



WE CARRY, WE CARE.



Annual Report 2013

PUBLISHED DATE: May 2, 2014

Since 1965

WAN HAI LINES LTD.
ANNUAL REPORT 2013

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Basic Information of ECB : None

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Bring the World Together!

For the past 49 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 49 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.

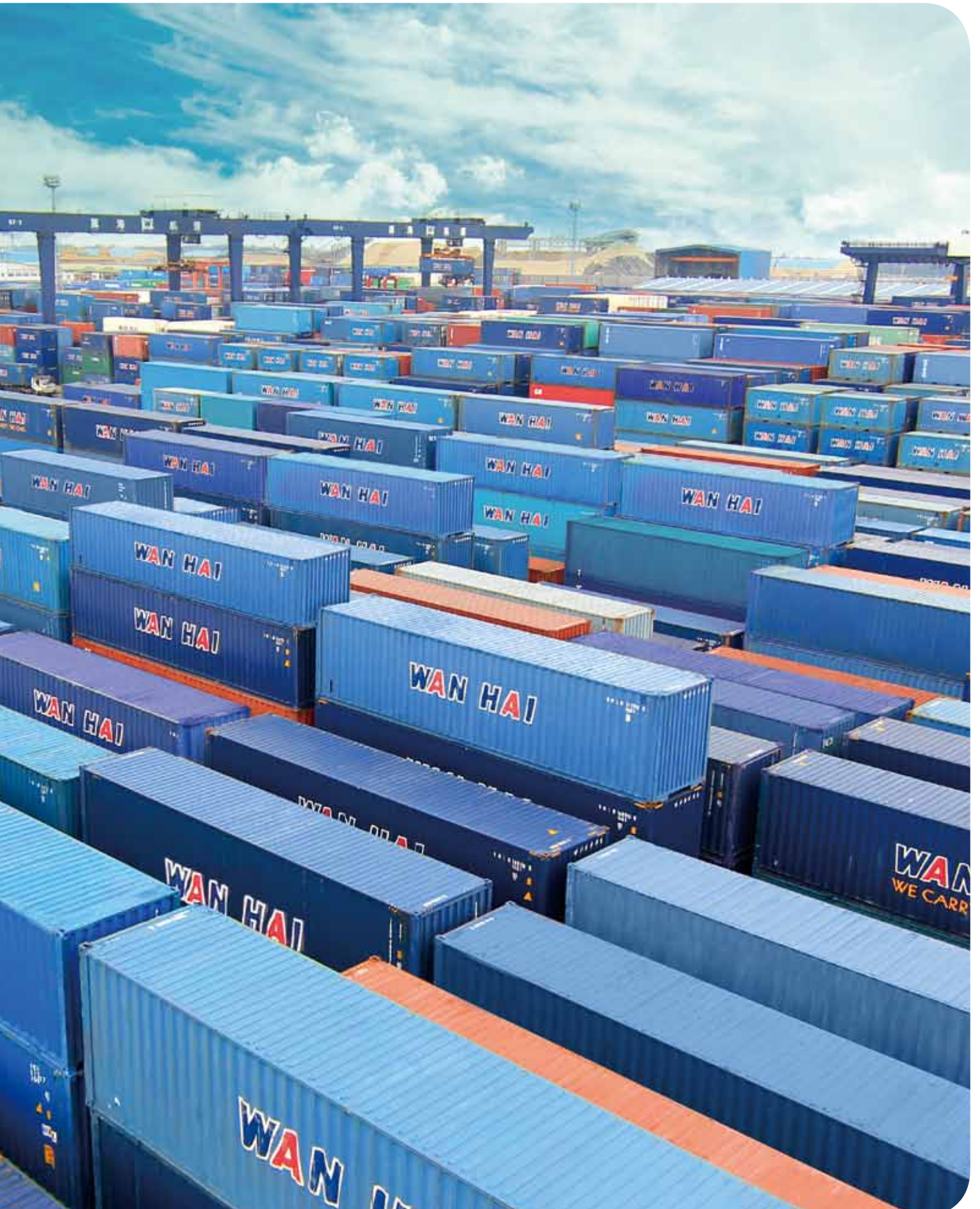
• Stable Capital Structure

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** Bought 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 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.
- 2012 JAN** Launched North China to Taiwan Second String Service with Sinotrans.
AUG Awarded "Container Shipping Line of the Year 2012 – Far East Trade Lane" by SECC.
AUG Co-operated in Japan – Indonesia Service with Interasia Lines and Mitsui-OSK Lines.
SEP Awarded "Container Shipping Lines of the Year India-Far East Trade Lane".
OCT Honored as 2012 Top-Ranked Company in Shipping Industry.
- 2013 APR** Commenced Pan Asia II (PA2) Service with YML and PIL.
MAY Commenced Asia / South America West Coast (ASA) Service with PIL, EMC and COSCON.





We carry the world ,We care about the future



Corporation Social Responsibility(CSR)

1. Policies Implemented and Promoted by the Company

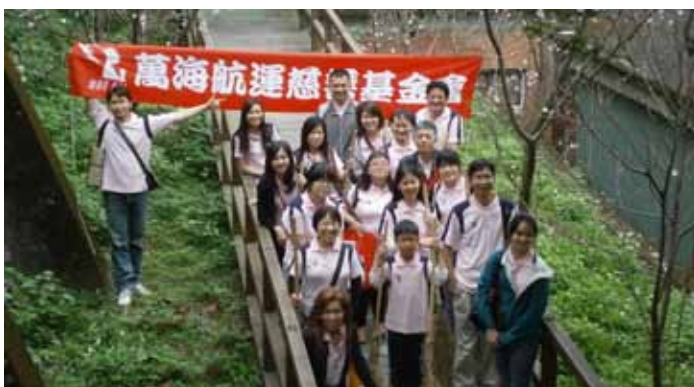
- The promotion and implementation of the ISO 14001 environmental management system, and a creation of an ISO committee for regular inspection of the effectiveness of improvements to environmental protection.
- We formed the task force and then taken some measures or coordinated by ISO14001 seeds in 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 Wanhai 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 Wanhai Charity Foundation to charity-related expenditures totaled TWD 31,521,911 in 2013.
- In addition to this, the Company has also promoted the following charity and community participation:
 - (1) Support of the "Hungarian Radio Symphony Orchestra Charity Concert" run by the Wanhai 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 "Wanhai 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 1,561 participants, collecting a total of 2,200 donations, totaling 550,000 cc.
 - (3) Called for corporate volunteers to participate in seven events to take care for children in Children's Home, elders in Nursing Home and disables in Rest-Home. All events run by Wanhai Charity Foundation.
 - (4) Donated shipping containers to Noordhoff Craniofacial Foundation and Taiwan Root Medical peace Corps for the shipment of 700 tons rice to Philippines and Pakistan. And responded to relieve the victims of a disaster after super typhoon Haiyan in Philippines, Wan Hai Group cooperated with Tzu Chi Foundation to transport more than 20 containers of charity to Philippines

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

To our shareholders,

As we are to convene the shareholders' meeting for 2014, I want to report that our revenue for 2013 had reached TWD 59,688,000 thousand. Net profit after tax was TWD 2,144,000 thousand, and TWD 292,000 thousand more than 2012. Given the challenging global economic environment, we wouldn't be able to achieve the growth, if not for your unwavering support, the outstanding leadership of our Board, and the hard work of our entire workforce.

Still, it remains an uphill battle for a carrier to continue its profitable growth amidst a weak economic environment with slow recovery momentum. What is more worrisome, is the trend for shipping companies to increase the size of container vessels, which in turn contributes to oversupply of vessel capacity, while the volume of cargos have yet to pick up. As such, we may not see a relief from the harsh outlook until after 2016. But for sure, an effective and successful performance will hinge on a carrier's ability in making timely adjustment for business strategies and vessel deployment. I believe that is why we start to see the top 20 global carriers gradually forsake traditional alliance and aggressively seek and maximize outside resources and integration of their fleet.

Facing the challenges ahead as described above, our management is determined to remain proactive and resilient for timely response to market changes and optimization of vessel deployment. Additionally, we continue to explore niche markets in order to extend our service network and strengthen our customers' loyalty. As for controlling and reducing operating costs, it is achieved by our active collaboration with other fellow carriers for slot swaps or joint venture services. In other words, all means and efforts are taken to ensure we stay ahead of the competition.

Furthermore, our company continues to maximize our operation profit through risk management and capital investment which in turn facilitate our carrier business and boost the overall revenue. On cost management, we never relent in our commitment to explore new technologies for vessel and energy saving methods, in order to minimize our operation cost. We believe our company is built on solid foundation and is competitive enough to overcome all the challenges that lay ahead of us and the shipping industry. Thank you for having faith in us. We will not fail your trust and support.

Sincerely yours,

Po-Ting Chen

Chairman

May 2, 2014



Company Profile

2.1 Date of Establishment: February 24, 1965

2.2 Main Activities

- 2.2.1 Marine transportation
- 2.2.2 Shipping agency
- 2.2.3 Purchasing & selling of vessels and containers
- 2.2.4 Container Freight Station Business
- 2.2.5 Leasing of vessels and containers

2.3 Major Event of Corporate History

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 purchased its very first full container ship “明春輪” in July 1976 and began the container shipping service to Japan. The Company had since grown into a fully containerized shipping company. For the past twenty years, Wan Hai had aggressively expanded its network in the Far East region and the Taiwan Strait amongst China, Hong Kong, and Taiwan, seizing the boom of cross-strait trade. Now Wan Hai offers the most comprehensive service network in the Far East as the leader in near-sea shipping line and is ranked the third largest carrier in Taiwan.

Between 1996 and 1998, services to India and the Middle East were created and operations extended from near sea in Asia to ocean going lines. In 2000, service across the Pacific Ocean between the Far East and the west coast of North America was launched. Thereafter, Wan Hai further extends its global reach by launching services between the Far East and Europe, the Black Sea, and the west coast of South America.

To better serve society and customers, Wan Hai has continued to improve its facilities by establishing own branch offices as well as terminal investment. The first branch office was established in Kaohsiung followed by Keelung and Taichung. Now, Wan Hai has offices in more than thirty countries. Wan Hai also leased exclusive container yard at Keelung Port, as well as dedicated wharves at Kaohsiung, Taichung and Tokyo Port. The company is also an investor in Taipei Port, which began operations in 2009 to provide an additional service and option to our customers.

In addition to its commitment in providing superior and comprehensive services, Wan Hai also dedicates itself to environmental protection and is recognized by the government for its collaborative endeavor. In 2005, Wan Hai moved to adopt ISO 14001 standard for environmental management. Four years in a row from 2008, Wan Hai was the recipient of Port of Long Beach Green Flag Award for environmental achievement. From 2011 to 2013, Wan Hai was chosen by SECC as the Annual Best Shipping Liner for the Far East, and named the Annual Best Reputation Enterprise by the prestigious magazine *"the Commonwealth"* in Taiwan in 2011.

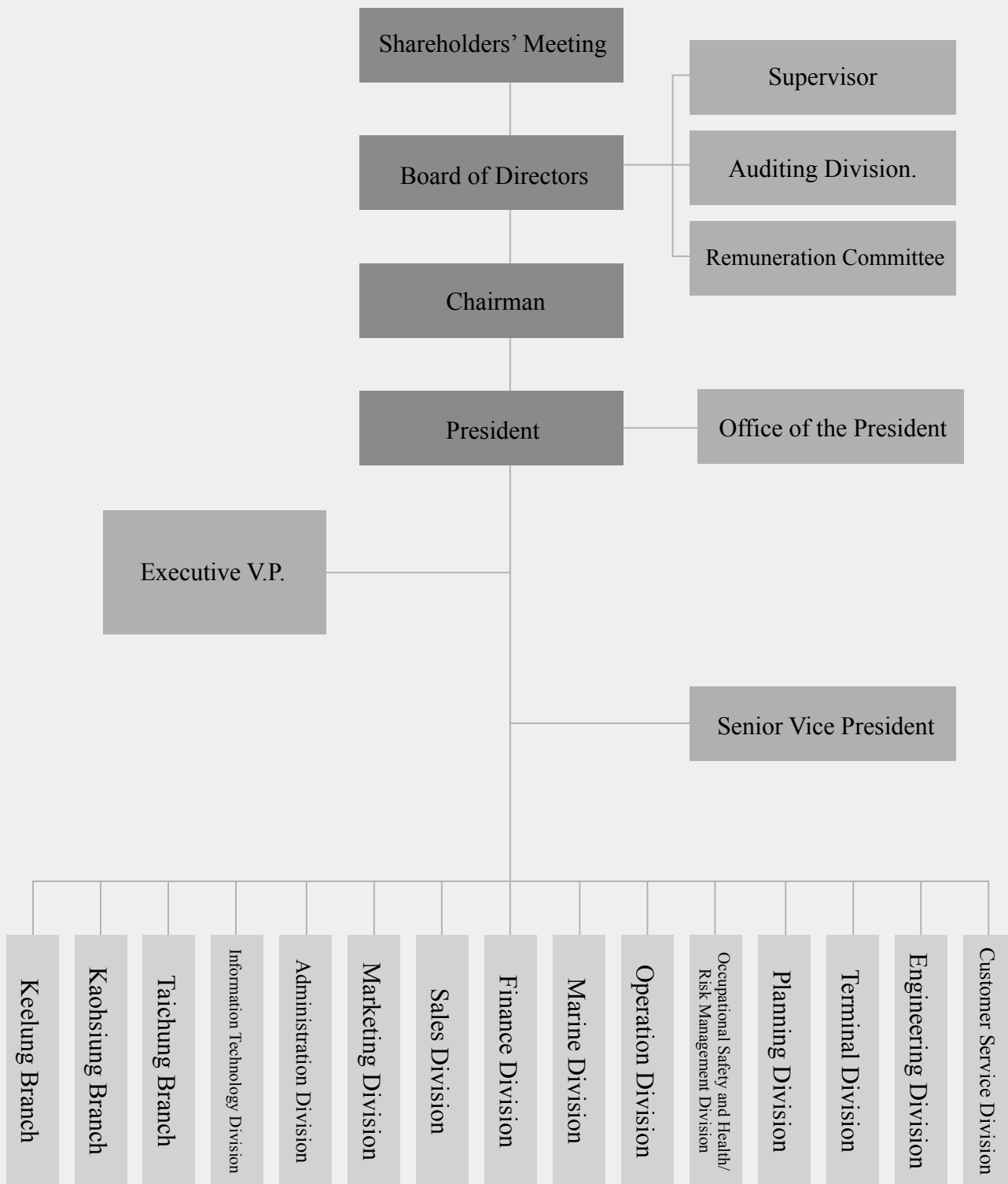
Driven by the corporate culture of “Quality Service, Team Work, Growth” and the philosophy of "Customer First, Full Participation, Environmental Protection, and Business Continuity", Wan Hai continues to deliver the highest quality service to its customer. To its customers, Wan Hai is committed to providing comprehensive shipping services, punctual schedules, and personalized services. Under dedicated management, Wan Hai has won widespread support and trust from its customers, which in turn enable the company to grow at an impressive pace.



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; 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

Title	Chairman	Director	Director	Director	Director	Director	
Name	Po-Ting Chen	Baltimore International Ltd. Representative: Hui-Ying Chen(Note 1)	Baltimore International Ltd. Representative: Ling-Lon Chiueh(Note 1)	Chen-Yung Foundation Representative: Chih-Chao Chen	Taili Corporation Representative: Randy Chen	Blue Moon Investment Co., Ltd. Representative: Fu-Tian Huang(Note 2)	
Date elected	Jun 24,2011	Jun 24,2011	Jun 24,2011	Jun 24,2011	Jun 24,2011	Jun 24,2011	
Tenure	3 years	3 years	3 years	3 years	3 years	3 years	
Date first elected (Note 2)	May 6,1999	Jun 23,2005	Jun 23,2005	Jun 24,2011	Jun 24,2011	May 6,1999	
Shareholding on date elected	No. of shares	9,146,237	1,714,241 0	1,714,241 0	30,383,025 0	5,208,816 0	2,778,405 0
	Holding Ratio	0.43%	0.08% 0.00%	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 2,262,000	1,799,953 0	31,902,176 7,949,283	5,469,256 0	2,917,325 0
	Holding Ratio	0.43%	0.08% 0.10%	0.08% 0.00%	1.43% 0.35%	0.24% 0.00%	0.13% 0.00%
Current shareholding of Spouse and Minor Children	No. of shares	0	0	0	0	0	0
	Holding Ratio	0%	0%	0%	0%	0%	0%
Shareholding under other names	No. of shares	0	0	0	0	0	0
	Holding Ratio	0%	0%	0%	0%	0%	0%
Major Academic qualification and professional experience	Master of Business Administration, University of San Francisco	Master in College of Education, Harvard University	Mastr in School of Law.Soo Chow University	Stanford University	Master of Business Administration MIT SLOAN School of Management	Jeannine Rainbolt College of Education, University of Oklahoma	
Positions held in the Company and other companies	FORMOSA WONDERWORLD Co., Ltd. Director/Chairman	FORMOSA WONDERWORLD Co., Ltd. Director/President		YI CHAO CORP. Director/ Chairman	EVERVALIANT CORP. Director	FORMOSA WONDERWORLD Co., Ltd. Consultant	
	SHIH LIN PAPER CORP. Representative Director for legal entity Chairman	SUNSHINE SHIH LIN DEVELOPMENT Co., Ltd. Director for legal entity/ Chairman		WAN HAI LINES(AMERICA) LTD. Director for legal entity	WAN HAI LINES (PHILS) INC. Director for legal entity/Chairman/President		
	SUNSHINE SHIH LIN DEVELOPMENT Co., Ltd. Representative Director for legal entity/Vice Chairman			WAN HAI LINES(H.K.)LTD. Director for legal entity	WAN HAI LINES (SINGAPORE) PTE. LTD. Director for legal entity		
	ASIA PACIFIC LOGISTICS INTERNATIONAL Co., Ltd./ President			DAWIN LOGISTIC(INTERNATIONAL) LTD. Director for legal entity	WAN HAI LINES(AMERICA)LTD. Director for legal entity		
	WAN HAI LINES (INDIA) PVT. LTD. Representative Director for legal entity			BAO SHENG SHIPPING AGENCY Co., Ltd. Director for legal entity/Chairman	SHIH LIN PAPER CORP. Supervisor for legal entity		
	k.k. WH Corporation Representative Director for legal entity						
	WAN HAI LINES(UAE)L.L.C Representative Director for legal entity						
	WAN HAI LINES THAILAND LTD. Representative Director for legal entity						
	WAN HAI LINES (PHILS) INC. Representative Director for legal entity						
	WAN HAI LINES KOREA LTD. Representative Director for legal entity						
	WAN HAI LINES(M) SDN BHD. Representative Director for legal entity						
	WAN HAI LINES (SINGAPORE) PTE. LTD. Representative Director for legal entity						
	WAN HAI LINES(AMERICA)LTD. Representative Director for legal entity						
	WAN HAI INTERNATIONAL PTE. LTD. Representative Director for legal entity						
	WAN HAI LINES(H.K.)LTD. Representative Director for legal entity						
YI CHUN SHIPPING AGENCIES SDN. BHD. Representative Director for legal entity							
DAWIN LOGISTIC(INTERNATIONAL) LTD. Representative Director for legal entity							
officer, director, or supervisor held by spouse or relatives within two levels	Title	Director Consultant	Director Consultant	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: Fur-Lung Hsieh (Note 3)	Ta Hsin 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		Jun 24, 2011	Jun 24, 2011	Jun 24, 2011	Jun 24, 2011	Jun 24, 2011	Jun 24, 2011
Tenure		3 years	3 years	3 years	3 years	3 years	3 years
Date first elected (Note 2)		May 6, 1999	Jun 24, 2011	Jun 24, 2011	Jun 24, 2011	Jun 18, 2008	Jun 24, 2011
Shareholding on date elected	No. of shares	2,778,405	36,464,019	838,852	1,400,000	7,331,452	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	2,917,325 109,312	38,287,219 123,168	880,794 0	1,470,000 13,335	7,698,024 2,498,785	19,727,001
	Holding Ratio	0.13% 0.00%	1.72% 0.00%	0.03% 0.00%	0.06% 0.00%	0.34% 0.12%	0.88%
Current shareholding of Spouse and Minor Children	No. of shares	0	0	0	0	0	0
	Holding Ratio	0%	0%	0%	0%	0%	0%
Shareholding under other names	No. of shares	0	0	0	0	0	0
	Holding Ratio	0%	0%	0%	0%	0%	0%
Major Academic qualification and professional experience		Department of Shipping and Transportation Management, National Taiwan Ocean University	Department of International Trade, Tamkang University	Southern Methodist University, LL.M	Ming Chuan University	New Jersey College of Science and Engineering	Shih Chien University
Positions held in the Company and other companies		WAN HAI LINES THAILAND LTD. Representative Director for legal entity WAN HAI LINES (VIETNAM) LTD. Representative Director for legal entity/Chairman WAN HAI LINES KOREA LTD. Representative Supervisor for legal entity TK LOGISTICS INTERNATIONAL Co., LTD. Representative Supervisor for legal entity BAO SHENG SHIPPING AGENCY Co., LTD. Representative Supervisor for legal entity	WAN HAI LINES KOREA LTD. Director for legal entity WAN HAI LINES (AMERICA) LTD. Director for legal entity WAN HAI LINES (INDIA) PVT. LTD. Director for legal entity WAN HAI LINES (U.A.E) L.L.C Director for legal entity TK LOGISTICS INTERNATIONAL Co., Ltd. Director for legal entity TAIPEI PORT CONTAINER TERMINAL CORP. Director for legal entity	SHIH LIN PAPER CORP. Representative Director for legal entity CHANG HWA BANK Representative Director for legal entity	YEE SING CO., Ltd. Finance Dept. Manager UNI COOPERATE INTERNATIONAL Co., Ltd. Supervisor	SUNSHINE SHIH LIN DEVELOPMENT Co., Ltd. Director for legal entity	SUN SHINE CONSTRUCTION Co., Ltd. Chairman UNI COOPERATE INTERNATIONAL Co., Ltd. Director/Chairman
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: Baltimore International Ltd. Representative: Hui-Ying Chen Jun 24, 2011~Nov 10, 2013

