousand and USD5,325 thousand, respectively, recorded in prepayment for long-term investment. The investment was completed on January 26, 2011, and the amount previously recorded in prepayment for long-term investment was transferred to long-term equity investments under equity method.

As of December 31, 2011 and 2010, the cumulative translation adjustments for subsidiaries were as follows:

	2011	2010
Wan Hai Lines (Singapore) Pte Ltd.	\$ (715,254)	(1,124,052)
Wan Hai Lines (America) Ltd.	(2,490)	(5,224)
k.k. WH Corporation	2,638	1,372
Wan Hai Lines (Germany) GmbH	(898)	(840)
Tan Cang-Cai Mep International Terminal Co., Ltd. (Vietnam)	<u>(41,040)</u>	<u>-</u>
	<u>\$ (757,044)</u>	<u>(1,128,744)</u>

8. Available-for-sale Financial Assets—Non-current

	December 31, 2011	December 31, 2010
Listed stocks—Shin Lin Paper Co., Ltd.	\$ 288,515	288,515
Add: valuation adjustment	<u>(63,623)</u>	<u>119,000</u>
	<u>\$ 224,892</u>	<u>407,515</u>

For the years ended December 31, 2011 and 2010, the details of movement of unrealized gain (loss) on available-for-sale financial assets—non-current were as follows:

	2011	2010
Beginning balance	\$ 119,000	142,844
Changes in this period	(182,623)	(23,844)
Ending balance	<u>\$ (63,623)</u>	<u>119,000</u>

9. Financial Assets Measured at Cos—Non-current

	December 31, 2011	December 31, 2010
Stock investments — Taipei Port Container Terminal Corp.	\$ 640,625	640,625
Stock investments — United Stevedoring Corporation	<u>7,813</u>	<u>7,813</u>
	<u>\$ 648,438</u>	<u>648,438</u>

10. Bond Portfolios with Inactive Market — Non-current

	December 31, 2011	December 31, 2010
Foreign bonds	<u>\$ 1,211,600</u>	<u>1,165,200</u>

11. Financial Liabilities at Fair Value through Profit or Loss—Current

As of December 31, 2011 and 2010, the details of financial liabilities for trading purposes were as follows:

	December 31, 2011	December 31, 2010
Exchange rate options	\$ 420,998	768,574
Exchange rate swaps	194,860	317,419
Interest rate swaps	42,334	140,344
	<u>\$ 658,192</u>	<u>1,226,337</u>

The above derivative financial liabilities were held for hedging, but hedge accounting was not applied.

12. Bonds Payable

The Company's bonds payable — domestic as of December 31, 2011 and 2010, were as follows:

	2011	2010
Straight bonds (the Ordinary Bonds)	\$ 10,400,000	3,000,000
Less: portion of bonds payable due within one year	<u>-</u>	<u>3,000,000</u>
	<u>\$ 10,400,000</u>	<u>-</u>

The Company issued domestic bonds in June 2011. The offering conditions were as follows:

(1) Issue amount

Up to NT\$7,500,000. There are two series of bonds categorized by the terms, one amounting to NT\$3,000,000 and the other to NT\$4,500,000.

(2) Nominal amount

Up to NT\$1,000.

(3) Issuance period

The issuance dates begin from June 22~24, 2011; the maturity periods for the two components are five and seven years.

(4) Issued price: at par value

(5) Nominal interest rate

1. Bond I: 1.65%
2. Bond II: 1.85%

(6) Payment of interest: payment each year.

Each \$1,000 of bond interest is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. Interest collected after the repayment date also excludes additional interest.

(7) Redemption on the Maturity Date

The Ordinary Bonds will be redeemed at par on the maturity date.

(8) Bond form:

No physical bonds were released; the bonds were registered with Taiwan Depository & Clearing Corp. (TDCC).

(9) Trustee

The trustee is Hua Nan Commercial Bank Ltd., which represents the bondholders' interest and executes the responsibility of monitoring the duties of the Company under the contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the Bank, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the normal hours of the Bank.

(10) Agency for payment of principal and interest

Hua Nan Commercial Bank Ltd., Cheng Tung Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

(11) Authorized affiliate: None

(12) Announcement

The related information can be acquired from the Market Observation Post System.

The Company issued domestic bonds in July 2011. The offering conditions were as follows:

(1) Issue amount

Up to NT\$2,900,000.

(2) Nominal amount

Up to NT\$1,000.

(3) Issuance period

The issuance dates begin from July 28, 2011; the maturity period is six years.

(4) Issued price: at par value

(5) Nominal interest rate: 1.75%.

(6) Payment of interest: payment each year.

Each \$1,000 of bond interest is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. Interest collected after the repayment date also excludes additional interest.

(7) Redemption on the Maturity Date

The Ordinary Bonds will be redeemed at par on the maturity date.

(8) Bond form:

No physical bonds were released; the bonds were registered with Taiwan Depository & Clearing Corp. (TDCC).

(9) Trustee

The trustee is Hua Nan Commercial Bank Ltd., which represents the bondholders' interest and executes the responsibility of monitoring the duties of the Company under the contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the Bank, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the normal hours of the Bank.

(10) Agency for payment of principal and interest

Land Bank of Taiwan Co., Ltd., Changan Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

(11) Authorized affiliate: None

(12) Announcement

The related information can be acquired from the Market Observation Post System.

All of the bonds payable issued in 2004 were redeemed in June 2011. The offering conditions were as follows:

(1) Issue amount

Up to NT\$9,000,000. There are three series of bonds categorized by the terms, each amounting to NT\$3,000,000. The three series are divided into six parts depending on the conditions and issue date, with each part amounting to NT\$500,000.

(2) Nominal amount

Up to NT\$10,000.

(3) Issuance period

The issuance dates begin from June 28~30, 2004; the maturity periods for the three components are five, six and seven years.

(4) Issued price: at par value

(5) Nominal interest rate

1. Bond I: 3.00%~4.35%

2. Bond II: 3.55%~4.45%

3. Bond III: 3.80%~4.31%

(6) Payment of interest: payment each half year.

The interest measurement date is set 2 days prior to a business day in London, and the interest is readjusted by 6M LIBOR calculated once from the initial date. The interest rate shall exceed 0%.

(7) Redemption on the Maturity Date

The Ordinary Bonds will be redeemed at par on the Maturity Date.

(8) Bond form: coupon bonds are anonymous unless holders apply separately.

Under the condition of loss, theft, or damage, holders shall apply for new coupon bonds according to procedures and be responsible for any costs incurred.

(9) Trustee

The trustee is Mega International Commercial Bank, Trust Department, which represents the bondholders' interest and executes the responsibility of monitoring the duties of the Company under contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the Bank, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the normal hours of the Bank.

(10) Agency for payment of principal and interest

Mega International Commercial Bank, Trust Department, including branches in Hsinchu, Taichung, and Kaohsiung, handles payments of principal and interest.

(11) Authorized affiliate: Mega International Commercial Bank, Trust Department

(12) Announcement

The related information can be acquired from the Market Observation Post System and national newspapers.

13. Pension Fund

The Company uses pension actuarial reports to assess its pension obligation.

The reconciliation between funded status and accrued pension cost as of December 31, 2011 and 2010, was as follows:

	December 31, 2011	December 31, 2010
Vested benefit:		
Vested benefit obligation	\$ (347,344)	(393,780)
Non-vested benefit obligation	(480,019)	(431,276)
Accumulated benefit obligation	(827,363)	(825,056)
Additional benefit based on future salaries	(317,872)	(321,211)
Projected benefit obligation	(1,145,235)	(1,146,267)
Fair value of plan assets	251,124	205,948
Funded status	(894,111)	(940,319)
Unrecognized net obligation	296,923	318,132
Unrecognized loss	542,775	563,232
Additional minimum pension liability	(521,826)	(560,154)
Accrued pension liability	<u>\$ (576,239)</u>	<u>(619,109)</u>
Net loss not recognized as pension cost	<u>\$ 268,062</u>	<u>275,462</u>

As of December 31, 2011 and 2010, the vested benefit of the employee retirement plan was \$405,649 and \$437,601, respectively.

The details of net periodic pension cost were as follows:

	2011	2010
Service cost	\$ 19,359	21,133
Interest cost	18,633	19,311
Expected return on plan assets	(5,195)	(5,174)
Amortization	25,285	19,829
Net periodic pension cost	<u>\$ 58,082</u>	<u>55,099</u>

Pension benefits obligation actuarial assumptions:

	2011	2010
Discount rate	2.25%	2.25%
Rate of increase in future salaries	3.00%	3.00%
Expected long-term rate of return on plan assets	2.25%	2.25%

As of and for the years ended December 31, 2011 and 2010, the pension details were as follows:

	2011	2010
Accrued pension liability	\$ <u>576,239</u>	<u>619,109</u>
Pension fund balance	\$ <u>251,124</u>	<u>205,948</u>
Pension expense:		
Defined benefit retirement plan	\$ 58,082	55,099
Defined contribution retirement plan	25,137	29,880
Retirement plan under Seafarer Act and Maritime Act	37,808	44,195
	<u>\$ 121,027</u>	<u>129,174</u>

14. Stockholders' Equity

(1) Capital surplus

According to the ROC Company Act prior to the new amendment in January 2012, capital surplus can only be used to offset accumulated deficit or to increase share capital using realized capital surplus. Capital surplus cannot be used for distributed of cash dividends. According to the new amendment of ROC Company Act, the aforementioned realized capital surplus includes the income derived from the issuance of new shares at a premium and the income from endowments received by the company. The share capital capitalized in any one year may not exceed a certain percentage for company increasing share capital under Regulations Governing the Offering and Issuance of Securities by Securities Issuers. The Company may only increase additional capital reserve from share capital may not be increased during the same fiscal year as additional share capital from cash premium on capital stock.

The Company's capital surplus as of December 31, 2011 and 2010, was as follows:

	December 31, 2011	December 31, 2010
Capital surplus-share premium		
Premium on capital stock	\$ 22,839	22,839
Paid-in capital in excess of par value through conversion	<u>2,407,676</u>	<u>2,407,676</u>
	<u>2,430,515</u>	<u>2,430,515</u>
Capital surplus—others		
Long-term equity investments	<u>16,055</u>	<u>16,055</u>
	<u>\$ 2,446,570</u>	<u>2,446,570</u>

(2) Legal reserve

According to the ROC Company Act prior to the new amendment in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. Legal reserve can only be used to offset deficits, and cannot be distributed as cash dividends. Up to one-half of legal reserve can be converted to share capital when it reaches an amount equal to one-half of issued share capital. According to the new amendment of ROC Company Act, where the Company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute legal reserve by issuing new shares or by cash. Only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

(3) Special reserve

In accordance with interpretation letter Tai-Cai-Zhang-(1)-100116 by the SFB, the Company should provide a special reserve from retained earnings for the stockholders' equity contra accounts, such as for unrealized loss on revaluation of financial instruments and cumulative foreign currency translation adjustment. However, if the special reserve of the stockholders' equity contra accounts is reversed, the reversed amount of the special reserve could be distributed as dividends.

(4) Appropriation of earnings

The industry of the Company is highly changeable and is capital intensive. The Company is in the stable growing stage. According to the Company's articles of incorporation, 10% of its annual net income after offsetting prior years' deficits and paying tax is to be set aside as a legal reserve, and special reserves are to be provided according to the regulations. Distribution of the remaining earnings will be as follows: (1) 1% as bonus to the employees, (2) 1% as remuneration to the directors and supervisors, and (3) 98% as dividends to the stockholders, with the cash dividend not less than 10% of the dividends to the stockholders. In consideration of future financing demands and the long-term finance plan, the Company's stockholders' meeting could adjust the retained earnings distribution percentages.

If the annual net income after income tax is insufficient for special reserve but there is prior years' accumulated income, the special reserve should be provided from prior years' earnings before distribution.

The net loss after tax of 2009 was accounted for as accumulated deficit and approved by the stockholders' meeting on June 18, 2010. The related information can be obtained on the website of the Market Observation Post System.

A legal reserve and a special reserve were appropriated from the net profit after tax of 2011. No bonuses or remuneration was distributed.

The appropriation of 2010 and 2009 earnings had been approved in the stockholders' meetings on June 24, 2011, and June 18, 2010, respectively. The appropriations and dividends per share were as follows:

	2010	2009
Dividends per share (in dollars)		
Cash dividends	\$ 1.06	-
Stock dividends	0.50	-
	<u>\$ 1.56</u>	<u>-</u>
Employees' cash bonus	\$ 33,678	-
Directors' and supervisors' remuneration	33,678	-
Total	<u>\$ 67,356</u>	<u>-</u>

The differences between the amounts of the 2010 earnings appropriation approved by the stockholders and those recognized in the financial statements were as follows:

	Approved by stockholders	Financial statements	Difference
Employees' cash bonus	\$ 33,678	32,989	689
Directors' and supervisors' remuneration	33,678	32,989	689
	<u>\$ 67,356</u>	<u>65,978</u>	<u>1,378</u>

The difference between the amount approved in the shareholders' meeting and that recognized in the financial statements was accounted for as changes in accounting estimate, and recognized as profit or loss in 2011.

The appropriation of the 2010 earnings was approved by the shareholders' meeting on June 24, 2011. Information on appropriations can be accessed through the website of the Market Observation Post System.

6.5 The 2011 Consolidated Financial Statements of WAN HAI LINES LTD.

6.5.1 Independent Auditors' Audit Report

The Board of Directors
Wan Hai Lines Ltd.

We have audited the accompanying consolidated balance sheets of Wan Hai Lines Ltd. and its subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended December 31, 2011 and 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of some subsidiaries and investee companies accounted for under the equity method, and the amounts for those subsidiaries and long-term equity investment accounted for under the equity method included in the consolidated financial statements were based on the financial statements of those investee companies audited by other auditors. Those subsidiaries' assets amounted to \$176,609 thousand and \$27,335,484 thousand, which represented 0.24% and 40.92% of total consolidated assets, as of December 31, 2011 and 2010, respectively. Those subsidiaries' net operating revenues amounted to \$36,252 thousand and \$5,765,058 thousand, which represented 0.05% and 8.34% of total consolidated operating revenues, for the years ended December 31, 2011 and 2010, respectively. Long-term equity investment accounted for by the equity method amounted to \$203,573 thousand and \$18,181 thousand, which represented 0.28% and 0.03% of total consolidated assets, as of December 31, 2011 and 2010, respectively, and related investment income (loss) amounted to \$(19,186) thousand and \$17,696 thousand, which represented 4.44% and 0.24% of the consolidated income before income tax, for the years ended December 31, 2011 and 2010, respectively.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Wan Hai Lines Ltd. and its subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

March 26, 2012

WAN HAI LINES LTD.

Consolidated Balance Sheets

December 31, 2011 and 2010

(expressed on thousands of New Taiwan dollars, except for per value)

	2011	2010
Current assets:		
Cash and cash equivalents (note 4)	\$ 23,887,501	19,957,433
Financial assets at fair value through profit or loss — current (note 5)	101,021	195,220
Available-for-sale financial assets — current (note 6)	2,651,019	2,635,007
Notes receivable	30,628	32,628
Accounts receivable	2,918,127	3,172,970
Accounts receivable — related parties	115,270	6,481
Other receivables	1,030,361	660,164
Fuels (note 7)	1,429,465	1,343,373
Receivables from agents (note 8)	882,718	1,875,855
Restricted assets	306	306
Other current assets	772,708	779,967
Total current assets	<u>33,819,124</u>	<u>30,659,404</u>
Investment:		
Long-term equity investments under equity method (note 9)	203,573	18,181
Other long-term investments	12,935	12,482
Prepayment for long-term investments (note 9)	-	170,360
Available-for-sale financial assets — non-current (note 10)	224,892	407,515
Financial assets measured at cost — non-current (note 11)	648,438	648,438
Bond portfolios with inactive market — non-current (note 12)	1,211,600	1,165,256
Long-term investments — net	<u>2,301,438</u>	<u>2,422,232</u>
Fixed assets (notes 13):		
Cost:		
Land	659,739	335,000
Buildings	1,121,126	904,750
Containers	16,424,692	14,857,298
Computer and communication equipment	384,240	217,602
Vessels	45,918,593	42,048,621
Privileged wharf equipment	956,990	956,807
Leasehold improvement	83,278	76,234
Furniture and fixtures	130,212	118,336
Leased assets	446,821	446,159
Revaluation increments	1,527	1,527
Cost and revaluation	<u>66,127,218</u>	<u>59,962,334</u>
Less: accumulated depreciation	34,604,228	29,984,053
Prepayments for equipment	4,056,774	2,400,042
Net fixed assets	<u>35,579,764</u>	<u>32,378,323</u>
Intangible assets:		
Deferred pension costs	474,331	535,854
Other intangible assets	72,862	32,986
Total intangible assets	<u>547,193</u>	<u>568,840</u>
Other Assets:		
Refundable deposits (note 14)	241,631	240,146
Deferred charges (note 15)	457,380	525,059
Deferred income tax assets — non-current (note 22)	3,361	1,825
Other assets	703	470
Total other assets	<u>703,075</u>	<u>767,500</u>
Total assets	<u>\$ 72,950,594</u>	<u>66,796,299</u>

	2011	2010
Current liabilities:		
Financial liabilities at fair value through profit or loss — current (note 17)	\$ 877,042	1,641,129
Accounts payable	5,634,190	5,673,051
Accounts payable — related parties	283,207	396,378
Income tax payable	19,945	309,730
Accrued expenses	1,206,978	939,067
Payables for purchase of equipment	-	353,021
Current portion of bonds payable	-	3,000,000
Current portion of long-term loans	3,472,078	2,504,011
Payables to agents (note 8)	41,884	62,627
Other current liabilities	<u>1,139,387</u>	<u>993,389</u>
Total current liabilities	<u>12,674,711</u>	<u>15,872,403</u>
Long-term liabilities:		
Financial liabilities at fair value through profit or loss — non-current	6,676,815	6,554,615
Bonds payable	10,400,000	-
Long-term loans	<u>12,190,202</u>	<u>10,216,083</u>
Total long-term liabilities	<u>29,267,017</u>	<u>16,770,698</u>
Other liabilities:		
Unrealized gain on sale and leaseback	443,177	611,564
Accrued pension liability	856,629	877,850
Guarantee deposits received	51,187	1,494
Deferred income tax liabilities — non-current	<u>544,639</u>	<u>560,328</u>
Total other liabilities	<u>1,895,632</u>	<u>2,051,236</u>
Total liabilities	<u>43,837,360</u>	<u>34,694,337</u>
Stockholders' equity (notes 6, 10, 13):		
Common stock — \$10 par value per share; 2,500,000 thousand shares authorized in 2011 and 2010; 2,218,297 thousand and 2,112,664 thousand shares issued as of December 31, 2011 and 2010, respectively	<u>22,182,975</u>	<u>21,126,643</u>
Capital surplus	<u>2,446,570</u>	<u>2,446,570</u>
Retained earnings:		
Legal reserve	5,071,860	4,700,716
Special reserve	837,493	797,610
Unappropriated earnings (accumulated deficit)	<u>20,306</u>	<u>3,711,443</u>
Total retained earnings	<u>5,929,659</u>	<u>9,209,769</u>
Other adjustments to stockholders' equity:		
Cumulative translation adjustments	(750,066)	(936,857)
Net loss not recognized as pension cost	(268,062)	(275,462)
Unrealized gain (loss) on financial instruments	(592,164)	373,299
Unrealized revaluation increment	<u>1,527</u>	<u>1,527</u>
Total other adjustments to stockholders' equity	<u>(1,608,765)</u>	<u>(837,493)</u>
Minority interest	<u>162,795</u>	<u>156,473</u>
Total stockholders' equity	<u>29,113,234</u>	<u>32,101,962</u>
Commitments and contingencies (note 16)		
Total liabilities and stockholders' equity	<u>\$ 72,950,594</u>	<u>66,796,299</u>

WAN HAI LINES LTD.
Consolidated Statements of Income

For the years ended December 31, 2011 and 2010
(expressed in thousands of New Taiwan dollars, except for earnings per share)

	2011	2010		
Net operating revenue	\$ 66,824,814	69,162,989		
Operating cost	<u>64,364,326</u>	<u>55,008,774</u>		
Gross profit	2,460,488	14,154,215		
Operating expenses	<u>2,785,760</u>	<u>4,167,027</u>		
Operating income	<u>(325,272)</u>	<u>9,987,188</u>		
Nonoperating income and gains:				
Interest income	194,907	98,245		
Investment income under the equity method (note 9)	-	17,696		
Gain on disposal of fixed assets	920,879	126,522		
Gain on disposal of investments, net	74,956	-		
Foreign exchange income, net	304,970	-		
Valuation gain on financial assets	772,391	1,546,045		
Other income	<u>273,481</u>	<u>280,991</u>		
	<u>2,541,584</u>	<u>2,069,499</u>		
Nonoperating expenses and losses:				
Interest expenses (note 13)	647,424	619,191		
Loss on disposal of fixed assets	1,853	57		
Loss on disposal of investment, net	-	141,003		
Investment loss under the equity method (note 9)	19,186	-		
Foreign exchange loss, net	-	1,159,119		
Valuation loss on financial liabilities	818,364	2,893,774		
Other losses	<u>297,187</u>	<u>663</u>		
	<u>1,784,014</u>	<u>4,813,807</u>		
Net income before income tax	432,298	7,242,880		
Income tax expenses	<u>399,990</u>	<u>1,781,419</u>		
Net income	<u>\$ 32,308</u>	<u>5,461,461</u>		
Attributable to				
Parent company	\$ 20,306	5,447,654		
Minority interest	<u>12,002</u>	<u>13,807</u>		
	<u>\$ 32,308</u>	<u>5,461,461</u>		
	Before tax	After tax	Before tax	After tax
Basic earnings per share (dollars)	<u>\$ 0.17</u>	<u>0.01</u>	<u>3.23</u>	<u>2.46</u>
Diluted earnings per share (dollars)	<u>\$ 0.17</u>	<u>0.01</u>	<u>3.23</u>	<u>2.45</u>

WAN HAI LINES LTD.

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2011 and 2010

(expressed in thousands of New Taiwan dollars)

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain (Loss) on Financial Instruments	Unrealized Revaluation Increment	Minority Interest	Total
Balance on January 1, 2010	\$ 21,126,643	2,440,478	4,700,716	797,610	(1,736,211)	(231,331)	(235,682)	(576,399)	1,527	147,768	26,435,119
Net income for the year ended December 31, 2010	-	-	-	-	5,447,654	-	-	-	-	13,807	5,461,461
Net loss not recognized as pension cost	-	-	-	-	-	-	(39,780)	-	-	-	(39,780)
Minority interest	-	-	-	-	-	-	-	-	-	(254)	(254)
Valuation adjustment of available-for-sale financial assets (notes 6 and 10)	-	-	-	-	-	-	-	949,698	-	-	949,698
Cumulative translation adjustments	-	-	-	-	-	(705,526)	-	-	-	(4,848)	(710,374)
Additional paid-in capital from long-term investments under the equity method	-	6,092	-	-	-	-	-	-	-	-	6,092
Balance on December 31, 2010	21,126,643	2,446,570	4,700,716	797,610	3,711,443	(936,857)	(275,462)	373,299	1,527	156,473	32,101,962
Net income for the year ended December 31, 2011	-	-	-	-	20,306	-	-	-	-	12,002	32,308
Appropriations of retained earnings	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	371,144	-	(371,144)	-	-	-	-	-	-
Special reserve	-	-	-	39,883	(39,883)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,244,084)	-	-	-	-	-	(2,244,084)
Stock dividends	1,056,332	-	-	-	(1,056,332)	-	-	-	-	-	-
Net loss not recognized as pension cost	-	-	-	-	-	-	7,400	-	-	-	7,400
Minority interest	-	-	-	-	-	-	-	-	-	(3,039)	(3,039)
Valuation adjustment of available-for-sale financial assets (notes 6 and 10)	-	-	-	-	-	-	-	(965,463)	-	-	(965,463)
Cumulative translation adjustments	-	-	-	-	-	186,791	-	-	-	(2,641)	184,150
Balance on December 31, 2011	<u>\$ 22,182,975</u>	<u>2,446,570</u>	<u>5,071,860</u>	<u>837,493</u>	<u>20,306</u>	<u>(750,066)</u>	<u>(268,062)</u>	<u>(592,164)</u>	<u>1,527</u>	<u>162,795</u>	<u>29,113,234</u>

Note: The directors' and supervisors' remuneration of \$33,678 and employees' bonuses of \$33,678 have been recognized as operating expense.