Baltimore International Ltd. Representative: Ling-Lon Chiu from Nov 11, 2013

*Note2: Blue Moon Investment Co., Ltd. Representative: Fu-Tian Huang Mar 21, 2012~Mar 26, 2013

*Note3: Blue Moon Investment Co., Ltd. Representative: Fur-Lung Hsieh from Apr 2, 2013

2. Major shareholders of corporation stockholders

Corporation shareholders	Major Shareholders and holdings %					
Formosa Wonderworld Co., Ltd.	Da Shin Investment, Inc. 3.85%	Yuki Holdings Group Limited 17.86%	Sunpark Investment Group Limited 17.93%	Blue Moon Investment Co., Ltd. 3.7%		
	Po-Ting Chen 13.72%	Hui-Ling Chen 20.22%	Hui-Long Chen 3.01%	Hui-Ying Chen 14.63%		
	In-Ru Chen 0.33%	Mei-Ru Chen 0.33%	Baltimore International Ltd 1.98%	Evervaliant Corp. 1.22%		
	Yeong Yi(Asia) Corp. Ltd. 1.22%					
Tai Li Corp.	R&D Investments, Inc. 90.820%	Evervaliant Corp. 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 99.91%			Yeong Yi (Asia) Corp. Ltd. 0.09%		

3. 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%					
Yeong Yi (Asia) Corp. Ltd.	Smithson Crowford 32.165%、Hsin Feng Corp. 29.710%、Fon Tain Belon Co. Ltd. 26.244%、Skyway Industrial Limited 4.923%、Chen-Yung Foundation 3.436%、Chih-Chao Chen 1.947%、Kang Tu Industrial Co., Ltd. 0.683%、Eyon Corp. 0.550%、Chih-Yuan Chen 0.220%、Tsou Meng Li 0.115%					

4. Information of Directors and Supervisors

2014.04.20

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	
Po-Ting Chen			V			V				V		V	V	0	
Baltimore International Ltd. Representative: Hui-Ying Chen (Note 4)			V							V		V		0	
Baltimore International Ltd. Representative: Ling-Lon Chiueh (Note 5)			V	V	V	V	V	V	V	V	V	V		0	
Chen-Yung Foundation Representative: Chih-Chao Chen			V		V		V	V	V	V	V			0	
Taili Corporation Representative: Randy Chen			V		V				V	V	V			0	
Blue Moon Investment Co., Ltd. Representative: Fu-Tian Huang (Note 2)				V	V	V	V	V	V	V	V			0	
Blue Moon Investment Co., Ltd. Representative: Fur-Lung Hsieh (Note 3)			V		V	V	V		V	V	V			0	
Ta Hsin Investment Co., Ltd. Representative: Huey-Jiuan Chen			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	V	V			0	
Hwa-Mei LinYen			V	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.

Note2: Blue Moon Investment Co., Ltd. Representative: Fu-Tian Huang 2012/3/21~2013/3/26.

Note3: Blue Moon Investment Co., Ltd. Representative: Fur-Lung Hsieh appointed on 2013/4/2.

Note4: Baltimore International Ltd. Representative: Hui-Ying Chen 2011/6/24~2013/11/10.

Note5: Baltimore International Ltd. Representative: Ling-Lon Chiueh appointed on 2013/11/11.

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

2014.04.20

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	Mar 18, 2011	9,603,548	0.43%	0	0.00%	0	0.00%	Master of Business Administration, University of San Francisco	FORMOSA WONDERWORLD Co., Ltd. Director/Chairman SHIH LIN PAPER CORP. Representative Director for legal entity Chairman SUNSHINE SHIH LIN DEVELOPMENT Co., Ltd. Representative Director for legal entity/Vice Chairman ASIA PACIFIC LOGISTICS INTERNATIONAL CO.,LTD/ President WAN HAI LINES (INDIA) PVT. LTD. Representative Director for legal entity k.k. WH Corporation Representative Director for legal entity WAN HAI LINES(UAE)L.L.C Representative Director for legal entity WAN HAI LINES THAILAND LTD. Representative Director for legal entity WAN HAI LINES (PHILS) INC. Representative Director for legal entity WAN HAI LINES KOREA LTD. Representative Director for legal entity WAN HAI LINES(M) SDN.BHD. Representative Director for legal entity WAN HAI LINES (SINGAPORE) PTE. LTD. Representative Director for legal entity WAN HAI LINES(AMERICA)LTD. Representative Director for legal entity WAN HAI INTERNATIONAL PTE. LTD. Representative Director for legal entity WAN HAI LINES(H.K.)LTD. Representative Director for legal entity YI CHUN SHIPPING AGENCIES SDN.BHD. Representative Director for legal entity DAWIN LOGISTIC(INTERNATIONAL) LTD. Representative Director for legal entity	-	-	-
Executive President	Huey-Jiuan Chen	Apr 1, 2007	123,168	0.00%	0	0.00%	0	0.00%	Department of International Trade, Tamkang University	WAN HAI LINES KOREA LTD. Representative Director for legal entity WAN HAI LINES (AMERICA) LTD. Representative Director for legal entity WAN HAI LINES (INDIA) PVT. LTD. Representative Director for legal entity WAN HAI LINES(U.A.E) L.L.C Representative Director for legal entity TK LOGISTICS INTERNATIONAL Co., LTD. Representative Director for legal entity TAIPEI PORT CONTAINER TERMINAL CORP. Director for legal entity	-	-	-
Executive Vice President	Fur-Lung Hsieh	Jun 1, 2007	109,312	0.00%	92,720	0.00%	0	0.01%	Department of Shipping and Transportation Management, National Taiwan Ocean University	WAN HAI LINES THAILAND LTD. Representative Director for legal entity WAN HAI LINES (VIETNAM) LTD. Representative Director for legal entity/Chairman WAN HAI LINES KOREA LTD. Representative Supervisor for legal entity TK LOGISTICS INTERNATIONAL Co., LTD. Representative Supervisor for legal entity BAO SHENG SHIPPING AGENCY CO., LTD. Representative Supervisor for legal entity	-	-	-
Senior Vice President	Jen-Yee Huang	Jun 1, 2007	10,838	0.00%	4,353	0.00%	0	0.00%	Department of Business Administration, National Cheng Kung University	WAN HAI LINES (SINGAPORE) PTE. LTD. Representative Director for legal entity WAN HAI INTERNATIONAL PTE. LTD Representative Director for legal entity	-	-	-

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
Senior Vice President	Wen-Chau Yeh	Jun 1,2007	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. Representative Director for legal entity DAWIN LOGISTIC (INTERNATIONAL) LTD. Representative Director for legal entity BLUE OCEAN LOGISTICS CO.,LTD. Representative Director for legal entity WAN HAI LINES(H.K.)LTD. Representative Director for legal entity	-	-	-
Senior Vice President	Jiong-Xin Lin	Jun 01,2007	127,019	0.00%	0	0.00%	0	0.00%	Department of Merchant Marine, Chinese Culture University	CLIPPER INTERNATIONAL SHIPPING AGENCY LTD. Representative Director for legal entity SHENZHEN YONG CHUN INTERNATIONAL SHIPPING MANAGEMENT CO., LTD. Representative Director for legal entity	-	-	-
Vice President	Li-Kuang Huang	Apr 1,2007	105,627	0.00%	11,536	0.00%	0	0.00%	Mast of Business Administration, University of Buffalo, New York	SHENZHEN UNIWIN INTERNATIONAL LOGISTICS LTD. Representative Director for legal entity	-	-	-
Vice President	Kuo-Loong Kao	Jun 1,2007	92,195	0.00%	43,653	0.00%	0	0.00%	Department of Merchant Marine, Chinese Culture University	TK LOGISTICS INTERNATIONAL Co., LTD. Representative Director for legal entity	-	-	-
Vice President	Ming-Shan Huang	Jun 1,2007	17,545	0.00%	6,856	0.00%	0	0.00%	Department of International Trade, Soochow University	BLUE OCEAN LOGISTICS CO.,LTD. Representative Director for legal entity	-	-	-
Vice President	Juang-Jyh Juang	Jun 1,2007	0	0.00%	0	0.00%	0	0.00%	Department of Mechanical Engineering, China Junior College of Technology	BAO SHENG SHIPPING AGENCY CO., LTD. Representative Director for legal entity	-	-	-
Vice President	Wei-Chien Chuang	Jun 1,2007	9,370	0.00%	454	0.00%	0	0.00%	Department of International Trade, National ChengChi University	BLUE OCEAN LOGISTICS CO.,LTD. Representative Director for legal entity/Chairman TK LOGISTICS INTERNATIONAL Co., LTD. Representative Supervisor for legal entity	-	-	-
Vice President	Wei-Hsin Hsu	Jun 1,2007	128,513	0.00%	395	0.00%	0	0.00%	Department of Electrical Engineering, Chung Yuan Christian University	-	-	-	-
Project Vice President	Yen-Ru Chen	May 1,2009	65,951	0.00%	0	0.00%	0	0.00%	Department of Transportation and Navigation Science, National Taiwan Ocean University	-	-	-	-
Special Assistan to Executive President	Hung-Chuan Chien	Aug 1,2008	0	0.00%	0	0.00%	0	0.00%	Department of Transportation Technology & Management, Feng Chia University	-	-	-	-
Vice President	Hui-Chang Chung	Jun 1,2007	176,297	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. Representative Director for legal entity	-	-	-
Vice President	Chih-Heng Wan	Feb 16,2009	23,516	0.00%	58,214	0.00%	0	0.00%	Department of International Trade, Chinese Culture University	WAN HAI LINES KOREA LTD. Representative Director for legal entity	-	-	-
Vice President	Li-Mei Su	Feb 16,2009	1,212	0.00%	0	0.00%	0	0.00%	Department of International Trade, National ChengChi University	BAO SHENG SHIPPING AGENCY CO., LTD. Representative Director for legal entity	-	-	-
Special Assistant to Executive President	Cheng-Hsien Huang	Feb 16,2009	0	0.00%	0	0.00%	0	0.00%	Department of Business Administration, National Sun Yat-sen University	-	-	-	-
Vice President	Ren-Kai Wu	Mar 15,2012	0	0.00%	0	0.00%	0	0.00%	Department of Industrial and Information National Cheng Kung University	-	-	-	-
Vice President	Chien-Cheng Hsiao	Mar 15,2012	0	0.00%	0	0.00%	0	0.00%	Department of International Trade, Fu Jen Catholic University	WAN HAI LINES (VIETNAM) Ltd. Representative Director for legal entity	-	-	-
Deputy Vice President	Pei-Tai Kuo	Jun 25,2012	0	0.00%	0	0.00%	0	0.00%	Department of Economics Chinese Culture University	-	-	-	-

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
Deputy Vice President	Tai-Feng Sun	Oct 31,2011	124	0.00%	0	0.00%	0	0.00%	Department of Merchant Marine, National Taiwan Ocean University	-	-	-	-
Deputy Vice President	I- Feng Lin	Sep 15,2012	135	0.00%	0	0.00%	0	0.00%	Department of Merchant Marine, Tamkang University	TK LOGISTICS INTERNATIONAL Co., LTD. Representative Director for legal entity BAO SHENG SHIPPING AGENCY CO., LTD. Representative Director for legal entity	-	-	-
Deputy Vice President	Cheng-Chu Ling	Apr 1,2013	26,421	0.00%	96,197	0.00%	0	0	Department of Business Administration, Fu Jen Catholic University	-	-	-	-
Assistant Vice President	Dao-Ming Chen	Aug 1,2013	0	0.00%	0	0.00%	0	0	Department of shipping and Transportation Mangement, National Taiwan Ocean University	-	-	-	-
General Manager	Hsueh-Hua Lu	Apr 1,2013	3,984	0.00%	0	0.00%	0	0.00%	International Business & Management, Sheffield Hallam University	-	-	-	-
Assistant Vice President	Chia-Yi Hsiao	Aug 13,2007	6,199	0.00%	0	0.00%	0	0.00%	Department of Accounting, National Chung Hsing University	-	-	-	-
Vice President	Ching-Seng Huang (Note1)	Apr 1,2007	0	0.00%	19,579	0.00%	0	0.00%	Department of shipping and Transportation Mangement, National Taiwan Ocean University	-	-	-	-
Vice President	Chung-Yi Kao (Note2)	Jan 1,2008	142,377	0.00%	110	0.00%	0	0.00%	Department of Public Administration, Tamkang University	-	-	-	-

Note 1:Ching-Seng Huang retired on Aug 1,2013

Note 2:Chung-Yi Kao retired on Aug 1,2013

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	Director
Name			Po-Ting Chen	Baltimore International Ltd. Representative: Hui-Ying Chen(Note 1)	Baltimore International Ltd. Representative: Ling-Lon chieh(Note2)	Chen-Yung Fundation Representative: Chih-Chao Chen	Taili corporation Representative: Randy Chen	Blue Moon Investment Co., Ltd. Representative: Fu-Tian Huang (note 3)	Blue Moon Investment Co., Ltd. Representative: Fur-Lung Hsieh(Note 4)	Ta Hsin Investment Co., Ltd. Representative: Huey-Juan Chen	Formosa Wonderworld Co., Ltd. Representative: Cheng-Hsien Lin
Remuneration to directors	(A) Allowance	Unconsolidated	4,913								
	(B) Retirement pension	Unconsolidated	4,913								
		Consolidated									
	(C) Remuneration from retained earnings	Unconsolidated	14,703								
Consolidated		14,703									
(D) Transportation allowance	Unconsolidated	1,943									
	Consolidated	1,943									
Percentage of (A+B+C+D) in net income after tax			Unconsolidated 1.01								
			Consolidated 1.01								
Related remuneration for serving in the company concurrently	(E) Salary, bonus and specific subsidy	Unconsolidated	6,164								
		Consolidated	14,500								
	(F) Retirement pension	Unconsolidated	108								
		Consolidated	270								
	(G) Employee's bonus from retained earnings	Cash bonus Unconsolidated	110								
		Stock bonus Consolidated	0								
(H) Shares of employee's stock warranty	Cash bonus Unconsolidated	110									
	Stock bonus Consolidated	0									
Percentage of (A+B+C+D+E+F+G+H) in net income after tax			Unconsolidated 1.31								
			Consolidated 1.71								
Other income			356								

Note 1: Baltimore International Ltd. Representative: Hui-Ying Chen 2011/6/24-2013/11/10

Note 2: Baltimore International Ltd. Representative: Ling-Lon Chieh from 2013/11/11

Note 3: Blue Moon Investment Co., Ltd. Representative: Fu-Tian Huang 2012/3/21-2013/3/26

Note 4: Blue Moon Investment Co., Ltd. Representative: Fur-Lung Hsieh from 2013/4/2

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
Lower than TWD 2,000,000	Hui-Ying Chen, Fu Tian Huang	Hui-Ying Chen, Fu Tian Huang	Hui-Ying Chen, Fu Tian Huang	Hui-Ying Chen, Fu Tian Huang
From TWD 2,000,000 to 4,999,999	Cheng-Hsien Lin, Randy Chen, Huey-Jiuan Chen, Ling-Lon Chiueh, Fur-Lung Hsieh, Chih-Chao Chen	Cheng-Hsien Lin, Randy Chen, Huey-Jiuan Chen, Ling-Lon Chiueh, Fur-Lung Hsieh, Chih-Chao Chen	Randy Chen, Fur-Lung Hsieh, Cheng-Hsien Lin, Ling-Lon Chiueh	Fur-Lung Hsieh, Cheng-Hsien Lin, Ling-Lon Chiueh
From TWD 5,000,000 to 9,999,999	Po-Ting Chen	Po-Ting Chen	Po-Ting Chen, Chen Chih-Chao Chen, Huey-Jiuan Chen	Po-Ting Chen, Chih-Chao Chen, Randy Chen, Huey-Jiuan Chen
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	Po-Ting Chen, Hui-Ying Chen, Randy Chen, Cheng-Hsien Lin, Fu Tian Huang, Huey-Jiuan Chen, Chih-Chao Chen, Fur-Lung Hsieh, Ling-Lon Chiueh	Po-Ting Chen, Hui-Ying Chen, Randy Chen, Cheng-Hsien Lin, Fu Tian Huang, Huey-Jiuan Chen, Chih-Chao Chen, Fur-Lung Hsieh, Ling-Lon Chiueh	Po-Ting Chen, Hui-Ying Chen, Randy Chen, Cheng-Hsien Lin, Fu Tian Huang, Huey-Jiuan Chen, Chih-Chao Chen, Fur-Lung Hsieh, Ling-Lon Chiueh	Po-Ting Chen, Hui-Ying Chen, Randy Chen, Cheng-Hsien Lin, Fu Tian Huang, Huey-Jiuan Chen, Chih-Chao Chen, Fur-Lung Hsieh, Ling-Lon Chiueh