WAN HAI LINES LTD.
Consolidated Statements of Cash Flows

For the years ended December 31, 2011 and 2010
(expressed in thousands of New Taiwan dollars)

	2011	2010
Cash flows from operating activities:		
Net income	\$ 32,308	5,461,461
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,964,560	4,656,490
Amortization	98,670	81,607
Allowance (reversal of allowance) for inventory valuation	(18,842)	-
Investment loss (income) under the equity method	19,186	(17,696)
Cash dividend from subsidiary	16,417	9,508
Gain on disposal of fixed assets, net	(1,087,408)	(319,024)
Gain (loss) on disposal of available-for-sale assets	(74,956)	141,003
Unrealized foreign exchange loss	112,361	-
Deferred income tax expenses	63,422	1,232,660
Changes in assets:		
Financial assets at fair value through profit or loss	94,199	175,132
Notes receivable	2,000	325
Accounts receivable	254,843	(1,200,415)
Accounts receivable — related parties	(108,789)	7,810
Other receivables	(310,518)	(140,972)
Fuels	(67,250)	(315,516)
Other current assets	(260,021)	300,941
Receivables from agents	993,137	(884,871)
Changes in liabilities:		
Financial liabilities at fair value through profit or loss	(641,887)	(1,109,651)
Accounts payable	(38,861)	1,262,180
Accounts payable — related parties	(113,171)	101,288
Income tax payable	(289,785)	87,318
Accrued expenses	267,911	336,869
Other current liabilities	145,998	395,079
Accrued pension liability	47,702	4,365
Payables to agents	(20,743)	39,168
Net cash provided by operating activities	<u>4,080,483</u>	<u>10,305,059</u>
Cash flows from investing activities:		
Increase in available-for-sale financial assets	(1,199,804)	(117,659)
Proceeds from sale of available-for-sale financial assets	469,728	1,788,918
Available-for-sale financial assets — proceeds from capital reduction	6,180	2,450
Proceeds from sale of bond portfolios with inactive market	56	-
Increase in long-term investments under equity method	(89,557)	-
Increase in prepayment for long-term investment	-	(105,664)
Payments for acquisition of fixed assets	(9,955,521)	(1,797,336)
Proceeds from sale of fixed assets	3,154,468	105,076
Increase in refundable deposits	(1,485)	(39,139)

	2011	2010
Payment for deferred charges	(3,462)	(3,606)
Payment for intangible assets	(38,812)	(21,891)
Increase in other assets	(233)	19
Net cash used in investing activities	<u>(7,658,442)</u>	<u>(188,832)</u>
Cash flows from financing activities:		
Decrease in short-term loans	-	(626,138)
Increase in bonds payable	10,400,000	-
Decrease in bonds payable	(3,000,000)	(3,000,000)
Increase in long-term loans	5,232,455	2,515,762
Repayment of long-term loans	(2,704,882)	(3,148,511)
Increase (decrease) in guarantee deposits	49,693	(2,724)
Cash dividends paid	(2,244,084)	-
Change in minority interest	(3,039)	5,838
Net cash provided by (used in) financing activities	<u>7,730,143</u>	<u>(4,255,773)</u>
Effect of exchange rate changes	(222,116)	453,042
Net increase in cash and cash equivalents	3,930,068	6,313,496
Cash and cash equivalents at beginning of year	<u>19,957,433</u>	<u>13,643,937</u>
Cash and cash equivalents at end of period	<u>\$ 23,887,501</u>	<u>19,957,433</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest (excluding capitalized interest)	<u>\$ 603,888</u>	<u>616,737</u>
Cash paid for income tax	<u>\$ 627,834</u>	<u>458,780</u>
Investing and financing activities not affecting cash flows:		
Current portion of long-term loans	<u>\$ 3,472,078</u>	<u>2,504,011</u>
Current portion of bonds payable	<u>\$ -</u>	<u>3,000,000</u>
Fixed asset reclassified as deferred charges	<u>\$ 913</u>	<u>72,343</u>
Valuation adjustments of available-for-sale financial assets	<u>\$ (965,463)</u>	<u>949,698</u>
Accumulated translation adjustment	<u>\$ 186,791</u>	<u>(705,526)</u>
Recognition of deferred pension cost and net loss not recognized as pension cost	<u>\$ (68,923)</u>	<u>575,634</u>
Fixed assets reclassified as intangible assets	<u>\$ 27,500</u>	<u>5,448</u>
Investment activity affecting both cash and non-cash items:		
Payments for acquisition of fixed assets	\$ 9,602,500	2,150,357
Increase (decrease) in payables for purchase of equipment	353,021	(353,021)
Cash payment	<u>\$ 9,955,521</u>	<u>1,797,336</u>
Proceeds from sales of fixed assets	\$ 3,214,147	106,092
Increase in other receivables — sale of fixed assets	(59,679)	(1,016)
Cash received	<u>\$ 3,154,468</u>	<u>105,076</u>

6.5.2 Notes to Consolidated Financial Statements

December 31, 2011 and 2010
(expressed in thousands of New Taiwan dollars, unless otherwise specified)

1. Organization

Wan Hai Lines Ltd. (the Company) was incorporated as a company limited by shares on February 24, 1965. The Company is primarily involved in the business of international sea transportation, shipping agencies, container storage service, and the sale and rental of vessels and containers.

The Company set up branches in Taiwan (Keelung, Kaohsiung and Taichung) to function as shipping agencies and container freight stations.

The Company was approved by the former Securities and Futures Commission (now the Securities and Futures Bureau (SFB)) to have its stock publicly listed on the Taiwan Stock Exchange in May 1996.

The board of directors of the Company resolved to invest \$30,000 to establish Bao Sheng Shipping Agency Co., Ltd. The Company owned 100% of its outstanding shares. Bao Sheng Shipping Agency Co., Ltd. resolved to increase its capital in cash in the year 2010, and the Company did not subscribe to the shares in proportion to its existing ownership. Therefore, the Company's ownership percentage of Bao Sheng Shipping Agency Co., Ltd. was down to 70.01%.

The Consolidated Company incorporated Shenzhen Yong Chun International Shipping Management Co. Ltd. on January 22, 2010; the Consolidated Company owned 90% of the outstanding shares.

As of December 31, 2011 and 2010, the names of the Company's subsidiaries were as follows:

Investing company	Name of subsidiary	Activities	Directly or indirectly held percentage	
			2011	2010
The Company	Wan Hai Lines (Singapore) Pte Ltd (WHL-Singapore)	International freight transportation, acting as agent for transport affairs, vessel leasing, and container chartering	100.00	100.00
The Company	Wan Hai Lines (America) Ltd. (WHL-America)	International freight transportation and acting as agent for transport affairs	100.00	100.00
The Company	T.K. Logistics International Co., Ltd. (TK)	Managing container terminals and storage facilities	55.00	55.00
The Company	k.k. WH Corporation (WH Corporation)	Operating and managing of container yard and vessel leasing	100.00	100.00
The Company	Wan Hai Lines (Germany) GmbH (WHL-Germany)	International freight transportation and acting as agent for transport affairs	100.00	100.00

Investing company	Name of subsidiary	Activities	Directly or indirectly held percentage	
			2011	2010
The Company	Bao Sheng Shipping Agency Co., Ltd. (BS)	Maritime transportation and shipping agency services	70.01	70.01
WHL-Singapore	Wan Hai Line (M) Sdn. Bhd. (WHL-Malaysia)	International freight transportation and acting as agent for transport affairs	100.00	100.00
WHL-Singapore	Wan Hai Lines (H K) Limited (WHL-Hongkong)	International freight transportation and acting as agent for transport affairs	100.00	100.00
WHL-Singapore	Wan Hai Lines (Phils.), Inc. (WHL-Phils.)	International freight transportation and acting as agent for transport affairs	100.00	100.00
WHL-Singapore	Wan Hai Lines (Korea) Ltd. (WHL-Korea)	Acting as agent for transport affairs	100.00	100.00
WHL-Singapore	Wan Hai International Pte Ltd. (WHL-INTL.)	International freight transportation and acting as agent for transport affairs	100.00	100.00
WHL-Singapore	Yi Chun Shipping Agencies Sdn. Bhd. (Yi Chun)	International freight transportation and acting as agent for transport affairs	100.00	100.00
WHL-Singapore	Wan Hai Lines (Thailand) Limited (WHL-Thailand)	International freight transportation and acting as agent for transport affairs	49.00 (Note 1)	49.00 (Note 1)
WHL-INTL.	Wan Hai Lines (India) PVT Ltd. (WHL-India)	International freight transportation and acting as agent for transport affairs	100.00	100.00
WHL-Hongkong	Guangzhou Wan Hai I.T. and Network Ltd. (GWHIN)	Information software service	100.00	100.00
WHL-Hongkong	Dawin Logistics (International) Ltd. (DL)	Freight transportation, acting as agent for transport affairs, and investment	100.00	100.00
Dawin	Shenzhen Uniwin International Logistics (SUIL)	International freight transportation and acting as agent for transport affairs	100.00	90.00
Dawin	Shenzhen Asia World Logistics Ltd. (SAWL)	International freight transportation and acting as agent for transport affairs	100.00	100.00
Dawin	Blue Ocean Logistics (Shanghai) Ltd. (BOL)	International freight transportation and acting as agent for transport affairs	100.00	100.00
Shenzhen Uniwin	Shanghai Clipper International Shipping Agency Ltd (SCSA)	International freight transportation and acting as agent for transport affairs	49.00 (Note 2)	44.10
Shenzhen Uniwin	Shenzhen Yong Chun International Shipping Management Co., Ltd.	International shipping management	90.00	90.00

Note 1: As of December 31, 2011, the Consolidated Company did not directly or indirectly hold over one half of the voting rights of WHL-Thailand; however, the subsidiary WHL-Singapore occupies three of five seats on the board of WHL-Thailand. As a result, WHL-Singapore has direct control of WHL Thailand.

Note 2: As of December 31, 2011, the Consolidated Company did not directly or indirectly hold over one half of the voting rights of CISA; however, the Consolidated Company occupies four of five seats on the board of CISA. As a result, the Consolidated Company has direct control of CISA.

As of December 31, 2011 and 2010, the Company and its subsidiaries (the Consolidated Company) had 3,768 and 3,685 employees, respectively.

2. Summary of Significant Accounting Policies

The 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 consolidated financial statements, the Chinese version shall prevail.

The Company prepared the accompanying consolidated financial statements in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China. Significant accounting policies and the measuring basis were as follows:

(1) Basis of preparation of consolidated financial statements

The companies in which the Consolidated Company owns more than 50% of the voting stock or which the Consolidated Company has the power to control are classified as subsidiaries. All above subsidiaries mentioned as note 1 and the Company were included in the consolidated financial statements, and the Company had no subsidiary which not included in the consolidated financial statements.

All material inter-company transactions have been eliminated in the consolidated financial statements.

(2) Foreign currency transactions

Non-derivative foreign currency transactions are recorded at the exchange rates prevailing at the transaction date. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into New Taiwan dollars using the exchange rates on that date. The resulting unrealized exchange gains or losses from such translations are reflected in the accompanying statements of income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the reporting currency at the foreign exchange rates at the balance sheet date. If the non-monetary assets or liabilities are measured at fair value through profit or loss, the resulting unrealized exchange gains or losses from such translation are reflected in the accompanying statements of income. If the non-monetary assets or liabilities are measured at fair value through stockholders' equity, the resulting unrealized exchange gains or losses from such translation are recorded as a separate component of stockholders' equity.

The Company's reporting currency is the New Taiwan dollar. The functional currency is used as the reporting currency for subsidiaries overseas. Exchange gains or losses resulting from the translation

process should be recorded as translation adjustments, which are included as a separate component of stockholder's equity. Assets and liabilities should be translated at the current rate at the balance sheet date. Stockholders' equity accounts should be translated at the historical rate except for the beginning balance of the retained earnings, which is the ending balance for the previous period. Dividends are translated at the spot rate of the declared date. Income statement accounts are translated at the weighted-average rate of the current period.

(3) Use of estimates

The preparation of the accompanying financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

(4) Principles of classifying assets and liabilities as current and non-current

Cash or cash equivalents, and assets that will be held primarily for the purpose of trading or are expected to be realized within 12 months after the balance sheet date are classified as current assets; all other assets shall be classified as non-current.

Liabilities that will be held primarily for the purpose of being traded or are expected to be settled within 12 months after the balance sheet date are classified as current liabilities; all other liabilities shall be classified as non-current.

(5) Cash and cash equivalents

All highly liquid investments that can be timely converted into a fixed amount of cash and for which a change in interest rate would not materially affect their value are considered to be cash equivalents, including bonds purchased under the agreements to resell and commercial paper maturing within 3 months of the investment date.

(6) Financial instruments at fair value through profit or loss

(a) Financial assets

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition.

Financial instruments with fair value changes recognized in profit or loss should be measured at fair value. The fair value of an asset is the amount at which the asset could be purchased or sold in a current arm's-length transaction between willing parties. A quoted market price, if available, in an active market is the best evidence of fair value; however, if a quoted market price is not available, fair value should be estimated using the best information available in the circumstances or estimated using pricing models. Estimation of fair value is usually based on recent trading prices of such financial instruments and supplemented by related valuation techniques available.

The realized and unrealized gain or loss on financial instruments whose changes in fair value are recognized in earnings should be recognized in current year's net income or loss. Interest income (expense) received (paid) during the holding period are recorded under "interest income (expense)" and "gain (loss) on financial instruments at fair value through profit or loss", respectively. Financial instruments for trading purposes are acquired or issued principally for the purpose of selling or repurchasing them in the short term.

The Consolidated Company designates derivatives as hedges of operating, financing and investment risk. Pursuant to this policy, the Consolidated Company holds or issues derivatives for hedging purposes. The Consolidated Company accounts for financial assets in accordance

with Statement of Financial Accounting Standards (SFAS) No. 34, “Financial Instruments: Recognition and Measurement”; derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value, with changes in fair value recognized in the income statement.

(b) Financial liabilities

The Consolidated Company adopted Statement of Financial Accounting Standards (SFAS) No. 34, “Financial Instruments: Recognition and Measurement”.

Financial liabilities for trading purposes or whose changes in fair value are charged to profit or loss are recorded in financial liabilities at fair value through profit or loss. Financial liabilities should be classified as current and non-current; non-current financial liabilities should be recorded as financial liabilities at fair value through profit or loss under long-term liabilities. Financial liabilities for trading purposes are derivative contracts that are hedging instruments but are not accounted for under hedge accounting.

(7) Available-for-sale financial assets

The Consolidated Company’s purchases or sales of financial assets are recognized using trade-date accounting. Available-for-sale financial assets are mainly investments in domestic stocks or beneficiary certificates, and the transaction costs are recognized at fair value in addition to purchasing or issuing costs.

Available-for-sale financial assets are measured at fair value, and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss. If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized in earnings. If, in a subsequent period, the amount of the impairment loss decreases, then for equity securities, the previously recognized impairment loss is reversed to the extent of the decrease and recorded as an adjustment to equity; for debt securities, the amount of the decrease is recognized in profit or loss, provided that the decrease is clearly attributable to an event which occurred after the impairment loss was recognized.

Costs of the available-for-sale financial assets are computed based on the weighted-average method, and the accumulated amount of unrealized gain (loss) under shareholders’ equity is reversed and recorded as current net income or loss. Stock dividends received are recorded as additional shares instead of investment income. Cash dividends are recorded as dividend income at the ex-dividend date.

(8) Financial assets measured at cost

Financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at their original cost. If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. A subsequent reversal of such impairment loss is not allowed.

(9) Bond portfolios with inactive market

Bond portfolios with inactive market are those that do not have public quotes in an active market and are recorded at amortized cost. When there is objective evidence which indicates that bond investments are impaired, impairment loss should be recognized. However, if there is any

indication that the impairment loss recognized has decreased in a subsequent period, it should be reversed and recognized in current year's income. After reversal, the book value should not be greater than unamortized cost.

(10) Receivable financial assets

Allowance for doubtful accounts previously was estimated and calculated based on historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred in prior years.

Effective from January 1, 2011, the Consolidated Company adopted the 3rd amendment of Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." In accordance with SFAS No. 34, receivables shall be measured at amortized cost using the effective interest method. The Consolidated Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event (e.g., repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through current profit or loss.

(11) Impairment of non-financial assets

The Consolidated Company does not have goodwill. The Consolidated Company assesses at each balance sheet date whether there is any indication that an asset (individual asset or cash-generating unit) may have been impaired. If any such indication exists, the Consolidated Company estimates the recoverable amount of the asset. The Consolidated Company recognizes impairment loss for an asset whose carrying value is higher than the recoverable amount.

The Consolidated Company reverses an impairment loss recognized in prior periods for assets other than goodwill if there is any indication that the impairment loss recognized no longer exists or has decreased. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

(12) Fuels

Fuels are initially recorded at cost, which is determined by the FIFO method, and subsequently measured at the lower of cost or net realizable value at each individual item level, with the replacement cost representing net realizable value.

(13) Equity investments under equity method

Long-term investments are accounted for under the equity method when the percentage of ownership held by the Company and its subsidiaries exceeds 20%, or when the Company and its subsidiaries own less than 20% of the investee's common stock ownership but have significant influence on the investee's operation.

When a long-term investment under the equity method is sold, the difference between the cost and the selling price at the disposal date is recognized as gain (loss) from disposal of long-term equity investment. If there is any capital surplus resulting from long-term investments, the Consolidated Company recognizes it as current income (loss) by the percentage sold.

Unrealized inter-affiliate profits or losses resulting from transactions between the Consolidated Companies and investees accounted for under the equity method are deferred until realized, or are amortized based on the useful lives of the assets that give rise to such unrealized profits or losses; other deferred gains or losses are recognized in the realized year.

If an investor company has significant influence but not control over an investee company, and if an investor company's share of an investee company's losses equals or exceeds the carrying amount of an investment accounted for under the equity method, plus advances made by an investor company, then the recognized investment losses shall be limited to the extent that makes the book value of a long-term investment and advances equal to zero. However, if any of the following conditions is met, the investor company shall continue to recognize investment losses in proportion to its stock ownership percentage:

- (a) The investor company intends to continue its support for the investee company, or
- (b) The investee company's losses are temporary and there exists sufficient evidence showing imminent return to profitable operations in the near future.

The resulting credit balance of the book value of a long-term equity investment and advances shall be treated as a liability on the balance sheet. If an investee company subsequently reports net income, an investor company shall resume applying the equity method only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

For investees which the Company has the ability to control, the Company recognizes fully investment losses when the equity in net assets of such investees is negative and the Company has a binding obligation to, and is able to, make good the losses. The investor company should recognize the losses of the investee; once the investee company starts to earn a profit, the profit should be recognized by the investor company under the equity method.

(14) Fixed assets and related depreciation

Land is stated at acquisition cost, which can be revaluated in accordance with related laws. Reserve for land appreciation tax is allocated and recorded as other liabilities. During a land transfer, both land revaluation increments and the reserves for land revaluation increment tax should be transferred with the acquisition cost of such land.

Fixed assets, except for land, are stated at acquisition cost, including capitalization of interest and certain expenses which were incurred in connection with the construction of a plant and the installation of machinery and equipment. Major renewals, additions and improvements are capitalized, while maintenance and repairs are expensed. Fixed assets without use value or left unused should be reclassified as idle assets, where the cost, cumulative depreciation, and cumulative impairment of such assets are all transferred to depreciation of idle assets.

Effective November 20, 2008, the Company adopted Interpretation No. 340 of the Accounting Research and Development Foundation of the Republic of China, under which the cost of a fixed asset includes the estimated costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for a purpose other than to produce inventories during that period. Every component of the fixed asset that is significant in relation to its cost should be depreciated individually. The Company assesses the remaining useful lives, depreciation method, and residual value at least annually. Any changes in the above assumptions are accounted for as changes in accounting estimates.

Apart from land, useful lives of fixed assets were as follows:

Assets	The Company	Subsidiaries
Buildings	43~56 years	30 years
Containers	3~8 years	2~16 years
Computer and communication equipment	3 years	3~10 years
Vessels	15~18 years	2~22 years
Privileged wharf equipment	3~5 years	3~15 years
Leasehold improvement	5 years	3~10 years
Furniture and fixtures	2~7 years	3~13 years
Leased assets	3~16 years	3~30 years

For operating lease under sale-leaseback, the gain or loss resulting from the sale of leased property is deferred and recorded as unrealized gain or loss on sale-leaseback and amortized over the leasing period.

(15) Intangible assets

The Consolidated Company adopted Statement of Financial Accounting Standards (SFAS) No. 37, "Intangible Assets". In accordance with SFAS No. 37, other than an intangible asset acquired by way of a government grant, which should be measured at its fair value, an intangible asset shall be measured initially at cost.

After initial recognition, an intangible asset shall be measured at its cost plus revaluation increment revalued in accordance with the related laws, less any accumulated amortization and any accumulated impairment losses.

The depreciable amount of an intangible asset is determined after deducting its residual value. Amortization is recognized as an expense on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Assets	Useful life
Computer software	3 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least at each fiscal year-end. Any changes shall be accounted for as changes in accounting estimates.

(16) Deferred charges

The cost of privileged wharf construction having future economic benefit is capitalized and amortized using the straight-line method over three to sixteen years.

(17) Pension

The Company set up an employee retirement plan in January 1981 covering all its regular employees (exclusive of crewmembers, certain contract employees, and temporary contract employees). Under this plan, all employees contributed 4% of their salaries to the employees' pension fund, and the Company deposited the same amount. After the Labor Standards Law was promulgated in August 1984, employees stopped contributing, and the part of the fund contributed by employees was returned to the employees. The part of the fund contributed by the Company will be paid to employees based on years of service before 1984 when they retire.

Under the defined benefit pension scheme under the Labor Standards Law, the employees' pensions are calculated based on the employees' years of service and average monthly salaries or wages during the year before retirement.

In accordance with the requirements of the Labor Standards Law, the Company has contributed monthly payments of 15% of salaries and wages to a retirement fund maintained with Bank of Taiwan.

The ROC Labor Pension Act ("the Act"), effective from July 1, 2005, adopts a defined contribution pension plan. In accordance with the Act, employees of the Company who were hired before July 1, 2005, may elect to be subject to either the Act and maintain their service years before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. Employees who are hired by the Company after July 1, 2005, are required to be covered by the pension plan as defined by the Act. For employees subject to this Act, the Company is required to make monthly cash contributions to the employees' individual pension accounts at the rate of not less than 6% of the employees' monthly wages and to deposit the contribution in a personal retirement benefit account.

Pursuant to the Act, the Company contributed cash at the rate of 6% of gross salary of each employee to the Council of Labor Affairs. This contribution is recognized as pension expenses for the current period when the contribution is actually made.

For the defined benefit pension plan, the end of the fiscal year is the measurement date of the actuarial report. When the accumulated benefit obligation exceeds the fair value of plan assets, the difference is recognized as a minimum pension liability. Net periodic pension cost recognized includes the current service cost, net transition asset or obligation, prior service cost, and unrecognized gain (loss) on the pension plan, which is amortized on a straight-line basis over the expected average remaining service period.