2. Remuneration to supervisors

Title			Supervisor	Supervisor	Supervisor
Name			Yee Sing Co., Ltd. Representative: Mei-Huei Wu	Yi Teh Optical Technology Co., Ltd. Representative: Chih Hsiang Chen	Hwa-Mei LinYen
Remuneration to supervisors	(A) Allowance	Expense (c) Unconsolidated	0		
	(B) Remuneration from retained earnings	Unconsolidated	6,301		
		Consolidated	6,301		
	Transportation allowance	Unconsolidated	440		
		Consolidated	440		
Percentage of (A+B+C+D) in net income after tax		Unconsolidated	0.32		
		Consolidated	0.32		
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	Mei-Huei Wu, Chih Hsiang Chen, Hwa-Mei LinYen	Mei-Huei Wu, Chih Hsiang Chen, Hwa-Mei LinYen
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	Mei-Huei Wu, Chih Hsiang Chen, Hwa-Mei LinYen	Mei-Huei Wu, Chih Hsiang Chen, Hwa-Mei LinYen

3. Remuneration to President and Vice presidents

Unit: TWD

Title		President	Executive President	Executive President
Name		Po-Ting Chen	Huey-Jiuan Chen	Fur-Lung Hsieh
(A) Salary	Unconsolidated		4,251	
	Consolidated		4,251	
(B) Retirement pension	Unconsolidated		108	
	Consolidated		108	
(C) Bonus and specific subsidy, etc.	Unconsolidated		1,053	
	Consolidated		1,053	
(D) Employee's bonus from retained earnings	Unconsolidated	Cash bonus	82	
		Stock bonus	0	
	Consolidated	Cash bonus	82	
		Stock bonus	0	
Percentage of (A+B+C+D) in net income after tax	Unconsolidated		0.26	
	Consolidated		0.26	
Shares of employee's stock warranty	Unconsolidated		0	
	Consolidated		0	
Other income			356	

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, Fur-Lung Hsieh	Huey-Jiuan Chen, Fur-Lung Hsieh
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	Po-Ting Chen, Huey-Jiuan Chen, Fur-Lung Hsieh	Po-Ting Chen, Huey-Jiuan Chen, Fur-Lung Hsieh

4. Bonus to Executives

Unit: TWD thousand

Title	Name	Stock Bonus	Cash Bonus	Total	Percentage in Net Income after tax
President	Po-Ting Chen				
Specil Assistant to President	Randy Chen				
Executive President	Huey-Jiuan Chen				
Executive President	Fur-Lung Hsieh				
Senior Vice President	Jen-Yee Huang				
Senior Vice President	Wen-Chau Yeh				
Senior Vice President	Jiong-Xin Lin				
Vice President	Li-Kuang Huang				
Vice President	Kuo-Loong Kao				
Vice President	Ming-Shan Huang				
Vice President	Juang-Jyh Juang				
Vice President	Wei-Chien Chuang	0	619	619	0.03
Vice President	Wei-Hsin Hsu				
Vice President	Hui-Chang Chung				
Vice President	Chih-Heng Wan				
Vice President	Li-Mei Su				
Vice President	Ren-Kai Wu				
Vice President	Chien-Cheng Hsiao				
Project Vice President	Yen-Ju Chen				
Special Assistan to Executive President	Hung-Chuan Chien				
Special Assistan to Executive President	Cheng-Hsien Huang				
Vice President	Ching-Seng Huang (Note 1)				
Vice President	Chung-Yi Kao (Note 1)				
Assistant Vice President	Chia-Yi Hsiao				

Note 1 : Retired on 2013/7/31

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 2013		Percentage of total remuneration in net income after tax in 2012		Description
	Unconsolidated	Consolidated	Unconsolidated	Consolidated	
Directors	1.31%	1.71%	0.72%	1.23%	Remuneration of retained earnings to directors and supervisors is according to the company's articles of incorporation.
Supervisors	0.32%	0.32%	0.10%	0.10%	
President and Executive vice president	0.26%	0.26%	0.18%	0.18%	

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 eight Board of Directors meetings. Attendance records of directors and supervisors is as follows:

Position	Name	Number of actual participations (or as an an observer)	Number of actual participations through a proxy	Rate of actual participations (or as an observer) (%)	Remarks
The 18th Board of Directors					
Chairman	Po-Ting Chen	8	0	100%	
Director	Baltimore International Ltd. Representative:Hui-Ying Chen	5	1	63%	Hui-Ying Chen 2011/6/24~ 2013/11/10
Director	Baltimore International Ltd. Representative:Ling-Lon Chiueh	2	0	25%	Appointed on 2013/11/11
Director	Taili Corporation Representative:Randy Chen	7	1	88%	
Director	Blue Moon Investment Co., Ltd. Representative:Fu-Tian Huang	2	0	25%	Fu-Tian Huang 2012/3/21~ 2013/3/26
Director	Blue Moon Investment Co., Ltd. Representative: Fur-Lung Hsieh	6	0	75%	Appointed on 2013/4/2
Director	Formosa Wonderworld Co., Ltd. Representative:Cheng-Hsien Lin	8	0	100%	
Director	Ta Hsin Investment Co. , Ltd. Representative: Huey-Jiuan Chen	8	0	100%	
Director	Chen-Yung Foundation Representative: Chih-Chao Chen	8	0	100%	
Supervisor	Yee Sing Co., Ltd. Representative: Mei-Huei Wu	8	0	100%	
Supervisor	Hwa-Mei LinYen	6	0	75%	
Supervisor	Yi Teh Optical Technology Co., Ltd. Representative: Chih-Hsiang Chen	1	0	13%	

Other remarks required:

- 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. The Company will have independent directors from 2014 – the 19th Board of Directors.
- In the event of a recusal by one of the directors due to shared interests, a record of the name of the director, content of the proposal, cause of the recusal, and the resolution of the issue by participants shall be made.
 - (1)Motion to donate NTD 5 million to the Wan Hai Charity Foundation, so the foundation could have the capital it needs to conduct charitable activities.
 - A.Directors: Po-ting Chen, Fur-Lung Hsieh

B.Motion Content: 21st Directors Meeting of the 18th term (December 23, 2013). Donation of NTD 5 million to the Wan Hai Charity Foundation, so the foundation could have the capital it needs to conduct charitable activities.

C.Recusals Due to Conflicts of Interest: Foundation directors

D.Resolution: Po-ting Chen and Fur-Lung Hsieh recused themselves from the meeting due to their roles as Foundation directors. Remaining directors passed the motion without dissent.

3. 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, and will have election of independent directors after the expiry of the 18th board of directors, 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 Performance by supervisors while participating in the board of directors:

In recent year(s), the Board of Directors convened a total of eight Board of Directors meetings. Attendance records of supervisors is as follows:

Position	Name	Number of actual participations (or as an observer)	Rate of actual participations (or as an observer) (%)	Remarks
The 18th Board of Directors Meeting				
Supervisor	Yee Sing Co., Ltd. Representative: Mei-Huei Wu	8	100%	
Supervisor	Hwa-Mei LinYen	6	75%	
Supervisor	Yi Teh Optical Technology Co., Ltd. Representative: Chih-Hsiang Chen	1	13%	
<p>Other remarks required:</p> <p>1. The organization of Supervisors and their duties and responsibilities:</p> <p>(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.</p> <p>(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):</p> <p>A.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.</p> <p>B.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.</p> <p>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</p>				

3.3.4 Distinction between the Company's corporate governance and such of the 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
1. Company's shares structure and shareholders right (1) Company's dealings with shareholders suggestions and disputes (2) The status of the roster of company's controlling shareholders and major shareholders (3) Establishment of risk control mechanism and firewall between company and its affiliates	(1) The Company has designated a spokesperson and an acting spokesperson for handling matters in connection with shareholders suggestions or disputes. (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. (3) Risk control mechanism for trades, capital transaction, and information independence between the Company and its affiliates has already been established and strictly followed.	None None None
2. Formation and responsibility of the board of directors (1) Appointment of independent director in the Company (2) Regular review on the independency of the CPAs attesting for company's financial reports.	(1) The Company has not established the post of independent director (2) The CPA firm subscribed by the Company is among the three largest in the country reputed for its independency and expertise.	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. None
3. Establishment of communication channel with interested parties/individuals	The Company has designated a special task force mainly for handling communication with interested parties/individuals and ensuring the communication flow.	None
4. Information Availability (1) Establishment of company website for disclosing financial matters and corporate governance related matters. (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.	The Company's website http://www.wanhai.com has the following information disclosed (1) Financial and business related information (2) Information relating to the Company's corporate governance including the Company's By-laws, information relating to the asset acquisition and disposition, endorsement and guaranty by the Company, capital financing and lending, and derivative financial products purchase and disposition, etc. 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.	None None
5. Establishment and operation of committees concerning company's other functionality such as, procedures for nomination, wages determination, among others.	The Company has established a remuneration committee and held regular session two times during 2013.	None
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.		
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. *The Company's Director/ Fu-Lung Hsieh had completed the workshop for Director and Supervisor (including independent director/supervisor) administered by Securities and Futures Institute (Taiwan) held in Taipei. *The Company's Director/ Ling-Lon Chiueh had completed the workshop for Directors and Supervisors Practice Advanced Seminar: The practice of compensation committee administered by Securities and Futures Institute (Taiwan). *The Company's Director/ Ling-Lon Chiueh had completed the workshop for Director and Supervisor (including independent director/supervisor) administered by Securities and Futures Institute (Taiwan). *The Company's Director/Huey-Jiuan Chen had completed the workshop for 9th International Corporate Governance Forum administered by Taiwan Corporate Governance Association. *Liability insurance for the Company's directors, supervisors, and officers has been subscribed and provided by Taian Insurance commencing in 2006. The liability coverage for 2013 is USD 10 Million.		
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.		
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. 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. 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.		

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.)
Fur-Lung Hsieh	Director	May 14,2013 ~May 15,2013	Securities & Futures Institute	Director and the supervisor actual situation study class in Taipei	12
Ling-Lon Chiueh	Director	Nov 19,2013	Securities & Futures Institute	Directors and Supervisors Practice Advanced Seminar: The practice of compensation committee	3
		Dec 10,2013 ~Dec 11,2013	Securities & Futures Institute	Director and the supervisor actual situation study class in Taipei	12
Huey-Jiuan Chen	Director	Nov 01,2013	Taiwan Corporate Governance Association	9th International Corporate Governance Forum	6

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

*Taiwan CPA Association: Two individuals (Financial Division)

*Taiwan CIA Association: One individual (Financial Division)

* Continuing Education for Auditing Division personnel:

Name	Title	Date	Sponsor unit	Course	Time (hr.)
Pei-Tai Kuo	Audit Supervisor	Feb 01,2013	Securities & Futures Institute	Internal control of corporation on-the-job training-an auditor's legal responsibility	6
		Sep 02,2013	Accounting Research and Development Foundation	Internal control of personal information	6

*Continuing Education/Training for the Financial Division personnel:

Name	Title	Date	Sponsor unit	Course	Time (hr.)
Chia-Yi Hsiao	Accounting Supervisor	Feb 20,2013	Accounting Research and Development Foundation	The practice and strategy of IFRS financial statements submission in 2013 and latest regulations of securities and tax	4
		Apr 19,2013	PricewaterhouseCoopers Taiwan	Attention of holding board of directors and annual meeting of shareholders for Corporate governance	3
		Aug 20,2013	Accounting Research and Development Foundation	Analysis of International Financial Reporting Standard	3.5
		Sep 4,2013	Accounting Research and Development Foundation	The practice of cross-Strait system of Financial Supervisors and investment regulations	6
		Sep 25,2013	Accounting Research and Development Foundation	The legal responsibility and risk of corporation under Securities and Exchange Act	3.5

Name	Title	Date	Sponsor unit	Course	Time (hr.)
Chih-Hsien Chen	Financial Supervisor	Jan 04,2013	Hua Nan Securities	Trade Secret and Business Strife Limitation for directors and supervisors	3
		Feb 20,2013	Accounting Research and Development Foundation	The practice and strategy of IFRS financial statements submission in 2013 and latest regulations of securities and tax	4
		Jun 25,2013	Financial Supervisory Commission	Innovative accounting generation-IFRS successful model in Taiwan	3
		Dec 10,2013	Taiwan Stock Exchange	The Guidance of material information,internal control and amended regulations	3
		Dec 17,2013	KPMG Taiwan	The analysis of examination trend of Profit-seeking Enterprise Income	3

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> <p>(1)Policies and regulations concerning corporate responsibility, and an appraisal of effectiveness</p> <p>(2)The status of full and part-time work units established by the Company for promotion of corporate responsibility</p> <p>(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</p>	<p>(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:</p> <p>(a)The promotion and implementation of the ISO 14001 environmental management system, and a creation of an ISO14001 committee for regular inspection of the effectiveness of improvements to environmental protection</p> <p>(b)The continued control and improvement of pollution, and the lessening of its effect on the environment</p> <p>(c)Adherence to the relevant legally-binding environmental regulations, international shipping safety management regulations, international conventions, and other relevant demands.</p> <p>(d)The strengthening of environmental protection ideals within the company, and the continued education for the promotion of environmental awareness</p> <p>(e)Set up the task force for energy reserving so as to chair and execute environmental policies into practice.</p> <p>(f)Encouragement of suppliers and business partners to strengthen environmental awareness, and adherence to environmental rules and regulations</p> <p>(g)Continued improvement to the safety management techniques of on-shore and ship crew, including relevant emergency response techniques for safety and environmental protection</p> <p>(2)For full achievement of corporate social accountability, we formed the task force and then taken some measures or coordinated by ISO14001 seeds in each division.</p> <p>(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

Items	Status of Work	Difference between the corporate responsibility measures taken by other publicly-listed, OTC companies and reason for difference
<p>2.Developing a sustainable environment</p> <p>(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</p> <p>(2)The status of the establishment of an environmental management system suited to the special characteristics of our industry</p> <p>(3)The status of the units created or employees assigned for the specific task of environmental protection</p> <p>(4)The status of the Company's awareness of climate change's effect on operation activities, and policies for reducing carbon emissions</p>	<p>2.Developing a sustainable environment:</p> <p>(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:</p> <p>(a)Vessels use Slow Steaming Shipping, reducing fuel consumption, and greatly reducing the effect of emissions on the environment</p> <p>(b)Hulls are painted with a tin-free paint, avoiding the release of toxic tin into the environment, preventing damage to marine life</p> <p>(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</p> <p>(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</p> <p>(e)Damaged or worn machines or fitting on vessels, if able to be repaired, are arranged to be reused by the manufacturer</p> <p>(f)Instruction of manufacturers working on the ship to recycle and dispose of trash on shore</p> <p>(2)Current environmental management system employed by the company as related to the shipping industry is as follows:</p> <p>(a)Both newly built and current vessels have been fitted with sewage and bilge water treatment system,</p> <p>(b)Engines and generators on ships built after 2000 are all up to Tier 1 emissions standards,</p> <p>(c)Waste oil from engine rooms discharged to the shore is recycled by a qualified company</p> <p>(d)Bilge water from the engine room passes through a 15 PPM bilge water separator before being released, thus decreasing ocean pollution</p> <p>(e)On-board bilge water passes through a bilge water separator where organic matter is filtered out before being released</p> <p>(f)All engine room internal combustion engines, boilers, and incinerators comply with emissions laws and regulations</p> <p>(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.</p> <p>(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.</p> <p>(4)WHL's policies for achieving goals of carbon emission and greenhouse gas reduction are as follows:</p> <p>(a) The implementation of reduced speed shipping, as used on our European shipping service, and 8 other leased ships, resulting in 9 ships overall, reduced round trip fuel emission carbon by 2,800 tons</p> <p>(b)Reducing engine cylinder, speed shipping and set up PBCF to reduce fuel expenditure.</p> <p>(c)Energy saving software has been added to all freezer containers</p> <p>(d)Purchases low sulfur fuel to comply with the limit as required by MARPOL</p> <p>(e)Vessels will use low-sulfur fuel oil and carry out the changeover procedure when entering the ECA(Emission Control Area) & European Union area.</p> <p>(5)In accordance with environmental policy, the resource reserving unit are set up and make some strategies.</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>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>3. Upholding Public Good:</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 check concentration of CO2 and illumination for caring about employees' healthy behavior regularly.</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.tw (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 Wanhai 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 Wanhai Charity Foundation to charity-related expenditures totaled TWD 31,521,911 in 2013. In addition to this, the Company has also promoted the following charity and community participation:</p> <p>(a)Support of the "Hungarian Radio Symphony Orchestra Charity Concert" run by the Wanhai 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 "Wanhai 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 1,561 participants, collecting a total of 2,200 donations, totaling 550,000 cc.</p> <p>(c)Called for corporate volunteers to participate in seven events to take care for children in Children's Home, elders in Nursing Home and disables in Rest-Home. All events run by Wanhai Charity Foundation.</p> <p>(d)Donated shipping containers to Noordhoff Craniofacial Foundation and Taiwan Root Medical peace Corps for the shipment of 700 tons rice to Philippines and Pakistan. And responded to relieve the victims of a disaster after super typhoon Haiyan in Philippines, Wan Hai Group cooperated with Tzu Chi Foundation to transport more than 20 containers of charity to Philippines.</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 (1)Methods for the provision of information regarding the relevance and reliability of the Company's corporate responsibility (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 (1)The Company has already published a report detailing the implementation and results of corporate responsibility (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 & air conditioning in its offices, controlling use of electricity, measures to conserve water and paper, separation and recycling of garbage, e-booking and the conversion away from use of paper for internal documents & container repair, etc.</p>		
<p>7. Description of accreditation given by relevant accrediting organizations the Company's products or corporate responsibility report may have received: 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 Internal Control System Execution Status

WAN HAI LINES LTD. The Declaration of Internal Control

Based on the self-examination of Company's internal control system for year ended of 2013, 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, 2013 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 7 directors and objected by 0 directors of the Company present at the meeting held on Mar 19, 2014.

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**

Time	Ratification and Resolution
<p>2013 General Shareholder's Meeting (Jun 14, 2013)</p>	<p>Acknowledgments:</p> <p>1. Motion: Agenda: Presenting the 2012 Financial Report and Business Report for acknowledgement. Resolution: According to the e-voting and live voting results for the motion, total present votes were 1,875,233,689, including 1,732,220,749 votes showing agreement and 53,280 votes showing disagreement, and 142,959,660 invalid votes and abstentions. Therefore, the motion passed upon 92.37% affirmative votes out of the total shareholders with voting right present at the meeting.</p> <p>2. Motion: Agenda: Presenting the 2012 Earnings Appropriation for acknowledgement. Resolution: According to the e-voting and live voting results for the motion, total present votes were 1,875,233,689, including 1,732,234,752 votes showing agreement and 50,416 votes showing disagreement, and 142,948,521 invalid votes and abstentions. Therefore, the motion passed upon 92.37% affirmative votes out of the total shareholders with voting right present at the meeting.</p> <p>Discussions:</p> <p>1. Motion: Agenda: Amendments to the "Procedure of Endorsement and Guarantees by WAN HAI LINES LTD. and Subsidiaries" submitted for discussion. Resolution: According to the e-voting and live voting results for the motion, total present votes were 1,875,265,057, including 1,732,013,044 votes showing agreement and 285,667 votes showing disagreement, and 142,966,346 invalid votes and abstentions. Therefore, the motion passed upon 92.36% affirmative votes out of the total shareholders with voting right present at the meeting.</p> <p>2. Motion: Agenda: Amendments to the "Procedure of Loaning of Fund to Others by WAN HAI LINES LTD. and Subsidiaries" submitted for discussion. Resolution: According to the e-voting and live voting results for the motion, total present votes were 1,875,265,057, including 1,732,013,044 votes showing agreement and 285,667 votes showing disagreement, and 142,966,346 invalid votes and abstentions. Therefore, the motion passed upon 92.36% affirmative votes out of the total shareholders with voting right present at the meeting.</p> <p>3. Motion: Agenda: Amendments to the "WAN HAI LINES LTD. Memorandum of Association" submitted for discussion. Resolution: According to the e-voting and live voting results for the motion, total present votes were 1,875,265,057, including 1,732,035,181 votes showing agreement and 212,895 votes showing disagreement, and 143,016,981 invalid votes and abstentions. Therefore, the motion passed upon 92.36% affirmative votes out of the total shareholders with voting right present at the meeting.</p> <p>4. Motion: Agenda: Amendments to the "WAN HAI LINES LTD. Procedure for the Election of Directors and Supervisors" submitted for discussion. Resolution: According to the e-voting and live voting results for the motion, total present votes were 1,875,265,057, including 1,732,083,348 votes showing agreement and 129,397 votes showing disagreement, and 143,052,312 invalid votes and abstentions. Therefore, the motion passed upon 92.36% affirmative votes out of the total shareholders with voting right present at the meeting.</p> <p>5. Motion: Agenda: Release of the Non-Competition Restriction for members of the Company's Board of Directors submitted for discussion. Resolution: According to the e-voting and live voting results for the motion, total present votes were 1,866,829,420, including 1,716,287,234 votes showing agreement and 7,546,811 votes showing disagreement, and 142,995,375 invalid votes and abstentions. Therefore, the motion passed upon 91.94% affirmative votes out of the total shareholders with voting right present at the meeting.</p> <p>6. Motion: Agenda: Allocation of cash from capital surplus submitted for discussion. Resolution: According to the e-voting and live voting results for the motion, total present votes were 1,875,265,057, including 1,732,214,508 votes showing agreement and 88,416 votes showing disagreement, and 142,962,133 invalid votes and abstentions. Therefore, the motion passed upon 92.37% affirmative votes out of the total shareholders with voting right present at the meeting.</p>

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

Date	Resolutions
15th Directors Meeting of 18th term, 2013 (March 25, 2013)	Motion: The relevant issues related to the general shareholders' meeting 2013 are submitted for review. Resolution: The motion passed after the directors' unanimous agreement upon the Chairperson's inquiry
15th Directors Meeting of 18th term, 2013 (March 25, 2013)	Motion: Changes of functional duties of directors of two subsidiaries – TK Logistics International Co., Ltd. and Bao Sheng Shipping Agency Co., Ltd. – are submitted for discussion. Resolution: The motion passed after the directors' unanimous agreement upon the Chairperson's inquiry
16th Directors Meeting of 18th term, 2013 (April 24, 2013)	Motion: Revised the relevant issues related to the general shareholders' meeting 2013 are submitted for review Resolution: The motion passed after the directors' unanimous agreement upon the Chairperson's inquiry
18th Directors Meeting of 18th term, 2013 (June 14, 2013)	Motion: Motion for the allocation of 2012 earnings, ex-dividend date, and cash dividend payment date is submitted for discussion. Resolution: The motion passed after the directors' unanimous agreement upon the Chairperson's inquiry
20th Directors Meeting of 18th term, 2013 (November 12, 2013)	Motion: The motion for procurement of new containers 2014 is submitted for review. Resolution: The motion passed after the directors' unanimous agreement upon the Chairperson's inquiry
21st Directors Meeting of 18th term, 2013 (December 23, 2013)	Motion: Motion to donate NTD 5 million to the Wan Hai Charity Foundation, so the foundation could have the capital it needs to conduct charitable activities. Resolution: Po-ting Chen and Fu-Lung Hsieh recused themselves from the meeting due to their roles as Foundation directors. Remaining directors passed the motion without dissent.

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:None

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 Discussion about execution of the resolutions made in the shareholders' meeting 2013

1. Ratification:
 - (1) Financial statements and business report 2012: Relevant statements and report have been submitted to the competent authority and declared pursuant to the Company act.
 - (2) Ratification of the proposal for allocation of earnings 2012: 10% legal reserve of NT\$182,835,494 and NT\$1,055,770,132 special reserve were allocated pursuant to relevant legal and company regulations. Distribution of rewards, bonuses, and dividends was completed.
2. Discussion:
 - (1) Amendments to the "Procedure of Endorsement and Guarantees by WAN HAI LINES LTD. and Subsidiaries" submitted for discussion : Already executed pursuant to the resolution.
 - (2) Amendments to the "Procedure of Loaning of Fund to Others by WAN HAI LINES LTD. and Subsidiaries" submitted for discussion. : Already executed pursuant to the resolution.
 - (3) Amendments to the "WAN HAI LINES LTD. Memorandum of Association" submitted for discussion. : Already executed pursuant to the resolution.
 - (4) Amendments to the "WAN HAI LINES LTD. Procedure for the Election of Directors and Supervisors" submitted for discussion. : Already executed pursuant to the resolution.
 - (5) Release of the Non-Competition Restriction for members of the Company's Board of Directors submitted for discussion. : Already executed pursuant to the resolution.
 - (6) Allocation of cash from capital surplus submitted for discussion. : Already executed pursuant to the resolution.

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. 1,2013~Dec.31,2013	

Expressed in thousands of New Taiwan dollars

Amount scales	Fees item	Audit fees	Non-audit fees	Total
1	Under 2,000 thousand dollars		916	916
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	0	0	0	916	916	2013/1/1-2013/12/31	Non-audit fees-others (including the following items): Transfer pricing zprovisional income tax return

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 :

Due to no replacement of CPA, information on replacement of CPA in this section is 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	2013		2014/1/1~2014/5/2		Remark
		Increase (Decrease) in holding shares	Increase (Decrease) in pledge holding shares	Increase (Decrease) in holding shares	Increase (Decrease) in pledge holding shares	
Chairman	Po-Ting Chen	0	(3,020,000)	0	(2,020,000)	2011.03.18 serve GM
Director	Baltimore International Ltd. Representative: Hui-Ying Chen Ling -Lon Chiueh	0	(1,647,241)	0	0	Baltimore International Ltd. Representative: Ling-Lon Chiueh from Nov 11,2013
Director	CHEN-YUNG Foundation Representative: Chih-Chao Chen	0	0	0	0	
Director	TAILI Corporation Representative: Randy Chen	0	0	0	0	
Director	Blue Moon Investment Corporation. Representative: Fu-Tian Huang	0	0	0	0	2013.03.26 resigned
Director	Blue Moon Investment Corporation Representative:Fur-Lung Hsieh	0	0	0	0	2013.04.02 New Representative
Director	Da Shin Investment, Inc. Representative: Huey-Juan Chen	0	0	0	0	
Director	Formosa Wonderland Co.,Ltd. Representative: Cheng-Hsien Lin	0	0	0	0	
Supervisor	Yee Sing Co., Ltd. Representative:Mei-Hui Wu	0	0	0	0	
Supervisor	Yi Teh Optical Technology Co., Ltd. Representative: Chih Hsiang Chen	0	0	0	1,000,000	
Supervisor	Hwa Mei Lin Yen	0	0	0	0	
Main shareholder	Yi Chun (Liberia) Shipping Co., Ltd.	0	0	0	0	
Executive Vice President	Huey-Juan Chen	0	0	0	0	
Executive Vice President	Fur-Lung Hsieh	0	0	0	0	1.2013.02.01 newly appointed 2.Finance Executive
Managemer	Hui-Ying Chen	0	0	0	0	2014.04.30 resigned
Senior Vice President	Jen-Yee Huang	0	0	0	0	
Senior Vice President	Wen-Chau Yeh	0	0	0	0	
Senior Vice President	Jiong-Xin Lin	0	0	0	0	
Vice President	Li- Kuang Huang	0	0	0	0	
Vice President	Kuo-loong Kao	0	0	0	0	
Vice President	Ming -Shan Huang	0	0	0	0	
Vice President	Ching-Seng Huang	0	0	0	0	2013.08.01 retired
Vice President	Juang-Jyh Juang	0	0	0	0	
Vice President	Wei-Chien Chuang	0	0	0	0	
Vice President	Wei-Hsin Hsu	0	0	0	0	
Vice President	Chung-Yi Kao	0	0	0	0	2013.08.01 retired
Project Vice President	Yen-Ru Chen	0	0	0	0	
Special Assistant to Executive President	Hung-Chuan Chien	0	0	0	0	
Vice President	Hui-Chang Chung		0	0	0	
Vice President	Chih-Heng Wan		0	0	0	
Vice President	Li-Mei Su	0	0	0	0	
Special Assistant to Executive President	Cheng-Hsien Huang	0	0	0	0	
Vice President	Jen-Kai Wu	0	0	0	0	
Vice President	Chien-Cheng Hsiao	0	0	0	0	
Assistant Vice President	Chia-Yi Hsiao	(2,000)	0	0	0	

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

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: Chao-Heng Chen	285,234,291	12.85%	0	0.00%	0	0.00%	None	None	None
	10,050,320	0.45%	14,075,127	0.63%	0	0.00%	Ching-Chih Chen Chih-Yuan Chen	Relatives within the second degree Relatives within the second degree	
Taiwan (Liberia) Container Express Co., Ltd. Representative: Hui-Ying Chen	170,902,859	7.70%	0	0.00%	0	0.00%	None	None	None
	2,262,000	0.10%	0	0.00%	0	0.00%	Da Shin Investment, Inc	Director	
							Liu He Investment, Inc. Su-Hsing Chen Po-Ting Chen	Supervisor Relatives within the second degree Relatives within the second degree	
China (Liberia) Container Express Co., Ltd. Representative: Randy Chen	170,902,859	7.70%	0	0.00%	0	0.00%	None	None	None
	0	0.00%	0	0.00%	0	0.00%	Ching-Chih Chen	Relatives within the second degree	
Asia Pacific Container Terminal Inc. Representative: Fu Tian Huang	106,214,398	4.78%	0	0.00%	0	0.00%	None	None	None
	0	0.00%	0	0.00%	0	0.00%	None	None	
Chun-Hsing Lin	56,667,820	2.55%	39,713	0.00%	0	0.00%	None	None	None
Evervaliant Corp. Representative: Ching-Chih Chen	46,786,950	2.10%	0	0.00%	0	0.00%	None	None	None
	0	0.00%	9,095,335	0.41%	0	0.00%	Chao-Heng Chen Randy Chen	Relatives within the second degree Relatives within the second degree	
Entrusted trust accounts of Su- Hsing Chen Representative: Su- Hsing Chen	44,402,105	2.00%	0	0	0	0.00%	None	None	None
	10,165,149	0.45%	7,276,500	0.32%	0	0.00%	Po-Ting Chen Hui-Ying Chen	Relatives within the second degree Relatives within the second degree	
Yeong Yi (Asia) Co., Ltd. Representative: Chih-Yuan Chen	41,365,724	1.86%	0	0.00%	0	0.00%	None	None	None
	15,565,552	0.7%	8,745,742	0.39%	0	0.00%	Chao-Heng Chen	Relatives within the second degree	
Da Shin Investment, Inc. Representative: Po-Ting Chen	38,287,219	1.72%	0	0.00%	0	0.00%	Liu He Investment, Inc. Hui-Ying Chen	Director Director	None
							Su-Hsing Chen	Relatives within the second degree	
	9,603,548	0.43%	0	0.00%	0	0.00%	Hui-Ying Chen Liu He Investment, Inc.	Relatives within the second degree Representative of corporate director	
Liu He Investment, Inc. Representative: Po-Ting Chen	32,977,554	1.48%	0	0.00%	0	0.00%	Da Shin Investment, Inc. Su-Hsing Chen Hui-Ying Chen	Director Director Supervisor	None
							Su-Hsing Chen	Relatives within the second degree	
	9,603,548	0.43%	0	0.00%	0	0.00%	Hui-Ying Chen Da Shin Investment, Inc.	Relatives within the second degree Director	

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 corporate 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 corporate 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.	538,075,000	100.00%	0	0.00%	538,075,000	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%
Guangzhou Wan Hai Information Technology 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	0.00%	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%	27,902,455	10.73%	33,321,543	12.81%
Taipei Port Container Terminal Corp.	79,315,476	15.25%	0	0.00%	79,315,476	15.25%
TK Logistics International Co., Ltd.	14,300,000	55.00%	0	0.00%	14,300,000	55.00%
Dawin Logistics (International) Ltd.	-	-	75,640,000	100.00%	75,640,000	100.00%
Shenzhen Asia World Logistics Ltd.	No shares issued	-	No shares issued	100.00%	No shares issued	100.00%
Shenzhen Uniwin International Logistics 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 Logistics Co, Ltd.	No shares issued	-	No shares issued	100.00%	No shares issued	100.00%
Wan Hai Lines (Thailand) Ltd.	-	-	29,400	49.00%	29,400	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%
Wan Hai (Vietnam) Ltd.	No shares issued	0%	No shares issued	100.00%	No shares issued	100.00%
Tan Cang-Cai Mep International Terminal Co., Ltd	No shares issued	21.33%	No shares issued	0%	No shares issued	21.33%

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, 2011 with notice No. 1000032221

Shares

May 2,2014

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 20, 2014

	Government institution	Financial institution	Other Corporation	Individual	Foreign institutes and corporation	Total
Stockholder's No.	2	19	128	37,176	307	37,632
Holding shares	31,241,168	47,037,622	629,511,451	627,109,519	883,397,706	2,218,297,466
Holding percentage	1.41%	2.12%	28.38%	28.27%	39.82%	100.00%

4.1.3 Shares' Distribution

April 20,2014

Shares Level	Stockholder's No.	Holding shares	Holding percentage
1-----999	13,090	2,839,101	0.13%
1,000-----5,000	14,511	32,622,008	1.47%
5,001-----10,000	4,192	29,340,517	1.32%
10,001-----15,000	2,058	24,600,170	1.11%
15,001-----20,000	791	14,043,339	0.63%
20,001-----30,000	1,062	25,607,494	1.15%
30,001-----40,000	467	16,296,894	0.73%
40,001-----50,000	275	12,351,884	0.56%
50,001-----100,000	527	37,124,755	1.67%
100,001-----200,000	276	38,490,724	1.74%
200,001-----400,000	144	40,653,179	1.83%
400,001-----600,000	54	26,174,903	1.18%
600,001-----800,000	20	13,216,827	0.60%
800,001--1,000,000	20	17,972,786	0.81%
1,000,001~	145	1,886,962,885	85.07%
Total	37,632	2,218,297,466	100.00%

4.1.4 Main shareholders

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

April 20, 2014

Main share holders	Holding Shares	Holding percentage
Yi Chun (Liberia) Shipping Co., Ltd.	285,234,291	12.85%
Taiwan (Liberia) Container Express Co., Ltd.	170,902,859	7.70%
China (Liberia) Container Express Co., Ltd.	170,902,859	7.70%
Asia Pacific Container Terminal Inc.	106,214,398	4.78%
Chun-Hsing Lin	56,667,820	2.55%
Evervaliant Corp.	46,786,950	2.10%
Entrusted trust accounts of Su- Hsing Chen	44,402,105	2.00%
Yeong Yi (Asia) Co., Ltd.	41,365,724	1.86%
Da Shin Investment, Inc.	38,287,219	1.72%
Liu He Investment, Inc.	32,977,544	1.48%

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		2013	2012	2014/01/01~2014/05/02
	Market Price per share (Note 1)	Highest	Lowest	17.65	17.65
		Average	14.35	13.1	14.05
			15.97	15.41	14.79
Net Value per share (Note 2)	Before Distribution			13.74	
	After Distribution		(Note 4)	13.74	-
Earnings per share	Weighted Average shares		2,218,297,466	2,218,297,466	2,218,297,466
	Earning Per Share (Note 3 & 4)	Before Adjustment		0.82	
		After Adjustment			
Dividend per share	Cash Dividend		0		-
	Stock Dividend	Dividends from Retained Earnings		0.5	-
		Dividends from Capital Surplus	0	0	-
	Accumulated dividend not paid (Note 5)		0	0	-
Return on Investment	Price / Earning Ratio (Note 6)			0	-
	Price / Dividend Ratio (Note 7)		-	18.79	-
	Cash Dividend Yield Rate (Note 8)		-	19.26	-

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 Ratio = 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) Employees' bonuses of no less than 1%.
- (2) Directors' and Supervisors' remuneration, totaling 1%.

- (3) The remainder after deducting amounts in subparagraphs 1 and 2 shall be shareholders' dividends.
- (4) Independent directors shall not take part in the allocation of earnings, whose remuneration shall be decided upon resolution of a directors' meeting.

The proportion of stock dividends or cash dividends distributed must be done in accordance with the current years' actual profit, capital position, and plans for increasing capital. The proportion of cash dividends may not be below 10% of total dividends. In the event of having previous years' accumulated earnings, or the current years' earnings, but be unable to provide for the current years' shareholders' equity, the accumulated earnings from the previous year should be used to provide for an identical special earnings reserve, which must first be deducted before being apportioned.

2. Proposed distribution of retained earnings of year 2013

The Company's 2013 net income after tax was NT\$2,129,107,983. In accordance with relevant laws and the Memorandum of Association, 10% of this amount NT\$212,910,798, was appropriated as legal reserve and reversal of special reserve was NT\$794,535,255. After subtracting adjustment on undistributed earnings of NT\$610,274,942 (including IFRSs used for the first time with December 31, 2012, retained earnings adjustments and other consolidated income), NT\$2,100,457,498 in earnings was available for distribution. There was NT\$17,746,380 appropriated as Director and Supervisor remunerations, NT\$18,470,721 appropriated as employee cash bonuses, and NT\$1,774,637,973 appropriated as shareholder dividends – cash dividends.

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

It is not applicable.