In accordance with the ROC Maritime Act, the vessel owners will pay to a crewmember a lump sum at the time of retirement. For a crewmember retiring at or after the age of 60 with minimum 10 years of service, the amount paid will equal fifteen months of salary. For each additional year of service, one and half months of salary will be added. According to the Maritime Act, if the member is 55 years of age and has 10 years of service, the owners will pay to the crewmember eighty-five percent of the full amount. After the ROC Seafarer Act came into effect in 1999, the disbursement of a crewmember's retirement fund was calculated following the ROC Labor Standards Act and is subject to the pension scheme under the ROC Labor Pension Act adopted by the Company on July 1, 2005.

In accordance with local law and regulations, the employee pension plans of the consolidated subsidiaries are defined contribution pension plans, and the consolidated subsidiaries make contributions at the rate required.

(18) Income tax

The Consolidated Company adopted Statement of Financial Accounting Standards (SFAS) No. 22, "Accounting for Income Tax". In accordance with SFAS No. 22, deferred tax liabilities are recognized for the tax consequences of taxable temporary differences by applying enacted statutory tax rates, and deferred tax assets are recognized for the tax consequences of deductible temporary differences, operating loss carryforwards, and tax credits. The allowance for deferred tax assets is based on the possibility of deferred tax assets being realized in future years.

Deferred income tax assets and liabilities are classified as current or non-current in accordance with the underlying assets or liabilities. Deferred income taxes not relating to assets or liabilities are classified as current or non-current according to the expected period of realization.

When the temporary differences will not be reversed in the foreseeable future, deferred tax assets or liabilities will not be recognized for the tax consequences of taxable differences on earnings from investing in foreign subsidiaries.

The items that are directly debited or credited to stockholders' equity can be classified into two groups. First are those items that directly affect stockholders' equity and are not included in the computation of net income. Therefore, they do not affect pretax financial income for the current period, but are, according to the tax laws, included in taxable income. Consequently, pretax financial income and taxable income differ. Second are those items that, according to the tax laws, are excluded from taxable income, but a difference between the tax basis and the book value of the related asset or liability has occurred. When the related asset or liability is recovered or settled, a taxable or deductible amount will result; therefore, a taxable temporary difference should be properly recognized as deferred tax assets or liabilities.

Deferred income tax assets and liabilities are classified as current or non-current in accordance with the related assets or liabilities. Deferred income taxes not relating to assets or liabilities are classified as current or non-current according to the expected the realization date of such deferred tax assets or liabilities.

When the basic income tax, which is calculated in accordance with Basic Income Tax Act, is higher than the income tax calculated in accordance with the Income Tax Act, the difference is recorded in current income tax.

The 10% surtax on undistributed retained earnings is recognized as current expense in the reporting period of the stockholders' meeting resolution.

Tax expenses of the consolidated subsidiaries are according to the local tax law of each of the consolidated subsidiaries. Tax expense of the Consolidated Company is the sum of tax expenses of the consolidated entities.

(19) Bonus to employees and remuneration to directors and supervisors

Employees' bonuses and directors' and supervisors' remuneration are accounted for by Interpretation (96) 052 issued by the Accounting Research and Development Foundation. The Consolidated Company estimates the amount of employees' bonuses and directors' and supervisors' remuneration according to the Interpretation and recognizes it as expenses. Differences between the amount approved in the shareholders' meeting and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as current profit or loss.

(20) Revenue and cost recognition

Before freight arrives, revenues should be recognized as the estimated recoverable amount of cost incurred (zero-profit method). Unrecognized revenue will be recognized after freight arrives.

(21) Operating segment information

Effective from January 1, 2011, the Consolidated Company adopted Statement of Financial Accounting Standards (SFAS) No. 41, "Operating Segments". An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). The segment's operating results are reviewed regularly by the entity's chief operating decision maker to make decisions pertaining to the allocation of the resources to the segment and to assess its performance for which discrete financial information is available.

(22) Earnings per share

Basic earnings per share are calculated based on the weighted-average number of common shares outstanding during the year. The effect on earnings per share from an increase in stock through stock dividends distributed from unappropriated earnings or capital surplus is computed retroactively.

Convertible corporate bonds and estimated bonus to employees are regarded as potential common stock. If potential common stock would dilute earnings per share, the Company has to disclose basic earnings per share and diluted earnings per share. The calculation of diluted earnings per share should consider the effect on net income and outstanding common stock from the potential common stock.

3. Reason for and Effect of Changes in Accounting Principle

Effective from January 1, 2011, the Company adopted the 3rd amendment of Statement of Financial Accounting Standards (SFAS) No. 34, “Financial Instruments: Recognition and Measurement”. The recognition, measurement, and impairment evaluation of receivables is subject to SFAS No. 34. The change in accounting principle did not have significant effect on the financial statements as of and for the year ended December 31, 2011.

Effective from January 1, 2011, the Consolidated Company adopted SFAS No. 41, “Operating Segments”. In accordance with SFAS No. 41, an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial impact of the business activities in which it engages and the economic environments in which it operates. The Consolidated Company determines and presents the operating segments based on the information that is internally provided to the chief operating decision maker. This Standard supersedes SFAS No. 20, “Segment Reporting”. Such changes in accounting principle did not have significant impact on the consolidated financial statements for the year ended December 31, 2011.

6.6 The financial difficulties encountered by the company and its affiliates during the past year and up to the annual report publishing date: None



Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Unit: TWD thousand; for %

Item	Year	2011	2010	Difference	
				Amounts	%
Current assets		29,822,523	28,393,576	1,428,947	5.03
Long-term investment		13,636,647	12,091,555	1,545,092	12.78
Fixed assets		12,037,781	9,662,230	2,375,551	24.59
Other assets		661,200	703,582	(42,382)	(6.02)
Total assets		56,482,105	51,164,753	5,317,352	10.39
Current liabilities		8,900,837	12,666,298	(3,765,461)	(29.73)
Long-term liabilities		17,264,300	5,069,860	12,194,440	240.53
Other liabilities		1,366,529	1,483,106	(116,577)	(7.86)
Total liabilities		27,531,666	19,219,264	8,312,402	43.25
Common stock		22,182,975	21,126,643	1,056,332	5.00
Capital surplus		2,446,570	2,446,570	0	0.00
Retained earnings		5,929,659	9,209,769	(3,280,110)	(35.62)
Total stockholders' equity		28,950,439	31,945,489	(2,995,050)	(9.38)

Illustration for significant variance

1. The increase in other liabilities is mainly due to the issue of ordinary unsecured bond of 2011, totaling TWD 10,400,000,000.

7.2 Analysis of operation results

Comparative analysis of operation results

Unit: TWD thousand ;%

Item	Year	2011		2010		Increase (Decrease)	Variation percentage (%)
		Subtotal	Total	Subtotal	Total		
Operating revenue		62,771,353		64,765,882		(1,994,529)	(3)
Less: operating income return		<u>73,428</u>		<u>53,819</u>		19,609	36
Net operating revenue			62,697,925		64,712,063	(2,014,138)	(3)
Operating cost			<u>63,027,657</u>		<u>54,549,888</u>	8,477,769	16
Gross profit			(329,732)		10,162,175	(10,491,907)	(103)
Operating expense			<u>1,636,880</u>		<u>1,734,274</u>	(97,394)	(6)
Operating income			(1,966,612)		8,427,901	(10,394,513)	(123)

Item	Year	2011		2010		Increase (Decrease)	Variation percentage (%)
		Subtotal	Total	Subtotal	Total		
Non-operating income and gain			3,310,412		1,900,419	1,409,993	74
Non-operating expenses and loss			963,825		3,154,477	(2,190,652)	(69)
Net income before income tax			379,975		7,173,843	(6,793,868)	(95)
Less: income tax expenses			<u>359,669</u>		<u>1,726,189</u>	(1,366,520)	(79)
Net income after income tax			<u>\$ 20,306</u>		<u>\$ 5,447,654</u>	(5,427,348)	(100)

Note: Illustration for variation for the past two years

1. The main reason for the decrease of the gross profit rate and the operating profit in 2011 was the decrease in freight price and the increase in operating cost due to rise in oil price.

7.3 Analysis of cash flow

7.3.1 Analysis of short-term liquidity for the last two years

Items	Year	2011	2010	Increase(Decrease) (%)
Cash flow ratio		9.87	45.49	-78.30%
Cash flow adequacy ratio		65.72	118.45	-44.52%
Cash re-investment ratio		-2.22	11.27	-119.70%

Analysis of increase/decrease ratios:

The global economic resulted in a decrease in cash inflow from operating activities and the decrease resulted in the drop of cash flow ratio, cash flow adequacy ratio, and cash re-investment ratio.

7.3.2 Analysis of cash flow for the next year

Unit: TWD thousand

Cash as of beginning of the year	Cash inflow from operating activities	Cash outflow for the whole year	cash surplus (inefficiency)	Projected countermeasures for the shortage of cash	
				Investment Plans	Financial Plans
19,892,529	3,388,069	305,098	23,585,696	-	-

1. Analysis of cash flow for this year:

- (1) Operating activities: Expected demand and the average ocean freight rate will have a minor downward correction in the next coming year, so the Company estimated that the cash inflow from operating activities is TWD 3,388,069,000.
- (2) Investing activities: Planning to dispose the fixed assets in the next coming year, the Company estimated that the cash inflow from investment activities is TWD 1,543,559,000.
- (3) Financing activities: Under the influence of repaying loan in the next coming year, the Company estimated that the cash outflow from financing activities is TWD 1,757,058,000.
- (4) Measures for insufficient cash and analysis for liquidity: Not applicable.

7.4 Major Capital Expenditure Items

7.4.1 The detail and funding source of significant capital expenditure

Unit: TWD thousand

Project Item	Actual or expected funding source	Actual or expected completion date	Total amounts needed	Actual or expected capital expenditure (Note1)						
				2008	2009	2010	2011	2012	2013	2014
Purchasing vessels Purchasing containers Investing terminal	Loans: Internal Funds: Capital Market Funds	New Vessel: 2 full-container vessels in year 2009 2 full-container vessels in year 2011 9 full-container vessels in year 2012 3 full-container vessels in year 2013 Investing terminal Purchasing containers	30,019,465	6,556,652	1,557,261	2,165,637	6,658,287	9,941,698	4,086,014	-

NOTE 1: Including subsidiary company, Wan Hai Lines (Singapore) Pte Ltd., into the planning on actual / forecast of working capital.

7.4.2 Predicted benefits

Two new full-container vessels with capacities of 1,805 TEU:

1. One new full-container vessel is deployed in the service routes of HKHKG–CNNSS-CNSKU-MYPKG-INMAA-MYPEN-MYPKG-SGSIN-CNYTN-HKHKG, with 28 days per voyage and 13 voyages per year. Expected operating revenue will be increased by TWD 281,413,000 per year.
2. One new full-container vessel is deployed in the service routes of JPTYO- JPYOK-JPNGO-HKHKG-THBKK-THLCH-HKHKG-CNSKU-JPTYO, with 21 days per voyage and 17 voyages per year. Expected operating revenue will be increased by TWD 312,360,000 per year.

7.5 The main reasons for profits and losses of the investment plans in the last year, improvement plans and investment plans for the coming year

In order to raise the quality of our customer service and grasp market trends, we have cut down on operating costs and invested in outstanding shipping related businesses, shipping agencies, and vessel rental companies. Our profit from investments in the past year totaled TWD 53,074,000, mainly comprised of vessel rentals from companies we have invested in. Currently we have no plans for further investment in the coming year.

7.6 Analysis regarding risk items for the past year and up to the annual report publishing date

7.6.1 The influences of interest rate variation, foreign exchange rate variation, and inflation on the net income of the company, and future responsive measures

There was a widespread drop in market interest rates this year, leading to a continued drop in the costs of short-term borrowing by the company. Therefore, the effects of interest rate variation on then net income of the company is estimated to be small. Although the company's income of USD is greater than its expenditures, consistent loans in USD, complemented by the timely use of derivatives, contained the risk exposure to exchange rate variations. In recent years, there has been no significant domestic inflation.

7.6.2 Policies and principal reasons for profits and losses regarding: high risk, high leverage investments, funds lent to other parties, endorsed guarantees, and derivative transactions.

The company has always taken a safe approach to its funds, with mobility being a priority, and thus has never engaged in high risk or high leverage investments. The only funds lent were to completely-owned subsidiaries Wan Hai Singapore and Wan Hai Hong Kong. The company provides guarantees for long-term vessel loans to Wan Hai Singapore and operating capital and construction funds to TK Logistic International Co., Ltd.. The company has instituted a management procedure for the buying and selling of derivative products. The company only uses derivatives for the purposes of risk management, hedging against the volatility of fuel prices being a priority in recent years. In order to minimize risk from foreign exchange rates and interest rates, the company has also engaged in options and swaps.

7.6.3 The estimated expenses for future research and development plans

The development plans of WHL include fuel saving, typhoon defense and research of new market.

1. Fuel saving and precautions against typhoon

Plans in recent years	progress	Expected Expenses	Complete time	Main Factors
Fuel saving	In progress	(1)Program development and labor cost (including outsourcing cost) total TWD 0.9 million. (2)The cost of development for back-end operation belongs to corporate administration cost.	2012/06/30	Sufficient labors
precautions against typhoon	Testing	The cost of development for back-end operation belongs to corporate administration cost.	The end of 2011	Sufficient labors

2. The budget for the research of new market, new service and other development plan to enhance the competitiveness comes to TWD 38,743 thousands

- (1) Research for market: Including the service to Australia, East of Mediterranean, West of South America, South Africa, West Africa and East coast of North America.
- (2) Research of service in Asia with a niche.
- (3) Research of rationalization for the service.
- (4) The business to popularize electronic commerce.
- (5) The development of broadening service by strategic alliance.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

As the trade between Taiwan and Mainland China grows continually, the company will pay attention to the changes of policy and research to enlarge the shipping service and related investment.

Other changes in policy and law had no apparent influence on our company. We adhere to all rules and regulations set by the governing institutions.

7.6.5 Effects of and Response to Changes in Technology and Industry Relating to Corporate Finance and Sales

1. Technology improves rapidly and based on business demand the Company is increasing IT capital expenditure and enhancing both hardware and software facilities. In consideration of efficiency and safety, the Company can effectively increase the financial managing ability and further work planning.

2. The Economic Cooperation Framework Agreement (ECFA) officially became effective on January 2011. Our company will adjust our operation strategy and the operating scale in accordance to the economic development between China and Taiwan, the cooperation between Taiwan and other economies and the opportunities to stimulate the industry development that were all brought by ECFA.
3. U.S.-Korea FTA was scheduled to take effect on January 1,2012 for linked to the East Asian regional industry and trade changes, the Company will adjust the route structure and operational strategy.

7.6.6 Any changes of company image that have influenced our corporate crisis management

Our corporate image is good and we set up our official corporate website, the spokesman system and the finance department to disclose the material corporate information timely. We built up a clear and dependable communication system to protect and maintain our nice corporate image.

7.6.7 Anticipated benefits and possible risks from mergers and acquisitions: Nil.

7.6.8 Anticipated benefit and possible risk from expanding factories: Nil

7.6.9 Risks from centralization of stocking or sales: Nil

7.6.10 The influence and risk from the share transfer and change from the company directors, supervisors, and major stockholders who hold over 10% of the company shares: Nil

7.6.11 The influence and risk from the change of company management: Nil

7.6.12 For the company directors, supervisors, general managers, the substantial person in charge, and the main stockholders who hold company shares over 10% , the company should list out the decided or in process lawsuit issues which is significant in influencing the shareholders' interests or security prices. The enclosed details shall include the facts, amount, lawsuit starting date, the main parties, and the updated situation up to the annual report publishing date. The litigation and non-litigation issues that our corporation currently involved are mostly due to the claim for the loss during the shipping service or the dispute about the operation of the ship. These kinds of issues and payment are all covered by our insurance and can be reimbursed from the insurance policy. Hence, all the related risks are under proper control and have not any material effect to our company.

7.6.13 Other important risks: Nil

7.7 Other significant information: Nil

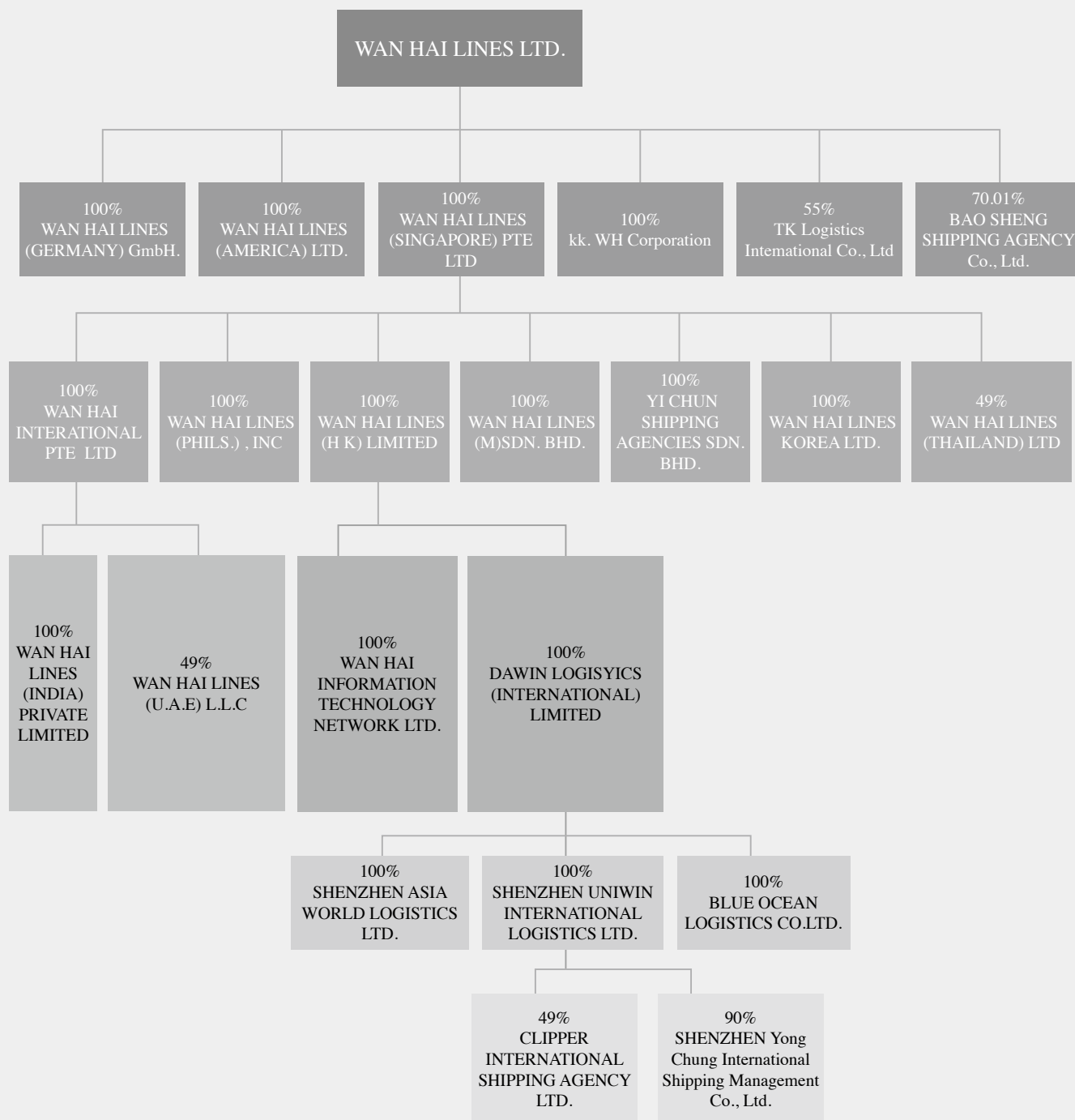


Special Disclosure

8.1 Related Parties information

8.1.1 Consolidated operating Report

Related Parties Structure



8.1.2 Related Parties' Basic Information

Company Name	Establish Date	Address	Capital Amount	Nature of Business
WAN HAI LINES (PHILS.), INC.	2000.10.05	18/F Rufino Pacific Tower #6784, Ayala Avenue corner V.A. Rufino St. Makati City 1223 Philippines	9,015,400(PHP) ex. rate: 43.89/30.29	International sea transportation, operations, agencies for transport affairs
WAN HAI LINES (H K) LIMITED	1986.10.17	3F.,Singga Commercial Centre,148. Connaught Road West, Hong Kong	160,000,000(HKD) ex. rate: 7.7698/30.29	International sea transportation, operations, agencies for transport affairs
WAN HAI LINES (SINGAPORE) PTE LTD	1991.05.09	10 Hoe Chiang Road #25-01 Keppel Towers Singapore 089315	184,190,795(USD) ex. rate: 1.302/30.29	International sea transportation, operations , agencies for transport affairs, leasing of vessels, and container chartering
WAN HAI LINES (M) SDN. BHD.	1992.02.28	SUITE 7.02, LEVEL 7, IMS 2, 88, JALAN BATAI LAUT 4, TAMAN INTAN, 41300 KLANG, SELANGOR DARUL EHSAN, MALAYSIA	500,000(MYR) ex. rate: 3.176/30.29	International sea transportation, operations, agencies for transport affairs
YI CHUN SHIPPING AGENCIES SDN. BHD.	1992.10.30	SUITE 7.01, LEVEL 7, IMS 2, 88, JALAN BATAI LAUT 4, TAMAN INTAN, 41300 KLANG, SELANGOR DARUL EHSAN, MALAYSIA	200,000(MYR) ex. rate: 3.176/30.29	International sea transportation, operations, agencies for transport affairs
Wan Hai Lines Korea Ltd.	2000.12.14	15th FL., Hanway bldg., 70, Da-Dong, Chung-Gu, Seoul, Korea	100,000,000(WON) ex. rate: 1159.65/30.29	International sea transportation, operations, agencies for transport affairs
WAN HAI LINES (AMERICA) LTD.	2000.8.16	2510W. Dunlap Ave. Ste 425 Phoenix, AZ 85021	4,000,000(USD) ex. rate: 30.29	International sea transportation, operations, agencies for transport affairs
GUANGZHOU WAN HAI INFORMATION TECHNOLOGY NETWORK LTD.	2000.07.13	26FL. No.418 DONGFENGZHONG RD., HUA YI TAI INTERNATIONAL GUANGZHOU.CHINA	2,125,450(RMB) ex. rate: 6.337/30.29	Design Computer Softwares
WAN HAI INTERNATIONAL PTE. LTD.	1992.09.01	10 Hoe Chiang Road #25-01 Keppel Towers Singapore 089315	50,000(SGD) ex. rate: 1.3020/30.29	International sea transportation, operations, agencies for transport affairs
WAN HAI LINES (INDIA) PRIVATE LIMITED	2002.05.28	A-102 & 103, The Qube, Near To International Airport, Marol Village,Andheri (East), Mumbai-400 059	100,000(INR) ex. rate: 53.35/30.29	International sea transportation, operations, agencies for transport affairs
k.k. WH Corporation	2002.11.27	OI New NO.5 Terminal Bldg. 4F 4-9, Yashio 2-Chome Shinagawa-Ku, Tokyo 140-0003 Japan	25,000,000(YEN) ex. rate: 77.65/30.29	Operation & Management of Terminal, Chrter hire business
Wan Hai Lines (Germany) GmbH	2004.04.29	Brandstwiete 1, 20457 Hamburg, Germany	25,000(EUR) ex. rate: 0.7745/30.29	International sea transportation, operations, agencies for transport affairs
DAWIN LOGISTICS (INTERNATIONAL) LIMITED	1980.11.18	2/F.,Singga Commercial Centre,148 Connaught Road,West, Hong Kong	1,920,000(HKD) ex. rate: 7.7698/30.29	Cargo handling, warehousing and investment service
SHENZHEN ASIA WORLD LOGISTICS LTD.	2004.08.09	RM501-504,5FL. ZhongTie Logistics Bld,ShenYan Road ShenZhen,China	1,060,000(RMB) ex. rate: 6.337/30.29	warehousing
SHENZHEN UNIWIN INTERNATIONAL LOGISTICS LTD.	2002.06.14	25C-25D, Tianmian City Tower,Middle Shennan Blvd, Shenzhen, China.	17,228,668(RMB) ex. rate: 6.337/30.29	Agencies for handling cargos and related business
CLIPPER INTERNATIONAL SHIPPING AGENCY LTD.	2004.12.30	Room 2205,22FL.Haitong Securities Tower, No. 689 Guangdong Road, Shanghai	1,000,000(RMB) ex. rate: 6.337/30.29	International sea transportation, operations, agencies for transport affairs
TK LOGISTICS INTERNATIONAL CO., LTD.	2005.09.26	No.28 Zhong Shan 4th Road Keelung City, Taiwan	260,000,000(TWD)	On-dock container terminal, international logistics service, stevedoring service and warehouse.
BAO SHENG SHIPPING AGENCY CO., LTD.	2010.03.18	7F, No. 255, Ren 2nd Rd., Ren'ai District, Keelung City, Taiwan	42,850,000(TWD)	Maritime transportation and shipping agencies services
BLUE OCEAN LOGISTICS CO. LTD.	2006.09.21	C-802C,Senling Real Estate, No. 469 WuSong Road , Shanghai	7,824,000(RMB) ex. rate: 6.337/30.29	Cargo handling, warehousing and international haulage service.
WAN HAI LINES (U.A.E) L.L.C	2004.07.01	C308, Nashwan Building, Al Mankhool Road, Al Rafea, Bur Dubai, United Arab Emirates	300,000(AED) ex. rate: 3.673/30.29	International sea transportation, operations, agencies for transport affairs
WAN HAI LINES (THAILAND) LTD	2006.05.01	21st floor, Lumpini Tower, 1168/56, 61 Rama 4 Road, Thungmahamek, Sathorn, Bangkok 10120, Thailand	5,000,000(THB) ex. rate: 31.57/30.29	International sea transportation, operations, agencies for transport affairs
Shenzhen Yong Chun International Shipping Management Co., Ltd.	2010.07.20	Room A , 26/F , Tianmian City Tower, Middle Shennan Blvd, Shenzhen, China.	1,000,000(RMB) ex. rate: 6.337/30.29	International shipping management