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 2013: The estimated figures for the fiscal year of 2013 for employee bonuses is NT\$21,861,905 and remunerations for Director and Supervisor is NT\$21,004,575 which are over NT\$6,649,379 comparing to the proposed amount NT\$18,470,721 & NT\$17,746,380. It's change of accounting estimation and will be listed in 2014 as a gain or loss.
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 : In 2013, the Company appropriated NT\$17,746,380 as Director and Supervisor remunerations and NT\$18,470,721 as employee cash bonuses. Total reduction between these amounts and estimated figures for the fiscal year of NT\$21,004,575 and NT\$21,861,905 was NT\$6,649,379. The reason for discrepancy is to increase company's capital and reserve cash for necessary operation. The discrepancy is change of accounting estimation and will be listed in 2014 as a gain or loss.
 - (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 2013.
 - (3) The annual report shall assess the effect upon imputed earnings per share of any proposed distribution of employee bonuses and director/supervisor remuneration: Diluted earnings per share is NT\$0.96/share.
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 remuneration, additionally the discrepancy, cause, and how it is treated: There is no discrepancy between the actual distribution and the recognized employee bonuses and director/supervisor remuneration for 2012.

4.1.9 Buyback of Common Stock: None

4.2 Status of Corporate Bond

Bond Type	1st Ordinary unsecured bond issuing of 2011		2nd Ordinary unsecured bond issuing of 2011
	A	B	
Issue date	June 22, 2011	June 24, 2011	July 28, 2011
Par value	TWD 1,000,000		TWD 1,000,000
Place of listing	At R. O. C.		At R. O. C.
Issue price	At Par value		At Par value
Total issue amounts	TWD 3,000 million	TWD 4,500 million	TWD 2,900 million
Coupon rate	Fixed annual rate at 1.65%	Fixed annual rate at 1.85%	Fixed annual rate at 1.75%
Maturity date	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
Trustee	H.C.B. Trust Dept.		H.C.B. Trust Dept.
Lead manager	Nil		Nil
Endorsement lawyer	Modern Law office		Modern Law office
Endorsement accountant	KPMG		KPMG
Redemption	on the Maturity Date		on the Maturity Date
Outstanding amount	TWD 7,500,000,000		TWD 2,900,000,000
Redemption / Call option	Nil		Nil
Restriction covenants	Nil		Nil
Rating institute	Taiwan Ratings		Taiwan Ratings
Rating date	May 03, 2012		May 03, 2012
Rating result of the bond	TWBBB+		TWBBB+
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
Trustee for conversion	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

Capital Expenditure of Ordinary Bond :

Unit: TWD thousand

Program Item	Execution Situation		Accumulated till Mar 31, 2013	Reason for being ahead or behind schedule
Vessel purchase	Amount	Program	18,223,738	Actual payment according to contract schedule
		Actual	18,223,738	
	Progress	Program	100.00%	
		Actual	100.00%	



Our Business Operation

5.1 Business profile

5.1.1 Scope of business

1. Marine transportation (93.91%)
2. Shipping agency (0.95%)
3. Purchase & sales of vessels and containers (0.29%)
4. Container freight station business (1.08%)
5. Leasing of vessels and containers (3.77%)

Wan Hai Lines provides full-containerized shipping service covering ports in Japan, Korea, Taiwan, China, Hong Kong, Thailand, Indonesia, Philippines, Singapore, Malaysia, Vietnam, Cambodia, India, Pakistan, Sri Lanka, the Middle East, the United States, Mexico, Guatemala, Columbia, Ecuador, Peru, Chile, the Netherlands, Belgium, Germany, Greece, 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. The Company also supports the government's policy to develop the direct services across the Taiwan Strait.

5.1.2 General state of the industry

The global economy of 2013 continued its struggle seen from the government debt crisis plaguing the nations in the West. The economy's recovery pace has been further dampened by slow economic growth in the emerging markets and the U.S. quantitative easing policy. Lately, costs for building new ship continue to sink. At the time, larger container ships built by Carriers offering fixed lines service increase the carrying capacity leading to supply greater than demand which results in freight declining and profit reducing to the shipping business.

The Company, in the face of severe external challenges, in addition to improving operational efficiency to its own fleet, increases its collaboration with fellow carriers through alliance to expand service areas and reduce operational risk, thereby reducing operating costs. Meanwhile, the Company timely adjusts the proportion of its self-owned vessels and regulates charter portfolio to lower the costs, yet maintaining its high-quality customer service. Looking forward, we have the confidence to continue expanding market share and improving profitability in a challenging market.

5.1.3 General state of technology and development:

As a member in maritime container transport industry, the Company upholds and fulfills its social responsibility by embracing today's trends for environmental protection and risk management. Furthermore, through implementation of customer-oriented goals and objectives in the management and shipping service planning, the Company is able to operate hand in hand

with the real-time market trends while at the same time strictly controls and reduces costs so to maximize the projected profits, and as always to live up the expectations of its shareholders and the support of the public.

1. Three major projects in service study and development:

- (1) New service and new market.
- (2) Revamping and integration of current services
- (3) Mid to long-range operations planning.

2. Study and development spending in the last two years and major accomplishments

(Unit: TWD):

Year	Total expense	Accomplishment
Year 2012	TWD38,742,814	<ol style="list-style-type: none"> 1. West Africa / North Africa 2. The Central America 3. Niche markets in Asia (Bohai Bay, Indochina, India and Pakistan, Indonesia way port) 4. Service rationalization (far and near sea) 5. Promotion of E-commerce 6. Strengthening Strategic alliance
Year 2013	TWD33,950,640	<ol style="list-style-type: none"> 1. The Southeastern Asia (Cambodia, India and Pakistan, Indonesia and surrounding) 2. The Persian Gulf section 3. The Middle East Red Sea 4. West Coast of the South America 5. Ship speed and fuel saving 6. Promotion of E-commerce 7. Strengthening strategic alliance

In addition, the company due to its industry function, to enhance the future economic benefits, cut costs, and prevent losses caused by natural disasters may suffer, dedicated to saving and measures against Typhoon and other R & D projects, we do as follows:

1. measures to avoid typhoon:

- (1) the marine developed typhoon notification rules and circular to fleet to implement
- (2) the marine division has strengthened on navigation safety, berthing safety during typhoon influence period.
- (3) provide guidelines to fleet for avoidance of typhoon
 - A. Countermeasure
 - a. Once the ship at berth or waiting for berth, due to influence of typhoon and order by the port authority to be sail, The master shall collect all weather information and take necessary avoidance typhoon measurement for safety of the ship accordingly
 - b. The master and all crewmembers to be taking good care of ship safety during typhoon infect period, the master to take all means to collect relevant weather information such as Navtex, Inmarsat-C. FAX and monitoring its development of the typhoon and take necessary action to avoid typhoon influence as early as possible.

- c.If the typhoon is coming, The fleet master shall observe ISM PR-0705 to take proper action to avoid Typhoon, to make sure crew, cargo and ship in safety. Once the ship can not avoid to enter the typhoon circle the master shall prevent to enter it first quadrant, due to where are easy to cause hull and cargo damage, at this same time Marine PIC keep the ship monitoring by every six hourly interval. Once the ship is stay in port shall be requested to stand by her engine and seek instruction for departure for ship safety.
- d.In case of evading typhoon at outer harbor, master should seek an appropriate shelter. For the sake of Fuel Saving Policy, a safe shelter nearby port is a first priority. Meanwhile, the master is kindly requested to keep in close touch with the OPD, Maritech, agent, port control or pilot station for returning port in time.
- e.Make good use of the weather service's software to planning sailing route, simulation on it to fine out the optima route.

B.Evading typhoon plan:

- a.Judging typhoon movement from weather information, plot the path of the center of typhoon on the nautical chart and beware of the change of squall radius.
- b.Avoid anchoring as Typhoon approaching, since anchor for evading typhoon could involve dragging danger and collide with other vessels.
- c.Select the waters with plenty room for shielding from land or island could be the good shelters from strong wind and swell.
- d.Keep vessel out of squall radius of wind force over 30 knots or Beaufort wind force 8, and ensure the vessel to return port in time.
- e.Send the plan of evading typhoon soonest to your port captain(PIC) of Maritech who can easily monitor the ship's movement.

The implement result is no typhoon damage to the fleet during recently 2 years

2.Fuel saving

Marine division is follow company instruction

- (1)To study and analysis company service route for its fuel efficiency
- (2)Set up the recommended winter route and summer route and monitoring by VP
- (3)Cooperated with OPD ship schedule with BP, monitoring and control any abnormal once found.
- (4)Provide the weather service route for transit ocean ship.
- (5)Make good control for fuel purchase, quantity and quality.
- (6)Enhance on training to the fleet crew for fuel saving and skill.
 - A.To monitoring and instruct the ship master to adopt economic speed for fuel saving
 - B.Instructed the Master to keep close contact with OPD to adopt the optima ship speed for fuel saving.
 - C.Reiterate to all ship master to make best solution between keeping ship schedule and fuel saving
- (7)Adopt weekly analysis meeting to find out the best solution or improvement for every sailing leg. route fuel consuming condition.
- (8)Adopted slow steaming for WH23x,WH30x,WH50x,WH51x, WH60x and it analysis report.
- (9)Take good control for fuel quantity management, and optima pricing to save cost.

- (10) For some aged ships, we use high efficiency paint to the hull to prevent her ship speed reduction.
- (11) Study optima trim to reach fuel saving effect.
- (12) Equip auto machine to collect necessary data to crew and shore staff to adjust fuel efficiency.

5.1.4 Long-term and short-term business development plans

The short-term business development plans for the Company are: optimize fleet efficiency; decrease fuel consumption; decrease cost of operations; increase operating effectiveness; further integrate and expand our service network; enhance near sea niche markets; and timely expand to mid to far sea services. The long-term business development plans for the Company are: expand the capacity of our vessel fleet; increase market share; expand our strategic alliances; continue to develop far sea markets; and maintain sustainable development.

5.2 General State of sales and the market

5.2.1 Operational Plan for 2014

Fleet: by the end of year, Wan Hai has a total fleet of 79 vessels among which, 72 are self-owned vessels and 7 are chartered vessels.

Service Profile: Wan Hai's service can be categorized in three different types.

◎ Independent Service --- 14 strings. ◎ Joint Venture Services --- 21 strings. ◎ Slot Charter --- 14 strings

◎ Independent Services: 14 strings

1. Japan Kanto – S.E.A (JTS) service deployed with four vessels.
Japan Kanto – Taiwan – Hong Kong – Singapore – Malaysia
2. Japan Kanto – Thailand service (JTT) deployed with four vessels.
Japan Kanto – Taiwan – Hong Kong / Thailand / Vietnam
3. Japan Kansai – Thailand service (JST) deployed with four vessels.
Japan Kansai – Taiwan – Shekou – Thailand
4. Korea – Vietnam / S.E.A service (KVS) deployed with four vessels.
Korea – Taiwan – Vietnam – Singapore / Malaysia
5. Japan Kansai – Vietnam (JSV) deployed with three vessels.
Japan Kansai / Korea – Taiwan / Vietnam
6. Taiwan – Haiphong I (HPH) deployed with one vessel.
Taiwan – Haiphong
7. Japan/ South China / Vietnam (JSH) deployed with three vessels
Japan Kansai / Korea – Taiwan / Hong Kong / South China – Haiphong
8. Taiwan – Xiamen (XMN) deployed with one vessel
Taiwan – Xiamen / Fuzhou
9. Taiwan – Fuzhou (FOC) deployed with one vessel
Taiwan – Fuzhou / Jiangyin / Xiamen
10. Taiwan – Philippines (TPS) deployed with one vessel
Taiwan – Philippines
11. Taiwan – Hong Kong I (HKG) deployed with one vessel
Taiwan – Hong Kong

12. Taiwan – Hong Kong II (HKG2) deployed with one vessel
Taiwan – Mailiao – Hong Kong
13. Taiwan – Hong Kong III (PRD) deployed with one vessel
Taiwan / Mailiao – Hong Kong
14. Upper Gulf service (UGS) deployed with one vessel
Between Persian bay ports

© Joint Service: 21 strings

1. Korea – South East Asia (KSS), joint venture with EMC. WHL deploys three vessels and EMC deploys one vessel.
Korea – Taiwan – Hong Kong / Shekou – South East Asia
2. China – Vietnam – Thailand (CVT), joint venture with OOCL. WHL deploys three vessels and OOCL deploys one vessel.
China – Vietnam – Thailand
3. Japan – South East Asia express service (NS3), joint venture with IAL, WHL deploys 3 vessels and IAL deploys one vessel.
Japan – Taiwan – Hong Kong – South China – Singapore – Malaysia
4. Taiwan – Hong Kong – Indonesia service (TPI), joint venture with EMC, WHL deploys 2 vessels and EMC deploys one vessel.
Taiwan – Hong Kong / South China – Indonesia
5. Japan – Taiwan – Manila service (JTP), joint venture with EMC, WHL deploys 2 vessels and EMC deploys one vessel.
Japan – Taiwan – Hong Kong / South China – Manila
6. Japan – China – Vietnam (JCV), joint venture with IAL. WHL deploys 2 vessels and IAL deploys one vessel.
Japan – China – Hong Kong / South China – Vietnam
7. China – Middle East service (CMS), joint venture with MOL and PIL. WHL deploys 3 vessels; MOI deploys one vessel; and PIL deploys 2 vessels.
East China – Taiwan / Hong Kong / South China – Singapore / Malaysia – Middle East
8. Japan Kansai – Taiwan (JTH), joint venture with EMC. WHL deploys one vessel and EMC deploys one vessel.
Japan Kansai – Taiwan – Hong Kong
9. Taiwan – India (CIX), joint venture with EMC and Hapag-Lloyd. WHL deploys two vessels, and EMC and Hapag-Lloyd each deploys one vessel.
Taiwan – Hong Kong / South China – Singapore / Malaysia – India
10. Taiwan – East/ North China (NCT), joint venture with Sinotrans. WHL and Sinotrans each deploy one vessel.
11. Taiwan – North China (NCT II), joint venture with Sinotrans. WHL and Sinotrans each deploy one vessel.
12. Far East Asia – Black Sea (ABX), joint venture with PIL, CSCL, and YML. WHL deploys one vessel; PIL deploys 2 vessels; CSCL deploys 3 vessels; and YML deploys 2 vessels.

- East China – Singapore / Malaysia – Black Sea
13. Taiwan – Hong Kong – South China – Indonesia (THI), joint venture with YML. WHL deploys 2 vessels; YML deploys one vessel.
Taiwan – Hong Kong / South China – Indonesia
14. Thailand – Singapore – Indonesia (TJS), joint venture with K LINE. WHL and K LINE each deploy one vessel.
Thailand – Singapore – Indonesia
15. Singapore – Malaysia – Chennai (SC1). Joint venture with Bengal Tiger Line (BTL). WHL and BTL each deploy one vessel.
16. Korea – China – India (IFX). Joint venture with K LINE, PIL and SCI. WHL deploys two and KLI, PIL and SCI each deploy one vessel.
Central China – Hong Kong – Singapore / Malaysia – India
17. Japan Kanto – Thailand (NTE). Joint venture with EMC. WHL deploys two and EMC deploys one vessel.
Japan Kanto – Hong Kong / South China – Thailand
18. Central China – South California (CCB). Joint venture with Kline. WHL deploys two and KLI deploys four vessels.
19. China – Singapore / Malaysia (PA2). Joint venture with PIL and YML. WHL and PIL each deploys one vessel and YML deploys two.
China – Hong Kong – Singapore / Malaysia
20. Gulf – Pakistan (GPS). Joint venture with Simatech.
21. Taiwan – South & Central China – West Coast of South America (ASA), joint venture with EMC/COSCON/PIL. WHL deploys four, PIL deploys three and EMC / COSCO each deploy one vessel.
Taiwan – South China – Central China – West Coast of South America

© Fixed Slot Charter: 14 strings

1. Vietnam to Thailand (IA5)
2. Vietnam – Cambodia – Thailand (IA7)
3. Hong Kong – Shekou – Fangcheng – Haiphong (SVG)
4. Singapore – Malaysia – Chittagong (SBX)
5. South China – Taiwan (GTE)
6. Malaysia – Belawan (IMX)
7. Taiwan – Shanghai (SHA)
8. Taiwan – Cebu (KCX)
9. Taiwan – Cebu (KMC)
10. Hochiming – Cambodia (PNS)
11. Central & South China – Singapore – Malaysia – Northwestern Europe (NE7)
12. Japan – Hong Kong – Singapore & Malaysia (CHS)
13. India – Dubai (FAS)
14. Japan – Hong Kong – Singapore & Malaysia – Indonesia (CHS3)

5.2.2 Future Plans for service

The Company's future research and development plans are to aggressively expand niche markets in the near sea region and the cross-strait trade zone while maintaining its close and convenient service network. For mid to far sea region, timely new market expansion would be the focus. The Company also emphasizes service / port planning and fleet upgrade so to respond to demand from change of business development and scale, and to actively plan integration and strengthen the fleet lineup, in order to enhance competitiveness and create more excellent operational efficiency.

5.2.3 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, the Black Sea, Europe, and the Americas. They are further elaborated as follows:

(1) Northeast Asia

Since the beginning of this year, the overall economy in the regions of Japan, Taiwan, and Korea has gradually recovered from the recession and stabilized. In East Asia, development of regional integration seems to heading in the direction of a higher degree of integration covering wider geographic territories, of which the Trans-Pacific Partnership Agreement (TPP) catches the major spotlight. In response to an accelerated integration and open up of markets and to meet the demand of market trends and strengthen company competitiveness, Wan Hai keeps abreast of market movement; adjusts its planning of service accordingly; and continues its collaboration with fellow carriers and slot swap. Wan Hai's flexible strategy applications make its customer-oriented business philosophy sustainable.

(2) Mainland China

In recent years, mainland China actively adopts macroeconomic policies to accelerate industrial restructuring and upgrading. China's economy therefore heads toward the direction of "steadily upgrade; steadily good." Wan Hai's development in China is sufficient to gain comparative advantage on the competition, but the Company still actively engages in research and development of strategic service in China. In terms of cross-strait direct flights, since December 18, 2008 when the two sides officially opened to traffic, Wan Hai never stops in expanding its service point and application for traffic rights to meet market demand for its customers and in providing more suitable, convenient and fast service.

(3) Southeast Asia

With the talks of establishment of the ASEAN Economic Community in 2015, it is expected that ASEAN countries' future economic activities with major trade nations will become tighter both in collaboration and competition. East Asia regional industrial chain will therefore accelerate its path to division and specialization. Major economies surrounding ASEAN include the EU, the U.S., China, Japan, South Korea, New Zealand and Australia, each of which has tried to strengthen its tie with ASEAN. ASEAN's trade territories and economic impact have thus expanded significantly. Wan Hai's development

in the Southeast Asia starts way back and is secured. The Company continues its collaboration with fellow carriers including slot swap. By integration of service and resources, the Company is able to provide a more complete, safer, faster service to stay competitive and expand market share in Southeast Asia.

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

Since 2011, the economic growth in India has slowed down due to externally global economic downturn, decline in demand, and domestically, high inflation and fiscal issues. However, given India's younger population, 25 years of age or younger, account for more than 50% of the total population, the so-called "demographic dividend" is far greater than other large economies can match. In recent years, the rapid rise of the middle class mobilizes the retail revolution and thus paints India's long-term economic future an optimistic picture. Thanks to temporarily lifted economic sanctions on Iran and the emerging markets in the majority of Muslim countries, consumer demand and economic growth remain buoyant. The Company continues deepening its development in the markets covering Asia to India and Pakistan, and the Middle East. In addition to jointly operate the Middle East service with other carriers in pursuit of lower operating costs and improved efficiency, the Company continues to increase and adjust the interval services in the Middle East region and enhance the overall network connecting India, Pakistan, and the Middle East.