8.1.3 The companies presumed to have a relationship of control and subordination should be disclosed: Nil.

8.1.4 The industries covered by the business operated by the affiliates overall

The whole relatives' operation includes marine transportation,warehouse, shipping agency,leasing of vessels and containers, All related parties operate in coordination.

8.1.5 Related Parties' Directors,Supervisors and Presidents

Company Name	Title	Name	Tenure Date	Effectual period	Holding shares on current date		spouse,unmatured Children holding shares	
					shares	%	shares	%
WAN HAI LINES (PHILS.), INC.	Chairman & President	WH-SG Representative Randy Chen	2009.04.02	-	901,540	100.00%	-	-
	Director	WH-SG Representative Po-Ting Chen	2000.10.17	-			-	-
	Director	WH-SG Representative Chang-Peng Wu	2010.05.03	-			-	-
	Director	WH-SG Representative Valeriano Del Rosario	2000.10.17	-			-	-
	Director	WH-SG Representative Cornelio T. Peralta	2000.10.17	-			-	-
Wan Hai Lines Korea Ltd.	Chairman	WH-SG Representative Po-Ting Chen	2009.10.19	3 year	20,000	100.00%	-	-
	Director	WH-SG Representative Po-Ting Chen	2009.10.19	3 year			-	-
	Director	WH-SG Representative Huey-Juan Chen	2011.04.15	3 year			-	-
	Director	WH-SG Representative Chi-Wen Chueh	2010.04.13	3 year			-	-
	Supervisor	WH-SG Representative Fur-Lung Hsieh	2009.03.19	3 year			-	-
WAN HAI LINES (M) SDN. BHD.	Director	WH-SG Representative Po-Ting Chen	1994.06.10	-	500,000	100.00%	-	-
	Director	WH-SG Representative Charles C.Y. Chen	1994.06.10	-			-	-
	Director	WH-SG Representative Chien-Feng Wu	2010.03.08	-			-	-
	Director	WH-SG Representative Teck Leong Chua	1994.07.29	-			-	-
YI CHUN SHIPPING AGENCIES SDN. BHD.	Director	WH-SG Representative Po-Ting Chen	1994.06.10	-	200,000	100.00%	-	-
	Director	WH-SG Representative Charles C.Y. Chen	1994.06.10	-			-	-
	Director	WH-SG Representative Teck Leong Chua	1994.06.07	-			-	-
	Director	WH-SG Representative Chien-Feng Wu	2011.02.18	-			-	-
WAN HAI LINES (SINGAPORE) PTE LTD	Director	WH-TPE Representative Po-Ting Chen	2011.05.01	-	273,496,000	100.00%	-	-
	Director	WH-TPE Representative Chih-Yuan Chen	2011.05.01	-			-	-
	Director	WH-TPE Representative Randy Chen	2011.04.01	-			-	-
	Director	WH-TPE Representative Cheng-Hsien Huang	2011.10.14	-			-	-
WAN HAI LINES (AMERICA) LTD.	Director	WH-TPE Representative Chih-Chao Chen	2000.08.16	-	90,000	100.00%	-	-
	Director	WH-TPE Representative Po-Ting Chen	2000.08.16	-			-	-
	Director	WH-TPE Representative Huey-Juan Chen	2004.06.13	-			-	-
	Director	WH-TPE Representative Randy Chen	2008.04.01	-			-	-

Company Name	Title	Name	Tenure Date	Effectual period	Holding shares on current date		spouse,unmatured Children holding shares	
					shares	%	shares	%
WAN HAI INTERNATIONAL PTE. LTD.	Director	WH-SG Representative Po-Ting Chen	2011.09.05	1 year	50,000	100.00%	-	-
	Director	WH-SG Representative Huang Cheng Hsien	2011.09.22	1 year			-	-
GUANGZHOU WAN HAI INFORMATION TECHNOLOGY NETWORK LTD.	Chairman	WH-HK Representative Kwan-Wah Chu	2010.01.25	not specified	-	100.00%	-	-
	Director	WH-HK Representative Lin, Chen Chu	2010.01.25	not specified			-	-
	Director	WH-HK Representative Chan, Yu-Wan	2010.01.25	not specified			-	-
WAN HAI LINES (H K) LIMITED	Director	WH-SG Representative Chaw-Chuan Chen	2011.10.17	1 year	160,000,000	100.00%	-	-
	Director	WH-SG Representative Ching-Chih Chen	2011.10.17	1 year			-	-
	Director	WH-SG Representative Po-Ting Chen	2011.10.17	1 year			-	-
	Director	WH-SG Representative Chih-Chao Chen	2011.10.17	1 year			-	-
	Director	WH-SG Representative Wen-Chau Yeh	2011.10.17	1 year			-	-
	Director	WH-SG Representative Kwan-Wah Chu	2011.10.17	1 year			-	-
DAWIN LOGISTICS (INTERNATIONAL) LIMITED	Director	WH-HK Representative Chaw-Chuan Chen	2011.11.18	1 year	1,920,000	100.00%	-	-
	Director	WH-HK Representative Ching-Chih Chen	2011.11.18	1 year			-	-
	Director	WH-HK Representative Po-Ting Chen	2011.11.18	1 year			-	-
	Director	WH-HK Representative Chih-Chao Chen	2011.11.18	1 year			-	-
	Director	WH-HK Representative Wen-Chau Yeh	2011.11.18	1 year			-	-
	Director	WH-HK Representative Kwan-Wah Chu	2011.11.18	1 year			-	-
SHENZHEN ASIA WORLD LOGISTICS LTD.	Chairman	DAWIN Representative Chi-Yin Yeung	2008.07.19	3 year	-	100.00%	-	-
	Director	DAWIN Representative Yu-Hung Li	2008.07.19	3 year			-	-
	Director	DAWIN Representative Chia-Ming Chang	2009.7.10	3 year			-	-
SHENZHEN UNIWIN INTERNATIONAL LOGISTICS LTD.	Board chairman	DAWIN Representative Kwan-Wah Chu	2010.03.26	3 year	-	100.00%	-	-
	Director	DAWIN Representative Lin Chen Chu	2010.3.26	3 year			-	-
	Director	DAWIN Representative Jen-Yee Huang	2009.07.19	3 year			-	-
CLIPPER INTERNATIONAL SHIPPING AGENCY LTD.	Chairman	UNIWIN Representative Yeh,Wen-Chau	2008.12.01	3 year	-	49.00%	-	-
	Director	UNIWIN Representative Lin,Jeong-Shin	2010.11.29	3 year			-	-
	Director	UNIWIN Representative Ju,Kuen-Hua	2010.11.29	3 year			-	-
	Director	UNIWIN Representative Chan, Yu-Wan	2010.11.29	3 year			-	-
	Supervisor	UNIWIN Representative Jang,Jia-Ming	2010.11.29	3 year			-	-
	Director	ShenZhen TaiErXin Representative Chan,Yuan	2010.11.29	3 year		51.00%	-	-

Company Name	Title	Name	Tenure Date	Effectual period	Holding shares on current date		spouse,unmatured Children holding shares	
					shares	%	shares	%
WAN HAI LINES (INDIA) PRIVATE LIMITED	Director	Wan Hai International Pte.Ltd. Representative Po-Ting Chen	2002.05.30	-	10,000	100.00%	-	-
	Director	Wan Hai International Pte.Ltd. Representative Huey-Jiuan Chen	2004.09.01	-			-	-
	Director	Wan Hai International Pte.Ltd. Representative Li-Kuang Huang	2009.03.02	-			-	-
k.k. WH Corporation	Representative Director	WH-TPE Representative Ching-Chih Chen	2005.02.18	10 year	500	100.00%	-	-
	Representative Director	WH-TPE Representative Hung-Chuan Chien	2010.10.18	10 year			-	-
	Director	WH-TPE Representative Chao-Hon Chen	2005.02.18	10 year			-	-
	Director	WH-TPE Representative Po-Ting Chen	2005.02.18	10 year			-	-
	Supervisor	WH-TPE Representative Rex Huang	2003.06.30	10 year			-	-
Wan Hai Lines (Germany) GmbH	President	Kwang-Meng,Quek	2010.09.01	-	-	100.00%	-	-
TK LOGISTICS INTERNATIONAL CO., LTD.	Chairman	LUCKY OCEAN SHIPPING CO.,LTD C.C.CHUANG	2011.06.16	3 year	2,600,000	10.00%	-	-
	Director	NEW SPEED TRANSPORTATION & TERMIINAL CORP Jeffery Chen	2011.06.16	3 year	2,600,000	10.00%	-	-
	Director	ZANG CHUN ASSETS MANAGEMENT CO.,LTD Billy Chen	2011.06.16	3 year	2,600,000	10.00%	-	-
	Director	WH-TPE Representative Huey-Jiuan Chen	2011.06.16	3 year	14,300,000	55.00%	-	-
	Director	WH-TPE Representative Yih-Shun Suen	2011.06.16	3 year			-	-
	Vice-Chairman	WH-TPE Representative Kuo-Chi Tang	2011.06.16	3 year			-	-
	Director	WH-TPE Representative Chih-Heng Wan	2011.06.16	3 year			-	-
	Supervisor	WH-TPE Representative Fu-Lung Hsieh	2011.06.16	3 year			-	-
Supervisor	WH-TPE Representative Wei-Chien Chuang	2011.06.16	3 year	-	-			
BAO SHENG SHIPPING AGENCY CO., LTD.	Chairman	WH-TPE Representative Chih-Chao Chen	2010.07.06	3 year	3,000,000	70.01%	-	-
	Director	WH-TPE Representative Tai-Chih Liu	2010.07.06	3 year			-	-
	Director	WH-TPE Representative Li-Mei Su	2010.07.06	3 year			-	-
	Director	WH-TPE Representative Chih-Heng Wan	2010.07.06	3 year			-	-
	Supervisor	WH-TPE Representative Fu-Lung Hsieh	2010.07.06	3 year			-	-
	Vice-Chairman	C.C.CHUANG	2010.07.06	3 year	1,285,000	29.99%	-	-
BLUE OCEAN LOGISTICS CO. LTD.	Chairman	DAWIN Representative Huang Jen-Yee	2008.10.28	3 year	-	100.00%	-	-
	Director	DAWIN Representative Cheng,Chia-Yuan	2008.10.28	3 year			-	-
	Director	DAWIN Representative Yeh,Wen-Chau	2010.09.06	3 year			-	-
	Director	DAWIN Representative Chiue,Chi-Wen	2009.02.10	3 year			-	-

Company Name	Title	Name	Tenure Date	Effectual period	Holding shares on current date		spouse,unmatured Children holding shares	
					shares	%	shares	%
WAN HAI LINES (U.A.E) L.L.C	Director	Wan Hai International Pte.Ltd. Representative Po-Ting Chen	2004.04.13	-	147	49.00%	-	-
	Director	Wan Hai International Pte.Ltd. Representative Chen Huei-Jiuan	2010.08.01	-			-	-
	Director	Sharaf Representative Ibrahim Sharaf	2004.04.13	-	153	51.00%	-	-
	Director	Sharaf Representative Kapil Celly	2004.04.13	-			-	-
WAN HAI LINES (THAILAND) LTD	Director	WH-SG Representative Po-Ting Chen	2006.05.01	-	24,500	49.00%	-	-
	Director	WH-SG Representative Fur-Lung Hsieh	2009.05.01	-			-	-
	Director	WH-SG Representative Yi-Der Lin	2008.02.06	-			-	-
	Director	Sumate Lopinich	2006.05.01	-	25,000	50.00%	-	-
	Director	Thanpol Thitipichetkul	2011.03.01	-	500	1.00%	-	-
Shenzhen Yong Chun International Shipping Management Co., Ltd.	Board chairman	Shenzhen United International Shipping Agency Co., Ltd. Representative Hong-Hui Chen	2010.04.26	3 year	-	10.00%	-	-
	Vice board chairman	Shenzhen Uniwin Representative Kwan-Wah Chu	2010.04.26	3 year	-	90.00%	-	-
	Director	Shenzhen Uniwin Representative Lin Jeong-Shin	2010.09.19	3 year			-	-
	Director	Shenzhen Uniwin Representative Huey Jang, Chung	2011.11.24	3 year			-	-
	Director	Shenzhen Uniwin Representative Kae-Chang Wu	2011.11.24	3 year			-	-
	Supervisor	Shenzhen Uniwin Representative Yu-Man Chan	2010.04.26	3 year			-	-

8.1.6 Related Parties' Financial Position & Operation Results

Unit : TWD 1,000, Per Share / TWD
2011/12/31

Company Name	Capital Amount	Total Assets	Total Liabilities	Net Worth	Operating Income *	Porfit on Operating *	Profit Loss *	Earning per Share
WAN HAI LINES (PHILS.), INC.	5,991 (PHP 9,015,400)	79,152 (PHP 114,690,751)	71,817 (PHP 104,062,983)	7,335 (PHP 10,627,768)	33,294 (PHP 47,857,227)	(1,728) (PHP -2,483,609)	(1,000) (PHP -1,437,969)	(1.11) (PHP -1.60)
WAN HAI LINES (HK) LIMITED	695,246 (HKD 160,000,000)	3,744,376 (HKD 960,490,538)	1,658,455 (HKD 425,419,453)	2,085,921 (HKD 535,071,085)	546,520 (HKD 144,735,155)	379,245 (HKD 100,435,651)	251,286 (HKD 66,548,261)	1.59 (HKD 0.42)
GUANGZHOU WAN HAI INFORMATION TECHNOLOGY NETWORK LTD.	7,922 (RMB 2,125,000)	15,361 (RMB 3,220,948.68)	1,718 (RMB 360,183.3)	13,643 (RMB 2,860,765.38)	60,501 (RMB 13,364,330)	5,777 (RMB 1,276,029.33)	4,644 (RMB 1,025,905.63)	N/A
DAWIN LOGISTICS (INTERNATIONAL) LIMITED	25,006 (HKD 1,920,000)	108,096 (HKD 27,728,331)	12,781 (HKD 3,278,531)	95,315 (HKD 24,449,800)	19,520 (HKD 5169550)	6,539 (HKD 1,731,726)	3,724 (HKD 986310)	1.93 (HKD 0.51)
SHENZHEN ASIA WORLD LOGISTICS LTD.	4,941 (RMB 1,060,000)	14,274 (RMB 2,993,087.69)	275 (RMB 57,653.40)	13,999 (RMB 2,935,434.29)	2,150 (RMB 474,830.36)	1,481 (RMB 327,250.45)	1,301 (RMB 287,314.89)	N/A
SHENZHEN UNIWIN INTERNATIONAL LOGISTICS LTD.	70,116 (RMB 17,228,668)	1,509,291 (RMB 316,485,383.65)	1,359,237 (RMB 285,020,309.96)	150,054 (RMB 31,465,073.69)	286,368 (RMB 63,257,093.18)	8,515 (RMB 1,880,916.66)	6,396 (RMB 1,412,894.70)	N/A
Shenzhen Yong Chun International Shipping Management Co., Ltd.	4,736 (RMB 1,000,000)	7,294 (RMB 1,529,432.19)	469 (RMB 98,240.30)	6,825 (RMB 1,431,191.89)	16,782 (RMB 3,707,096.77)	1,784 (RMB 393,969.67)	1,223 (RMB 270,060.21)	N/A

Company Name	Capital Amount	Total Assets	Total Liabilities	Net Worth	Operating Income *	Porfit on Operating *	Profit Loss *	Earning per Share
CLIPPER INTERNATIONAL SHIPPING AGENCY LTD.	4,070 (RMB 1,000,000)	883,346 (RMB 185,230,038.11)	868,683 (RMB 182,155,314.50)	14,663 (RMB 3,074,723.61)	217,040 (RMB 47,943,030.29)	2,383 (RMB 526,481.53)	1,571 (RMB347,118.47)	N/A
WAN HAI LINES (SINAPORE) PTE LTD	5,849,735 (USD 184,190,795)	23,873,624 (USD 788,168,515)	14,816,028 (USD 489,139,244)	9,057,596 (USD 299,029,271)	12,714,212 (USD 432,593,030)	1,226,650 (USD41,736,004)	907,179 (USD 30,866,184)	3.32 (USD 0.113)
WAN HAI INTERNATIONAL PTE. LTD.	1,062 (SGD 50,000)	524,663 (SGD 22,552,353)	226,552 (SGD 9,738,193)	298,111 (SGD12,814,160)	259,487 (SGD11,098,291)	104,690 (SGD4,477,586)	96,558 (SGD 4,129,813)	1,931.25 (SGD82.600)
WAN HAI LINES (M) SDN. BHD.	4,613 (MYR 500,000)	299,095 (MYR31,361,043)	172,843 (MYR 18,123,161)	126,252 (MYR 13,237,882)	118,681 (MYR 12,444,057)	51,875 (MYR 5,439,225)	(4,511) (MYR -489,201)	(9.35) (MYR-0.98)
YI CHUN SHIPPING AGENCIES SDN. BHD.	1,845 (MYR 200,000)	1,963 (MYR 205,808)	32 (MYR 3,328)	1,931 (MYR 202,480)	0 (MYR 0)	56 (MYR5,851)	(42) (MYR -4,569)	(0.22) (MYR 0.022845)
Wan Hai Lines Korea Ltd.	3,500 (WON 100,000,000)	60,304 (WON 2,310,484,592)	61,171 (WON 2,343,718,676)	(867) (WON -33,234,084)	75,983 (WON 2,845,790,647)	3,004 (WON 112,508,356)	3,505 (WON 131,274,425)	175.26 (WON 6,564)
WAN HAI LINES (INDIA) PRIVATE LIMITED	69 (INR 100,000)	527,572 (INR 929,217,307)	505,597 (INR 890,512,077)	21,975 (INR 38,705,230)	130,174 (INR 236,292,557)	(8,591) (INR-15,594,773)	(6,654) (INR-11,720,578)	(665.45) (INR-1,172.06)
WAN HAI LINES (AMERICA) LTD.	132,000 (USD4,000,000)	170,516 (USD 5,629,436)	100,606 (USD 3,321,414)	69,910 (USD 2,308,022)	135,674 (USD 4,616,229)	(6,723) (USD -228,746)	(6,409) (USD -218,063)	(71.13) (USD -2.42)
Wan Hai Lines (Germany) GmbH	1,018 (EUR 25,000)	8,076 (EUR206,498.69)	969 (EUR 24,781.16)	7,107 (EUR 181,717.53)	21,981 (EUR 537,442.19)	3,179 (EUR 77,739.89)	1,936 (EUR 47,337.04)	N/A
k.k. WH Corporation	7,141 (JPY25,000,000)	306,770 (JPY786,422,160)	291,680 (JPY747,738,393)	15,090 (JPY38,683,767)	8,836,577 (JPY23,953,854,722)	(1,884) (JPY -5,105,798)	(820) (JPY -2,221,751)	(1.64) (JPY-4,443.502)
TK LOGISTICS INTERNATIONAL CO.,LTD.	260,000	631,599	363,672	267,927	241,352	42,430	12,705	0.49
BAO SHENG SHIPPING AGENCY CO.,LTD.	42,850	88,532	29,654	58,878	55,664	55,576	14,989	3.50
BLUE OCEAN LOGISTICS CO. LTD.	32,596 (RMB 7,824,000)	55,121 (RMB11,558,331.42)	7,991 (RMB 1,675,652.84)	47,130 (RMB 9,882,678.58)	181,395 (RMB40,069,075.00)	4,465 (RMB 986,243.66)	3,227 (RMB 712,929.96)	N/A
WAN HAI LINES (U.A.E) L.L.C	2,616 (AED 300,000)	168,540 (AED 20,437,405)	104,390 (AED 12,658,422)	64,150 (AED 7,778,983)	118,662 (AED 14,829,364)	58,487 (AED 7,309,146)	58,487 (AED 7,309,146)	194,955.00 (AED 24,363.82)
WAN HAI LINES (THAILAND) LTD	4,594 (THB 5,000,000)	55,646 (THB 57,997,716)	23,144 (THB 24,122,361)	32,502 (THB33,875,355)	81,890 (THB84,536,261)	13,486 (THB13,921,604)	9,337 (THB 9,638,890)	186.74 (THB 192.78)
(1) 2011/12/31 CLOSE RATE USD/NTD :30.29 USD/HKD : 7.7698 USD/SGD : 1.3020 USD/MYR : 3.1760 USD/WON(KRW) : 1159.65 USD/PHP : 43.89 USD/RMB : 6.337 USD/INR : 53.35 USD/YEN(JPY) : 77.65 USD/EUR : 0.7745 USD/AED : 3.6730 USD/THB : 31.57 CNY/HKD:1.2233 HKD/NTD : 3.8984 VND/NTD:0.0014 (2) 2011 AVERAGE RATE NTD/USD : 29.3907 NTD/HKD : 3.7760 NTD/SGD : 23.3808 NTD/THB : 0.9687 NTD/EUR : 40.8992 NTD/PHP : 0.6957 NTD/RMB : 4.5670 NTD/YEN(JPY) : 0.3689 CNY/HKD:1.1989 VND/NTD:0.0014 HKD/NTD:3.776 (3) Expose information for affiliates of a single financial report (4) The capital amount is the original exchange rates								

8.2 Summary of private-equity over the last year and current year up to the publishing date of the annual report: None.

8.3 Summary of parent's shares held or disposed by subsidiaries over the last year and current year up to the publishing date of the annual report: None

8.4 Other necessary disclosures: None.

8.5 Events that have had substantial impact upon shareholder's equity or securities prices as described in Article 36 of the Securities and Exchange Act over the past year and current year up to the publishing date of the annual report: None.



WAN HAI LINES LTD.

CHAIRMAN : Po-Ting Chen