(5) The America

This year, economy in the United States seems to gradually recovering from the budget and debt ceiling conundrum it faced last year. Wan Hai's ability to adjust through joint venture service to gain market competitiveness and advantage has enabled the Company to stabilize and solidify its development and operations in the trans-Pacific region. Although the impact of slow global economic recovery is seen on the development of emerging markets in Latin America, but still the long-term economic growth in these Latin American markets is expected higher than the advanced countries. In order to gain an upper hand in the market of South and Latin America, Wan Hai is set to deploy four self-owned vessels in May for the service to the South and Latin America through joint venture with the world's major shipping companies. The Company will devote more resources to strengthen the competitive advantage of these regions.

(6) The Black Sea and Europe

Eurozone economy has gradually recovered from recession and stabilized. However, in recent years the world's major shipping companies have built super large new container ships for the Far East – European market leading to supply of capacity far greater than demand, and causing continued freight volatility and difficulty in freight stability. Under the drastic changes in the environment, the Company maintains a relatively stable market in the Black Sea by continuing to associate with major shipping companies through joint venture. Additionally, to stabilize the supply in the turbulent European market, the Company keeps its purchase of slottage and track of changes in the regional market, in order to maintain market competitiveness.

2. Future supply and demand with growth potential:

Asian markets continue to play an important role in leading the global economic recovery when the overall environment is still surrounded with uncertainties and the growth in the emerging markets has slowed down. Wan Hai, gaining strong foothold in Asia, continues to cultivate the Asian market and think globally, extending its service all over the world.

3. Strength, challenges, and action plan:

(1) Strength:

- A. Stable growth in the Asian shipping market
- B. Comprehensive and intensive service network, strong market share in principal territory
- C. Flexibility in container and fleet adjustment
- D. Cost efficiency and risk diversification via strategic partnership with other carriers
- E. New and faster ships and equipment for higher efficiency and lower costs

(2) Challenges

- A. Emergence of large scale strategic alliance
- B. Foreign exchange volatility risk
- C. Oil price volatility risk
- D. Trends of larger ships
- E. Slow recovery of global economy

(3) Action plans

Research to improve the operational efficiency of ships; adjust to find the optimal ships' routing; strengthen business competitiveness; create versatile strategic alliance; reduce operational risks; prompt feedback to market demand, research and development of potential markets; strengthen the fleet sail control and operational safety; and improve service reliability and management efficiency.

5.2.4 Key features of major products and production procedures

Currently, the Company provides full container shipping services. A brief description of its procedures of operation is 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 the 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 fees to the 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, the company sends a trailer to pick up container from container yard to the ship's side for loading onto the ship. For imports, the 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.

5.2.5 Main materials supplier: Service industry; not applicable

5.2.6 Main vendor list: sum of money and proportion

1. Vendor list of last two years: Service industry; not applicable
2. The Company has various customers, incomes from any singular customer is not higher than 10% of operating income

5.2.7 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.

5.2.8 Sales volume of last 2 years

Item	Year	2013	2012
Revenue (TWD)		59,688,000,000	62,935,000,000
Operating Capacity (TEU)		3,148,000	3,074,000
Vessels in Operation (owned & chartered)		84 (72 & 12)	76 (70 & 6)

5.3 Human Resources Statistics

Location		Year	2012	2013	2014 as of May. 2nd
No. of Employees	Offices		838	841	850
	Terminals		389	415	452
	Total		1227	1256	1302
Average Age			39.6	39.1	38.2
Average Years of Service			7.9	7.8	7.7
Level of Education	Ph. D Degree		1	1	1
	Master's Degree		198	197	216
	College Degree		672	701	742
	Associate Degree		175	178	173
	High School		135	135	136
	Below High School		46	44	34

5.4 Disbursements for environmental protection

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

5.4.2 Currently preventative and corrective measures

1. All of our company's vessels have been insured against ship owner liability risks and equipped with or certified by the following:
 - (1) In accordance with revised MARPOL 73/78 Annex I, we have obtained the International Oil Prevention Certificate issued by Class Society approval.
 - (2) 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 detected 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).
 - (3) 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 VI 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 VI regulations.
 - (5) The main engine and auxiliary engine equipment for all new-built ships conform to the IMO limiting the discharge of nitrogen oxide (NOx) compounds. 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 VI.
 - (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.
 - (10) Order to prevent in 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 ECA 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.
- (14)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 2,185 classes were run in 2013, with a total of 14,816 participants.

Class type	Content	Time (hr.)	Number of Trainees	Total Cost
Newcomers Orientation	<p>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</p> <p>The program consists of:</p> <ol style="list-style-type: none"> 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 	506	696	\$263,776
Professional training for general staff	<ol style="list-style-type: none"> 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 4. Off-Job training: <ol style="list-style-type: none"> (1) Business etiquette and reception skills (2) Listening and asking skills (3) Effective communication (4) Job Instruction skills and coordination (5) Business communication and relationship (6) Thinking ability of problems solving 	1,258	13,031	\$3,287,681

Class type	Content	Time (hr.)	Number of Trainees	Total Cost
Professional training for supervisors	Series courses for middle-level managers and executive-level managers: <Middle-level> 1. Recruitment and Selection Interviewing Skills 2. Effective communication with emotional intelligence 3. Job instruction and improving employment performance <Executive-level> 1. Political and economic forum 2. A CEO view on leadership	16	163	\$ 203,681
Courses sponsored by the Employee Benefits Committee	Every year the Employee Benefits Committee assists in the training of employees, this years courses included: 1. Mark's experience: Humor in office life. 2. Smart personal financial management 3. Economical traveling with well worth 4. Creativity potential inspiring 5. Humanistic country tour in Taiwan	16	437	\$169,321
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.	5,286	489	\$ 1,801,407
TOTAL		7,082	14,816	\$5,725,866

5. Guidelines for employee behavior and morality

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

(1) General requirements of working 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, working 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) Working 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 and promote healthy care, 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, training and other healthy 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

1. Joint Venture Contracts

Partners	Model	Cooperation coverage	CooperationDuration		
			From		To
PIL/CSCL/ Kline/ YML	Joint Venture	Far East to Black Sea	2009/01/15	-	90 days pre-notice
PIL/Kline/SCI	Joint Venture	Far East to India	2010/04/30	-	90 days pre-notice
PIL/Kline/MOL	Joint Venture	China to Middle East	2008/11/02	-	90 days pre-notice
Coscon	Charter	Far East to Europe	2011/06/25	-	2014/12/31
	Swap	Asia to the West Coast of America	2013/05/03	-	90 days pre-notice
	Swap	South East Asia to North China	2012/07/03	-	30 days pre-notice
	Swap	Trans-Pacific Trade	2013/10/26	-	2014/06/22
	Swap	China to Northeast Asia	2009/07/24	-	30 days pre-notice
EMC / HLC	Joint Venture	Far East to India	2006/04/30	-	90 days pre-notice
Coscon/Kline	Joint Venture	Trans-Pacific Trade	2013/10/26	-	2014/06/23
EMC / PIL / Coscon	Joint Venture	Asia to West Coast of South America	2013/05/03	-	90 days pre-notice
PIL / YML	Joint Venture	Intra Asia	2013/11/03	-	60 days prenotice
EMC	Joint Venture	Northeast Asia to South China	2002/09/01	-	120 days prenotice
	Joint Venture	Northeast Asia to South China & Philippine	2008/09/12	-	60 days prenotice
	Swap	Intra Asia	2012/03/19	-	60 days pre-notice
	Swap	Asia to the West Coast of America	2013/05/03	-	90 days pre-notice
	Joint Venture	Taiwan to Southeast Asia	2011/11/4	-	60 days pre-notice
	Joint Venture	Northeast Asia to Thailand	2013/09/09	-	60 days pre-notice
	Joint Venture	Korea to South East Asia	2012/03/08	-	60 days pre-notice
Sinotrans	Joint Venture	Taiwan Cross-Strait Service I	2005/05/12	-	90 days pre-notice
	Joint Venture	Taiwan Cross-Strait Service II	2012/01/04	-	90 days pre-notice
	Swap	China to Southeast Asia	2010/02/14	-	45 days prenotice
	Swap	Taiwan -Fuzhou Cross-Strait service	2009/11/13	-	21 days prenotice
MOL	Swap	Intra Asia	2007/03/16	-	90 days prenotice
	Charter	Northeast Asia to Southeast Asia	2012/09/06	-	90 days prenotice
OOCL	Charter	Northeast Asia to Southeast Asia	2012/07/06	-	45 days prenotice
	Joint Venture	China to Southeast Asia	2011/04/03	-	90 days prenotice
SEACON	Charter	Southeast Asia to West Asia	2010/07/01	-	30 days pre-notice
	Charter	Southeast Asia	2013/05/07	-	30 days pre-notice
	Charter	Taiwan to Southeast Asia	2011/05/01	-	30 days pre-notice
YML	Joint Venture	Intra Asia	2012/12/21	-	60 days prenotice
	Joint Venture	Intra Asia	2013/11/29	-	60 days prenotice
	Swap	Intra Asia	2013/08/16	-	60 days prenotice
KLINE	Swap	Trans-Pacific Trade	2013/10/26	-	2014/6/23
	Joint Venture	Southeast Asia	2009/02/16	-	60 days prenotice
Ming Sheng	Swap	Taiwan Cross-Strait service	2005/04/28	-	60 days prenotice
Simatech	Joint Venture	Middle-East Region	2008/07/11	-	60 days prenotice
	Swap	Middle-East Region	2010/05/19	-	2014/4/30
CUL	Charter	China to Southeast Asia	2011/09/30	-	30 days pre-notice
	Charter	Taiwan Cross- Strait service	2009/02/10	-	30 days pre-notice
IAL	Swap	Intra Asia	2013/07/17	-	45 days prenotice
	Charter	Intra Asia	2013/09/4	-	45 days prenotice
	Charter	Southeast Asia to India	2013/09/22	-	45 days prenotice
	Charter	Intra Asia	2008/08/18	-	15 days pre-notice
	Swap	Intra Asia	2013/12/12	-	30 days pre-notice
	Joint Venture	Southeast Asia	2013/11/20	-	60 days prenotice
	Joint Venture	Intra Asia	2010/05/06	-	90 days prenotice
BTL	Joint Venture	Intra Asia	2011/09/11	-	90 days prenotice
	Joint Venture	Southeast Asia to India	2009/05/20	-	60 days prenotice
	Swap	Southeast Asia to India	2009/05/20	-	60 days prenotice
	Charter	India to Middle East	2013/03/01	-	30 days pre-notice
	Charter	Taiwan to Southeast Asia	2011/05/01	-	30 days pre-notice
MCC	Charter	Taiwan to Southeast Asia	2011/07/15	-	30 days pre-notice
MCC	Charter	Southeast Asia	2011/12/04	-	30 days pre-notice
Sovereign	Charter	Southeast Asia	2011/05/08	-	30 days pre-notice
Gemadep	Swap	Southeast Asia	2013/07/20	-	30 days pre-notice
ACL	Swap	Southeast Asia	2012/10/22	-	30 days pre-notice
Hyundai	Charter	Asia to West Coast of South America	2013/07/19	-	90 day prenotice
Hamburg Süd	Charter	Northeast Asia to Thailand	2013/04/01	-	90 day prenotice

2.Long –Term Loan

Unit: TWD thousand

Name of contract	Party	Contract Period	Primary content	Financial covenant
Bank Mortgage Loan	Chang Hwa Bank Chi-Lin Branch	Jun.26,2009~Jun.26,2014	The principal shall be repaid in 12 successive quarterly installments.	-
Bank Mortgage Loan	Bank SinoPac Banking Division	Jun.26,2009~Jun.26,2016	1. The principal shall be repaid in successive semiannual installments with 7% of the principal . 2. The rest principal shall be repaid on the final maturity date.	-
Bank Mortgage Loan	Bank SinoPac Banking Division	Mar.12,2010~Mar.12,2017	The principal shall be repaid semiannually.	-
Bank Mortgage Loan	First Bank Chien Cheng Branch	Feb.25,2011~Jun.12,2014	1. The principal shall be repaid in successive semiannual installments with 7% of the principal. 2. The rest principal shall be repaid on the final maturity date.	-
Bank Mortgage Loan	First Bank Chien Cheng Branch	Mar.14,2011~Jun.12,2015	The principal shall be repaid semiannually.	-
Bank Mortgage Loan	First Bank Chien Cheng Branch	Mar.24,2011~Jun.12,2016	The principal shall be repaid semiannually.	-
Bank Mortgage Loan	First Bank Chien Cheng Branch	Aug.16,2011~Aug.16,2016	The principal shall be repaid in 4 successive semiannual installments .	-
Bank Mortgage Loan	First Bank Chien Cheng Branch	Aug.18,2011~Aug.16,2016	The principal shall be repaid in 4 successive semiannual installments.	-
Bank Mortgage Loan	First Bank Chien Cheng Branch	Aug.25,2011~Aug.16,2016	The principal shall be repaid in 4 successive semiannual installments.	-
Bank Mortgage Loan	First Bank Chien Cheng Branch	May.16,2012~May.16,2017	The principal shall be repaid in 4 successive semiannual installments.	-
Bank Mortgage Loan	Taiwan Cooperative Bank Cheng-Tung Branch	Jun.26,2009~ Jun.26,2016	The principal shall be repaid in 10 successive semiannual installments.	-
Bank Mortgage Loan	Taiwan Cooperative Bank Cheng-Tung Branch	Jan.9,2009~ Jan.9,2014	The principal shall be repaid in 5 successive semiannual installments.	-
Bank Mortgage Loan	Taiwan Cooperative Bank Cheng-Tung Branch	Sep.9,2010~Sep.9,2015	The principal shall be repaid in 5 successive semiannual installments.	-
Bank Mortgage Loan	Taiwan Cooperative Bank Cheng-Tung Branch	Jul.20,2012~Jul.20,2022	The principal shall be repaid in 20 successive semiannual installments.	-
Bank Mortgage Loan	Taiwan Cooperative Bank Cheng-Tung Branch	Jul.9,2013~Jul.9,2018	The principal shall be repaid in 5 successive semiannual installments.	-
Bank Mortgage Loan	Hua Nan Bank Cheng-Tung Branch	Sep.21, 2011~Sep.21,2016	The principal shall be repaid in 4 successive semiannual installments.	-
Bank Mortgage Loan	Syndication Loan	Sep.28,2006~Sep.30,2014	The principal shall be repaid in 16 successive semiannual installments.	Financial covenant
Bank Mortgage Loan	Mega International Commercial Bank Singapore Branch	Sep.22,2009~Sep.22,2016	The principal shall be repaid in 21 successive quarterly installments.	-
Bank Mortgage Loan	Mega International Commercial Bank Singapore Branch	Jan.31,2012~Jan.31,2019	The principal shall be repaid in 11 successive semiannual installments.	-
Bank Mortgage Loan	Mega International Commercial Bank Singapore Branch	Apr.18,2012~ Apr.18,2019	The principal shall be repaid in 11 successive semiannual installments.	-
Bank Mortgage Loan	Mega International Commercial Bank Singapore Branch	May.23,2012~May.23,2019	The principal shall be repaid in 21 successive quarterly installments.	-
Bank Mortgage Loan	Chang Hwa Bank Singapore Branch	Feb.14,2012~Dec.5,2018	The principal shall be repaid in 11 successive semiannual installments.	-
Bank Mortgage Loan	Land Bank of Taiwan Changan Branch	Apr.12,2012~Apr.12,2022	The principal shall be repaid in 28 successive quarterly installments.	-
Bank Mortgage Loan	Land Bank of Taiwan Changan Branch	Aug.14,2013~Aug.14,2023	The principal shall be repaid in 28 successive quarterly installments.	-
Bank Mortgage Loan	First Bank Singapore Branch	Sep.30,2009~Sep.30,2016	The principal shall be repaid in 10 successive semiannual installments.	-
Bank Mortgage Loan	Hua Nan Bank Singapore Branch	Aug.27,2009~Aug.27,2016	The principal shall be repaid in 10 successive semiannual installments.	-
Bank Credit Loan	Mega International Commercial Bank Central Branch	Jul.24,2006~Jul.24,2016	The principal shall be repaid in 15 successive semiannual installments.	-
Bank Mortgage Loan	First Bank Sao Chuan Tou Branch	May.11,2009~May.19,2020	The principal shall be repaid in 14 successive semiannual installments.	-
Bank Credit Loan	First Bank Sao Chuan Tou Branch	May.11,2009~May.19,2020	The principal shall be repaid in 14 successive semiannual installments.	-



Financial Highlights

6.1 Summarized financial statements for the past 5 years – IFRS

6.1.1 Summarized consolidated balance sheets - IFRS

Unit: TWD thousand

Item	Year	Financial data in the past five years					2014 as of Mar. 31
		2013	2012	2011	2010	2009	
Current Assets		30,621,006	34,298,483				28,739,976
Property ,Plant and Equipment		44,580,103	38,154,635				44,632,583
Intangible Assets		65,141	76,312				54,957
Other Assets		3,313,433	5,467,168				3,288,917
Total Assets		78,579,683	77,996,598				76,716,433
Current Liabilities	Before distribution	13,739,272	12,107,539				11,278,830
	After distribution	(Note1)	13,882,178				(Note1)
Non-current Liabilities		33,651,071	35,647,756				33,311,453
Total Liabilities	Before distribution	47,390,343	47,755,295				44,590,283
	After distribution	(Note1)	49,529,934				(Note1)
Equity attributable to parent company holding		31,014,750	30,079,795				31,949,223
Common Stock		22,182,975	22,182,975				22,182,975
Capital surplus		1,261,681	2,446,570				1,261,681
Retained Earnings	Before distribution	8,687,097	7,097,783				9,342,402
	After distribution	(Note 1)	5,323,144				(Note1)
Other Equity		(1,117,003)	(1,647,533)				837,835
Treasury Stock		0	0				0
Non-Controlling Equity		174,590	161,508				176,927
Total stockholders' equity	Before distribution	31,189,340	30,241,303				32,126,150
	After distribution	(Note1)	28,466,664				(Note1)

Note 1 : Retained earnings in year 2013 have not yet proposed for distribution.

Note 2 : The summarized financial data for 2012~2013 and the first quarter of 2014 have been certified by CPA.

6.1.2 Summarized consolidated comprehensive income statements - IFRS

Unit: TWD thousand

Item	Year	Financial data in the past five years					2014 as of Mar' 31
		2013	2012	2011	2010	2009	
Operating revenue		59,688,505	62,935,731				14,754,387
Gross profit		5,484,197	5,914,270				1,367,498
Operating income		2,226,661	2,858,657				463,382
Non-operating income & expense		278,103	(616,919)				300,364
Net income before income tax		2,504,764	2,241,738				763,746
Profit after tax from continuing operations		2,144,182	1,852,010				656,568
Losses from discontinued segments		0	0				0
Profit (Loss) from this period		2,144,182	1,852,010				656,568
Other comprehensive profit and loss (Net value after tax)		578,012	(222,214)				280,242
Total Comprehensive profit and loss from this period		2,722,194	1,629,796		N/A		936,810
Net earnings attributable to parent company holding		2,129,108	1,848,228				655,305
Net earnings attributable to non-controlling interest		15,074	3,782				1,263
Total comprehensive profit and loss attributable to parent company holding		2,709,594	1,626,909				934,473
Total comprehensive profit and loss attributable to non-controlling Equity		12,600	2,887				2,337
Earning per share (Note1)		0.96	0.83				0.3

Note 1 : Base on retroactive adjustment calculation.

Note 2 : The summarized financial data for 2012~2013 and the first quarter of 2014 have been certified by CPA.

6.1.3 Summarized balance sheets - IFRS

Unit: TWD thousand

Item	Year	Financial data in the past five years					2014 as of Mar. 31
		2013	2012	2011	2010	2009	
Current Assets		30,573,198	28,591,844				
Property ,Plant and Equipment		7,776,229	6,337,352				
Intangible Assets		64,933	75,199				
Other Assets		18,590,293	21,506,313				
Total Assets		57,004,653	56,510,708				
Current Liabilities	Before distribution	9,286,708	8,606,229				
	After distribution	(Note 1)	10,380,868				
Non-current Liabilities		16,703,195	17,824,684				
Total Liabilities	Before distribution	25,989,903	26,430,913				
	After distribution	(Note 1)	28,205,552			N/A	
Common stock		22,182,975	22,182,975				
Capital surplus		1,261,681	2,446,570				
Retained Earnings	Before distribution	8,687,097	7,097,783				
	After distribution	(Note 1)	5,323,144				
Other Equity		(1,117,003)	(1,647,533)				
Treasury Stock		0	0				
Total stockholders' equity	Before distribution	31,014,750	30,079,795				
	After distribution	(Note 1)	28,305,156				

Note1 : Retained earnings in year 2013 have not yet proposed for distribution.

Note2 : The summarized financial data for 2012~2013 have been certified by CPA.

6.1.4 Summarized comprehensive income statements - IFRS

Unit: TWD thousand

Item	Year	Financial data in the past five years					2014 as of Mar. 31
		2013	2012	2011	2010	2009	
Operating revenue		52,491,030	56,929,558				
Gross profit		4,611,256	4,521,474				
Operating income		2,963,860	2,900,149				
Non-operating income & expense		(502,218)	(719,825)				
Net income before income tax		2,461,642	2,180,324				
Profit after tax from continuing operations		2,129,108	1,848,228				
Losses from discontinued segments		0	0			N/A	
Profit (Loss) from this period		2,129,108	1,848,228				
Other comprehensive profit and loss (Net value after tax)		580,486	(221,319)				
Total Comprehensive profit and loss from this period		2,709,594	1,626,909				
Earning per share (Note1)		0.96	0.83				

Note 1 : Base on retroactive adjustment calculation.

Note 2 : The summarized financial data for 2012~2013 have been certified by CPA.

6.2 Summarized financial statements for the past 5 years – ROC GAAP

6.2.1 Summarized consolidated balance sheets – ROC GAAP

Unit : TWD thousand

Item	Year	Financial data in the past five years				
		2013	2012	2011	2010	2009
Current Assets			34,414,998	33,819,124	30,659,404	23,285,146
Fund and Investment			2,252,722	2,301,438	2,422,232	2,450,388
Fix Assets			40,234,459	35,579,764	32,378,323	37,195,133
Intangible Assets			467,013	547,193	568,840	16,199
Other Assets			638,425	703,075	767,500	1,052,719
Total Assets			78,007,617	72,950,594	66,796,299	63,999,585
Current Liabilities	Before distribution		12,140,573	12,674,711	15,872,403	15,978,163
	After distribution		13,915,212	12,674,711	18,116,487	15,978,163
Long-term Liabilities			33,457,784	29,267,017	16,770,698	20,421,675
Other Liabilities			1,771,731	1,895,632	2,051,236	1,164,628
Total Liabilities	Before distribution		47,370,088	43,837,360	34,694,337	37,564,466
	After distribution		49,144,727	43,837,360	36,938,421	37,564,466
Common stock	Before distribution	N/A	22,182,975	22,182,975	21,126,643	21,126,643
	After distribution		22,182,975	22,182,975	22,182,975	21,126,643
Capital surplus			2,446,570	2,446,570	2,446,570	2,440,478
Retained Earnings	Before distribution		7,758,014	5,929,659	9,209,769	3,762,115
	After distribution		5,983,375	5,929,659	5,909,353	3,762,115
Unrealized gain (loss) on financial instruments			(539,526)	(592,164)	373,299	(576,399)
Accumulated currency adjustments			(1,108,007)	(750,066)	(936,857)	(231,331)
Unrecognized pension cost			(265,532)	(268,062)	(275,462)	(235,682)
Revaluation increments			1,527	1,527	1,527	1,527
Minority interest			161,508	162,795	156,473	147,768
Total stockholders' equity	Before distribution		30,637,529	29,113,234	32,101,962	26,435,119
	After distribution		28,862,890	29,113,234	29,857,878	26,435,119

Note 1: It's not applied since IFRS is adopted from 2013.

Note 2: The summarized financial data for 2009~2012 have been certified by CPA

6.2.2 Summarized consolidated income statements – ROC GAAP

Unit : TWD thousand

Item	Year	Financial data in the past five years				
		2013	2012	2011	2010	2009
Operating revenue	N/A		62,615,224	66,824,814	69,162,989	48,331,403
Gross profit		5,889,521	2,460,488	14,154,215	2,579,714	
Operating income (loss)		2,787,490	(325,272)	9,987,188	(75,354)	
Non-operating income & gain		1,508,007	2,541,584	2,069,499	4,838,530	
Non-operating expense & loss		2,081,642	1,784,014	4,813,807	5,480,333	
Net income before income tax		2,213,855	432,298	7,242,880	(717,157)	
Net income after income tax		1,832,137	32,308	5,461,461	(1,629,922)	
Income (loss) from operations of discontinued segments		0	0	0	0	
Extraordinary gain or loss		0	0	0	0	
Cumulative effect of changes in accounting principles		0	0	0	0	
Net income		1,832,137	32,308	5,461,461	(1,629,922)	
Earning per share (Note1)		0.82	0.01	2.45	(0.77)	

Note 1: Base on retroactive adjustment calculation.

Note 2: It's not applied since IFRS is adopted from 2013.

Note 3: The summarized financial data for 2009~2012 have been certified by CPA.

6.2.3 Summarized balance sheets – ROC GAAP

Unit : TWD thousand

Item	Year	Financial data in the past five years				
		2013	2012	2011	2010	2009
Current Assets	N/A		28,551,675	29,822,523	28,393,576	22,613,106
Fund and Investment		18,563,385	13,636,647	12,091,555	12,472,299	
Fix Assets		8,416,604	12,037,781	9,662,230	9,652,196	
Intangible Assets		307,816	323,954	313,810	11,686	
Other Assets		586,126	661,200	703,582	1,020,326	
Total Assets		56,425,606	56,482,105	51,164,753	45,769,613	
Current Liabilities		Before distribution	8,638,610	8,900,837	12,666,298	10,959,281
		After distribution	10,413,249	8,900,837	14,910,382	10,959,281
Long-term Liabilities		15,983,159	17,264,300	5,069,860	7,813,573	
Other Liabilities		1,327,816	1,366,529	1,483,106	709,408	
Total Liabilities		Before distribution	25,949,585	27,531,666	19,219,264	19,482,262
		After distribution	27,724,224	27,531,666	21,463,348	19,482,262
Common stock		Before distribution	22,182,975	22,182,975	21,126,643	21,126,643
		After distribution	22,182,975	22,182,975	22,182,975	21,126,643
Capital surplus		2,446,570	2,446,570	2,446,570	2,440,478	
Retained Earnings		Before distribution	7,758,014	5,929,659	9,209,769	3,762,115
		After distribution	5,983,375	5,929,659	5,909,353	3,762,115
Unrealized gain (loss) on financial instruments		(539,526)	(592,164)	373,299	(576,399)	
Accumulated currency adjustments		(1,108,007)	(750,066)	(936,857)	(231,331)	
Unrecognized pension cost		(265,532)	(268,062)	(275,462)	(235,682)	
Revaluation increments		1,527	1,527	1,527	1,527	
Total stockholders' equity		Before distribution	30,476,021	28,950,439	31,945,489	26,287,351
		After distribution	28,701,382	28,950,439	29,701,405	26,287,351

Note 1: It's not applied since IFRS is adopted from 2013.

Note 2: The summarized financial data for 2009~2012 have been certified by CPA.

6.2.4 Summarized income statements – ROC GAAP

Unit: TWD thousand

Item	Year	Financial data in the past five years				
		2013	2012	2011	2010	2009
Operating revenue	N/A	56,591,314	62,697,925	64,712,063	47,088,138	
Gross profit		4,401,472	(329,732)	10,162,175	3,958,838	
Operating income		2,753,471	(1,966,612)	8,427,901	2,553,375	
Non-operating income & gain		1,328,887	3,310,412	1,900,419	2,645,168	
Non-operating expense & loss		1,929,917	963,825	3,154,477	5,953,418	
Net income before income tax		2,152,441	379,975	7,173,843	(754,875)	
Net income after income tax		1,828,355	20,306	5,447,654	(1,635,278)	
Income (loss) from operations of discontinued segments		-	-	-	-	
Extraordinary gain or loss		-	-	-	-	
Cumulative effect of changes in accounting principles		-	-	-	-	
Net income		1,828,355	20,306	5,447,654	(1,635,278)	
Earning per share (Note 1)		0.82	0.01	2.46	(0.77)	

Note 1: Base on retroactive adjustment calculation.

Note 2: It's not applied since IFRS is adopted from 2013.

Note 3: The summarized financial data for 2009~2012 have been certified by CPA.

6.2.5 CPA and Audit results for the past 5 years

Year	CPA name	Audit results
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.
2012	Lily-Lu Fu-Wei Chen	The audit report is partly based on the report of another auditor, Unqualified opinion with an added explanatory paragraph.
2013	Lily-Lu Fu-Wei Chen	Unqualified opinion.

6.3 Summarized financial analysis for the past 5 years – IFRS

6.3.1 Consolidated financial analysis - IFRS

Item	Year	Financial analysis in the past five years					2014 as of Mar. 31
		2013	2012	2010	2009	2008	
Financial structure (%)	Ratio of liabilities to assets	60.31	61.23	N/A			58.12
	Ratio of long-term capital to Property ,Plant and Equipment	145.45	172.69				146.61
Solvency (%)	Current ratio	222.87 (Note 1)	283.28				254.81
	Quick ratio	211.48 (Note 2)	271.59				242.81
	Times interest earned ratio	4.10	3.83				4.74
Operating Performance	Accounts receivable turnover (turns)	21.95	24.27				5.09
	Average collection period	16.62	15.03				71.75
	Inventory turnover (turns)	-	-				-
	Accounts payable turnover (turns)	8.89	9.12				2.40
	Average days in sales	-	-				-
	Properties turnover (turns)	1.44	1.79				0.33
	Total assets turnover (turns)	0.76	0.83				0.19
Profitability	Return on total assets (%)	3.60	3.33				1.06
	Return on equity (%)	6.98	6.29				2.07
	Ratio to issued capital of pre-tax income (%)	11.29	10.11				3.44
	Profit ratio (%)	3.59(Note 3)	2.94				4.45
	Earnings per share (\$)	0.96	0.83	0.30			
Cash flow	Cash flow ratio (%)	51.62	57.43	8.82			
	Cash flow adequacy ratio (%)	77.46	72.13	84.21			
	Cash reinvestment ratio (%)	4.93(Note 4)	6.66	0.91			
Leverage	Operating leverage	5.48	4.69	6.47			
	Financial leverage	1.57	1.38	1.79			

Note 1: The current ratio decreased since in 2013 current assets decreased and current liabilities increased.

Note 2: The quick ratio decreased since in 2013 quick assets decreased and current liabilities increased.

Note 3: The profit ratio increased since net profit after tax in 2013 increased and operating revenue decreased.

Note 4: The cash reinvestment ratio decreased since cash dividend was distributed in 2013.

1. Financial structure

- (1) Liabilities to total asset = total liabilities / total assets
- (2) Long-term capital to Property ,Plant and Equipment = (total equity + non-current liabilities) / net Property ,Plant and Equipment

2. Solvency

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

3. Operating performance

- (1) Turnover of receivable(including accounts receivable and receivable-trade notes) = net operating revenue / average receivable-trade(including accounts receivable and receivable-trade notes)
- (2) Average collection days = 365 / turnover of receivable
- (3) Turnover of inventories = operating cost / average inventories
- (4) Turnover of payable(including accounts payable and notes payable-trade) = operating cost / average

payable-trade

- (5) Average sales days = $365 / \text{turnover of inventories}$
- (6) Turnover of properties (times) = $\text{net operating revenue} / \text{average net Property, Plant and Equipment}$
- (7) Turnover of total assets (times) = $\text{net operating revenue} / \text{average total assets}$

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 equity = $\text{net income after tax} / \text{average total equity}$
- (3) Profit margin = $\text{net income after tax} / \text{net operating revenue}$
- (4) Earnings per share = $(\text{net income after tax} - \text{dividend of prefer stock}) / \text{weighted average number of outstanding shares}$

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 = $(\text{net cash provided by operating activities} - \text{cash dividend}) / (\text{Property, Plant and Equipment} + \text{long-term investment} + \text{other non-current assets} + \text{working capital})$

6. Leverage

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

6.3.2 Financial analysis - IFRS

Item	Year	Financial analysis in the past five years					2014 as of Mar. 31
		2013	2012	2011	2010	2009	
Financial structure (%)	Ratio of liabilities to assets	45.59	46.77				
	Ratio of long-term capital to Property, Plant and Equipment	613.64	755.91				
Solvency (%)	Current ratio	329.21	332.22				
	Quick ratio	317.13	319.41				
	Times interest earned ratio	9.76	9.34				
Operating Performance	Accounts receivable turnover (turns)	26.54	27.86				
	Average collection period	13.75	13.10				
	Inventory turnover (turns)	-	-				
	Accounts payable turnover (turns)	9.26	9.91				
	Average days in sales	-	-				
	Fixed assets turnover (turns)	7.44	7.71				N/A
	Total assets turnover (turns)	0.92	1.01				
Profit ability	Return on total assets (%)	4.16	3.66				
	Return on stockholders' equity (%)	6.97	6.32				
	Ratio to issued capital of pre-tax income (%)	11.10	9.83				
	Profit ratio (%)	4.06(Note 1)	3.25				
	Earnings per share (\$)	0.96	0.83				
Cash flow	Cash flow ratio (%)	10.39(Note 2)	62.49				
	Cash flow adequacy ratio (%)	47.45	52.08				
	Cash reinvestment ratio (%)	(1.25)(Note 3)	8.37				
Leverage	Operating leverage	3.70	4.12				
	Financial leverage	1.10	1.10				

Note 1: The profit ratio increased since the net profit after tax in 2013 increased.

Note 2: The cash flow ratio decreased since the net cash provided by operating activities in 2013 decreased.

Note 3: The cash reinvestment ratio decreased since cash dividend was distributed in 2013.

1. Financial structure

- (1) Liabilities to total asset = total liabilities / total assets
- (2) Long-term capital to Property ,Plant and Equipment = (total equity + non-current liabilities) / net Property ,Plant and Equipment

2. Solvency

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

3. Operating performance

- (1) Turnover of receivable(including accounts receivable and receivable-trade notes) = net operating revenue / average receivable-trade(including accounts receivable and receivable-trade notes)
- (2) Average collection days = 365 / turnover of receivable
- (3) Turnover of inventories = operating cost / average inventories
- (4) Turnover of payable(including accounts payable and notes payable-trade) = operating cost / average payable-trade
- (5) Average sales days = 365 / turnover of inventories
- (6) Turnover of properties (times) = net operating revenue / average net Property ,Plant and Equipment
- (7) Turnover of total assets (times) = net operating revenue / average total assets

4. Profitability

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

5. Cash flow

- (1) Cash flow ratio = net cash provided by operating activities / current liabilities
- (2) Cash flow adequacy ratio = net cash provided by operating activities for past 5 years / (fixed assets expenditure + inventories increase + cash dividend) for past 5 years
- (3) Cash reinvestment ratio = (net cash provided by operating activities-cash dividend) / (Property ,Plant and Equipment + long-term investment + other non-current assets + working capital)

6. Leverage

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

6.4 Summarized financial analysis for the past 5 years - ROC GAAP

6.4.1 Consolidated financial analysis – ROC GAAP

Item		Year	Financial analysis in the past five years				
			2013	2012	2011	2010	2009
Financial structure (%)	Ratio of liabilities to assets			60.72	60.09	51.94	58.69
	Ratio of long-term capital to fixed assets			159.30	164.08	150.94	125.98
Solvency (%)	Current ratio			283.47	266.82	193.16	145.73
	Quick ratio			271.81	252.64	183.00	138.23
	Times interest earned ratio			3.80	1.67	12.70	0.23
Operating Performance	Accounts receivable turnover (turns)			22.54	21.29	26.44	24.33
	Average collection period			16.19	17.14	13.80	15.00
	Inventory turnover (turns)			-	-	-	-
	Accounts payable turnover (turns)			8.77	10.36	10.21	9.56
	Average days in sales			-	-	-	-
	Fixed assets turnover (turns)		N/A	1.65	1.97	1.99	1.24
	Total assets turnover (turns)			0.83	0.96	1.06	0.73
Profitability	Return on total assets (%)			3.30	0.82	9.14	(1.28)
	Return on stockholders' equity(%)			6.13	0.11	18.66	(6.01)
	Ratio to issued capital of pre-tax income (%)			9.98	1.95	34.28	(3.39)
	Profit ratio (%)			2.93	0.05	7.90	(3.37)
Cash flow	Earnings per share (\$)			0.83	0.01	2.59	(0.77)
	Cash flow ratio (%)			53.76	32.19	64.92	0.08
	Cash flow adequacy ratio (%)			71.05	67.42	76.55	58.92
Leverage	Cash reinvestment ratio (%)			6.31	1.95	12.83	0.02
	Operating leverage			4.19	(29.73)	1.87	(124.54)
	Financial leverage			1.40	0.33	1.07	0.07

Note: It's not applied since IFRS is adopted from 2013.

1. Financial structure

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

2. Solvency

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

3. Operating performance

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

4. Profitability

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

5. Cash flow

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

6. Leverage

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

6.4.2 Financial analysis – ROC GAAP

Item	Year	Financial analysis in the past five years				
		2013	2012	2011	2010	2009
Financial structure (%)	Ratio of liabilities to assets		45.99	48.74	37.56	42.57
	Ratio of long-term capital to fixed assets		551.99	383.91	383.09	353.30
Solvency (%)	Current ratio		330.51	335.05	224.17	206.34
	Quick ratio		317.75	319.45	206.00	195.79
	Times interest earned ratio		9.24	3.10	64.30	(1.41)
Operating Performance	Accounts receivable turnover (turns)		27.10	32.21	50.21	44.37
	Average collection period		13.46	11.33	7.26	8.22
	Inventory turnover (turns)		-	-	-	-
	Accounts payable turnover (turns)		9.48	11.15	11.16	10.22
	Average days in sales		-	-	-	-
	Fixed assets turnover (turns)		5.53	5.78	6.70	4.42
	Total assets turnover (turns)		1.00	1.16	1.34	0.98
Profitability	Return on total assets (%)	N/A	3.62	0.32	11.43	(2.93)
	Return on stockholders' equity (%)		6.15	0.07	18.71	(6.07)
	Ratio to issued capital of pre-tax income (%)		9.70	1.71	33.96	(3.57)
	Profit ratio (%)		3.23	0.03	8.42	(3.47)
	Earnings per share (\$)		0.82	0.01	2.46	(0.77)
Cash flow	Cash flow ratio (%)		62.97	9.87	45.49	18.51
	Cash flow adequacy ratio (%)		65.52	65.72	118.45	91.60
	Cash reinvestment ratio (%)		8.59	(2.22)	11.27	4.37
Leverage	Operating leverage		4.29	(6.05)	2.34	4.70
	Financial leverage		1.10	0.92	1.01	1.14

Note: It's not applied since IFRS is adopted from 2013.

1. Financial structure

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

2. Solvency

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

3. Operating performance

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

4. Profitability

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

5. Cash flow

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

6. Leverage

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

6.5 Supervisors' Report for Fiscal Year 2013

6.5.1 Supervisors' Report for Fiscal Year 2013

In accordance with Article 219 of the Company Act, the board of Directors has submitted year 2013 final statements, including the business report 、 financial statements of the company and earnings appropriation. 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 2013 financial statements herewith to be approved.

To the general shareholders' meeting of 2014

WAN HAI LINES LTD.

Supervisor

Yee Sing Co., Ltd.



Representative

Mei-Huei Wu



Supervisor

Hwa-Mei LinYen



Supervisor

Yi Teh Optical Technology Co., Ltd.



Representative

Chih-Hsiang Chen



May 1, 2014

6.5.2 Supervisors' Report for Fiscal Year 2013(Consolidated)

In accordance with Article 219 of the Company Act, the board of Directors has submitted year 2013 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 2013 consolidated financial statements herewith to be approved.

To the general shareholders' meeting of 2014

WAN HAI LINES LTD.

Supervisor

Yee Sing Co., Ltd.



Representative

Mei-Huei Wu



Supervisor

Hwa-Mei LinYen



Supervisor

Yi Teh Optical Technology Co., Ltd.



Representative

Chih-Hsiang Chen



March 20, 2014

6.6 Financial Statement for Fiscal Year 2013

6.6.1 Independent Auditor's Report

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

We have audited the accompanying balance sheets of Wan Hai Lines Ltd. as of December 31, 2013, and December 31 and January 1, 2012, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. 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 conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those 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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wan Hai Lines Ltd. as of December 31, 2013, and December 31 and January 1, 2012, and the results of its operations and its cash flows for the years ended December 31, 2013 and 2012, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

March 19, 2014

WAN HAI LINES LTD.
BALANCE SHEETS
DECEMBER 31, 2013, DECEMBER 31, 2012, AND JANUARY 1, 2012
(Expressed in Thousands of New Taiwan Dollars)

	2013.12.31		2012.12.31		2012.1.1	
	Amount	%	Amount	%	Amount	%
ASSETS						
Current Assets:						
Cash and cash equivalents (note (6)(a))	\$ 16,820,288	30	19,755,257	35	19,892,529	35
Financial assets at fair value through profit or loss— current (notes (6)(b) and (q))	-	-	-	-	101,021	-
Available-for-sale financial assets— current (notes (6)(b) and (q))	3,064,557	5	2,740,381	5	2,651,019	5
Notes receivable (notes (6)(c) and (q))	38,212	-	20,653	-	28,414	-
Accounts receivable, net (notes (6)(c) and (q))	1,924,178	4	1,744,563	3	2,001,455	4
Accounts receivable— related parties (notes (6)(c) and (q) and (7))	49,634	-	177,945	-	114,346	-
Other receivables (notes (6)(q) and (7))	4,962,265	9	815,029	1	755,362	1
Inventories, net (note (6)(d))	957,993	2	974,986	2	1,169,870	2
Receivables from agents (notes (6)(q) and (7))	1,812,692	3	1,608,250	3	2,134,129	4
Other current assets (note (8))	943,379	2	754,780	1	605,748	1
	<u>30,573,198</u>	<u>55</u>	<u>28,591,844</u>	<u>50</u>	<u>29,453,893</u>	<u>52</u>
Non-Current Assets:						
Available-for-sale financial assets— non-current (notes (6)(b) and (q))	247,652	-	258,219	-	224,892	-
Financial assets measured at cost— non-current (note (6)(b))	800,967	1	648,438	1	648,438	1
Bond portfolios with inactive market— non-current (note (6)(b))	1,198,000	2	1,165,440	2	1,211,600	2
Long-term equity investments under equity method (note (6)(e) and (g))	15,563,380	27	16,280,006	29	11,364,963	21
Property, plant, and equipment (notes (6)(f) and (8) and (9))	7,776,229	14	6,337,352	12	8,435,162	15
Intangible assets (note (6)(g))	64,933	-	75,199	-	70,190	-
Other non-current assets (notes (6)(l) and (8) and (9))	780,294	1	3,154,210	6	5,037,116	9
	<u>26,431,455</u>	<u>45</u>	<u>27,918,864</u>	<u>50</u>	<u>26,992,361</u>	<u>48</u>
TOTAL ASSETS	\$ 57,004,653	100	56,510,708	100	56,446,254	100
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities:						
Financial liabilities at fair value through profit or loss— current (notes (6)(b) and (q))	-	-	41,983	-	658,192	1
Accounts payable	4,596,970	8	5,164,376	9	4,971,433	9
Accounts payable— related parties (note (7))	420,081	1	164,790	-	277,116	-
Other payable (note (6)(k) and (7))	1,544,034	3	304,335	1	310,409	1
Current tax liabilities	167,528	-	25,304	-	-	-
Current portion of long-term loans (note (6)(h))	1,580,067	3	1,713,841	3	1,757,057	3
Payables to agents (note (6)(q) and (7))	576,525	1	736,632	1	209,087	-
Other current liabilities	401,503	1	454,968	1	459,262	-
	<u>9,286,708</u>	<u>17</u>	<u>8,606,229</u>	<u>15</u>	<u>8,642,556</u>	<u>14</u>
Non-current Liabilities:						
Bonds payable (note (6)(i))	10,400,000	18	10,400,000	18	10,400,000	18
Long-term loans (note (6)(h))	4,701,400	8	5,583,159	10	6,864,300	12
Deferred income tax liabilities (note (6)(l))	705,219	1	913,441	2	997,922	2
Accrued pension liabilities (note (6)(k))	840,672	1	926,089	2	1,038,878	2
Guarantee deposits received	55,904	-	1,995	-	49,712	-
	<u>16,703,195</u>	<u>28</u>	<u>17,824,684</u>	<u>32</u>	<u>19,350,812</u>	<u>34</u>
TOTAL LIABILITIES	25,989,903	45	26,430,913	47	27,993,368	48
Owners' Equity Attributable to Equity Holders of the Parent Company (notes (6)(l) and (m)):						
Common stock	22,182,975	39	22,182,975	39	22,182,975	40
Capital surplus	1,261,681	2	2,446,570	4	2,446,570	5
Retained Earnings:						
Legal reserve	5,256,726	9	5,073,891	9	5,071,860	9
Special reserve	1,911,538	3	855,768	2	837,493	1
Retained earnings— unappropriated	1,518,833	4	1,168,124	2	(743,782)	(1)
	<u>8,687,097</u>	<u>16</u>	<u>7,097,783</u>	<u>13</u>	<u>5,165,571</u>	<u>9</u>
Other Equity:						
Foreign currency translation differences arising from foreign operations, net of tax	(683,820)	(1)	(1,108,007)	(2)	(750,066)	(1)
Unrealized loss on available-for-sale financial instruments	(433,183)	(1)	(539,526)	(1)	(592,164)	(1)
	<u>(1,117,003)</u>	<u>(2)</u>	<u>(1,647,533)</u>	<u>(3)</u>	<u>(1,342,230)</u>	<u>(2)</u>
Non-controlling interest	-	-	-	-	-	-
TOTAL STOCKHOLDERS' EQUITY	31,014,750	55	30,079,795	53	28,452,886	52
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 57,004,653	100	56,510,708	100	56,446,254	100

WAN HAI LINES LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the Year Ended December 31,			
	2013		2012	
	Amount	%	Amount	%
Operating revenues (note (6)(o) and (7))	52,491,030	100	56,929,558	100
Operating costs (notes (6)(d), (g) and (k) and (7))	47,879,774	91	52,408,084	92
Gross profit	4,611,256	9	4,521,474	8
Operating expenses (notes (6)(g), (k) and (m) and (7))	1,647,396	3	1,621,325	3
Income from operations	2,963,860	6	2,900,149	5
Non-operating income and expenses (note (6)(p)):				
Other revenue	272,243	1	272,691	1
Other gains and losses	651,467	1	181,104	-
Finance costs	(280,921)	(1)	(261,339)	-
Share of profit (loss) of associated and joint ventures accounted for using equity method	(1,145,007)	(2)	(912,281)	(2)
Total non-operating income and expenses	(502,218)	(1)	(719,825)	(1)
Profit before income tax from continuing operations	2,461,642	5	2,180,324	4
Less: Income tax expense (note (6)(l))	332,534	1	332,096	1
Net profit	2,129,108	4	1,848,228	3
Other comprehensive income:				
Foreign currency translation differences	424,187	1	(357,941)	(1)
Gain (loss) on valuation of available-for-sale financial assets	106,625	-	52,695	-
Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	15,513	-	36,393	-
Share of other comprehensive income (loss) of associated and joint ventures accounted for using equity method	44,392	-	64,735	-
Less: Income tax relating to components of other comprehensive income (loss)	10,231	-	17,201	-
Other comprehensive income (net of tax)	580,486	1	(221,319)	(1)
Total comprehensive income	2,709,594	5	1,626,909	2
Earnings per share (note (6)(n))				
Basic earnings per share (New Taiwan Dollars)		0.96		0.83
Diluted earnings per share (New Taiwan Dollars)		0.96		0.83

WAN HAI LINES LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in Thousands of New Taiwan Dollars)

	Stock		Retained Earnings			Other Equity Interest		Total
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings -Unappropriated	Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax	Unrealized Gains (losses) on Available-for-sale Financial Assets	
Balance as of January 1, 2012	\$ 22,182,975	2,446,570	5,071,860	837,493	(743,782)	(750,066)	(592,164)	28,452,886
Net Profit	-	-	-	-	1,848,228	-	-	1,848,228
Other comprehensive income	-	-	-	-	83,984	(357,941)	52,638	(221,319)
Total comprehensive income	-	-	-	-	1,932,212	(357,941)	52,638	1,626,909
Appropriation of retained earnings:								
Legal reserve	-	-	2,031	-	(2,031)	-	-	-
Special reserve	-	-	-	18,275	(18,275)	-	-	-
Balance as of December 31, 2012	22,182,975	2,446,570	5,073,891	855,768	1,168,124	(1,108,007)	(539,526)	30,079,795
Net Profit	-	-	-	-	2,129,108	-	-	2,129,108
Other comprehensive income	-	-	-	-	49,956	424,187	106,343	580,486
Total comprehensive income	-	-	-	-	2,179,064	424,187	106,343	2,709,594
Appropriation of retained earnings:								
Legal reserve	-	-	182,835	-	(182,835)	-	-	-
Special reserve	-	-	-	1,055,770	(1,055,770)	-	-	-
Cash dividends	-	-	-	-	(589,750)	-	-	(589,750)
Cash dividends from capital surplus	-	(1,184,889)	-	-	-	-	-	(1,184,889)
Balance as of December 31, 2013	\$ 22,182,975	1,261,681	5,256,726	1,911,538	1,518,833	(683,820)	(433,183)	31,014,750

Note: The directors' and supervisors' remuneration of \$6,018 and employees' bonuses of \$6,018 have been recognized as operating expense.

WAN HAI LINES LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2013	2012
Cash flows from operating activities:		
Profit before tax	\$ 2,461,642	2,180,324
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	1,453,246	2,128,419
Amortization	44,585	33,029
Interest expense	280,921	261,339
Interest revenue	(178,322)	(170,238)
Dividend revenue	(93,921)	(102,453)
Investment loss (income) under the equity method	1,145,007	912,281
Loss (Gain) on disposal of property, plant and equipment, net	(185,444)	(313,886)
Prepayment for equipment classified into expense	485	597
(Gain) Loss on disposal of available-for-sale assets-current	(47,346)	(41,835)
Unrealized foreign exchange (gain) loss	163,620	(38,565)
Total adjustments to reconcile net income to net cash provided by operating activities	<u>2,582,831</u>	<u>2,668,688</u>
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
(Increase) Decrease in current financial assets at fair value through profit or loss	-	101,021
(Increase) Decrease in notes receivable	(17,559)	7,761
(Increase) Decrease in accounts receivable	(51,304)	193,293
(Increase) Decrease in other receivables	(4,140,149)	(113,781)
(Increase) Decrease in inventories	16,993	194,884
(Increase) Decrease in receivables from agents	(204,442)	525,879
(Increase) Decrease in other current assets	(188,599)	(149,031)
Total changes in operating assets, net	<u>(4,585,060)</u>	<u>760,026</u>
Changes in operating liabilities, net:		
Increase (Decrease) in current financial liabilities at fair value through profit or loss	(41,983)	(616,209)
Increase (Decrease) in accounts payable (including related parties)	(312,115)	80,617
Increase (Decrease) in other payables	1,243,656	(1,375)
Increase (Decrease) in payables to agents	(160,107)	527,545
Increase (Decrease) in other current liabilities	(53,465)	(4,294)
Increase (Decrease) in accrued pension liabilities	(69,903)	(76,396)
Total changes in operating liabilities, net	<u>606,083</u>	<u>(90,112)</u>
Total changes in operating assets and liabilities, net	<u>(3,978,977)</u>	<u>669,914</u>
Total Adjustments	<u>(1,396,146)</u>	<u>3,338,602</u>
Cash inflow generated from operations	1,065,496	5,518,926
Income tax (paid) returned	(100,998)	(140,728)
Net cash provided by operating activities	<u>964,498</u>	<u>5,378,198</u>
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(345,949)	(219,022)
Proceeds from sale of available-for-sale financial assets	186,312	190,863
Acquisition of financial assets at cost	(152,529)	-
Increase in long-term investments under equity method	-	(6,100,500)
Acquisition of property, plant and equipment	(7,461,323)	(10,063,794)
Disposal of property, plant and equipment	6,846,105	11,914,535
(Increase) Decrease in refundable deposits	11,959	30,002
Acquisition of intangible assets	(32,841)	(4,771)
Interest received	166,768	178,705
Dividends received	99,352	111,898
Net cash used in investing activities	<u>(682,146)</u>	<u>(3,962,084)</u>
Cash flows from financing activities:		
Increase in long-term loans	600,600	589,400
Repayment of long-term loans	(1,812,313)	(1,829,032)
Increase (Decrease) in guarantee deposits	53,909	(47,717)
Dividends paid	(1,774,639)	-
Interest paid	(284,878)	(266,037)
Net cash provided by (used in) financing activities	<u>(3,217,321)</u>	<u>(1,553,386)</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,934,969)</u>	<u>(137,272)</u>
Cash and cash equivalents, beginning of period	19,755,257	19,892,529
Cash and cash equivalents, end of period	<u>\$ 16,820,288</u>	<u>19,755,257</u>

WAN HAI LINES LTD.
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
 (Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

1. Organization and Business

Wan Hai Lines Ltd. (the Company) was incorporated as a company limited by shares on February 24, 1965, under the approval of the Ministry of Economic Affairs, ROC. The address of the Company's registered office is 10F, No. 136 Songjiang Rd., Taipei City. 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.

2. Approval Date and Procedures of the Financial Statements

The Board of Directors approved and issued the financial statements on March 19, 2014.

3. New Standards and Interpretations Not Yet Adopted

- (1) New standards and interpretations endorsed by the Financial Supervisory Commissions R.O.C. ("FSC") but not yet in effect.

The International Accounting Standards Board ("IASB") issued the International Financial Reporting Standard 9 Financial instruments ("IFRS 9"), which take effect as of January 1, 2013. (In December 2011, the IASB postponed the effective date of IFRS 9 to January 1, 2015; however, in November 2013, the ISAB cancelled the announcement mentioned above to allow the preparer of financial statement to have sufficient time to convert to the new standard.) This standard had been approved by the FSC; however, the effective date has not been announced. In accordance with FSC rules, the early adoption is not permitted, and companies shall follow the guidance in the 2009 version of International Accounting Standards 39 Financial Instruments ("IAS 39"). Upon the adoption of this new standard, it is expected there will be significant impacts on the classification and measurement of financial instruments in the financial statements.

- (2) New and revised standards and interpretations not yet endorsed by the FSC

A summary of the new standards and amendments issued recently by the IASB but not yet endorsed by the FSC that may have an impact on the financial statements is as follows:

Issue date	New standards and amendments	Description	Effective date per IASB
May 12, 2011 June 28, 2012	IFRS 10 Consolidated Financial Statements IFRS 11 Joint Arrangements IFRS 12 Disclosure of Interests in Other Entities Amended IAS 27 Financial Statements Amended IAS 28 Investments in Associates and Joint Ventures	On May 12, 2011, the IASB issued a series of standards and amendments related to consolidation, joint arrangements, and investments. The new standards provide a single model for determining whether an entity has control over an investee (including special purpose entities). However, the consolidation process maintains the original guidance and method. In addition, joint arrangements are separated into joint operations (formerly known as jointly controlled assets and jointly controlled operations), and joint venture (formerly known as jointly controlled entities), and the proportionate consolidation method is removed. On June 28, 2012, amendments were issued clarifying the guidance over the transition period. The Group expects the adoption of the standards above will increase the information of related disclosures and change the way of determining whether an equity has control over the investee.	January 1, 2013

Issue date	New standards and amendments	Description	Effective date per IASB
May 12, 2011	IFRS 13 Fair Value Measurement	Replaces and consolidates the fair value measurement guidance in other standards into one single guidance. At the adoption of this standard, the Group should analyze the impact on the measurement of assets and liabilities. The amendment could also increase the disclosure of their fair value.	January 1, 2013
June 16, 2011	Amended IAS 1 Presentation of Financial Statements	Items presented in other comprehensive income shall be presented based on whether they are potentially reclassifiable to profit or loss subsequently. Upon adoption, this standard could change the disclosure of other comprehensive income in the comprehensive income statement.	July 1, 2012
November 19, 2013	Amended IFRS 9 Financial instrument	IFRS 9 adopted more principle based standards in hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. It broadens the scope of hedged items for hedge accounting. The Group believes that the adoption of standards above will increase the transaction of hedge accounting and changes the way of measurement and disclosure of hedged instruments and hedged items.	Earlier application is permitted.
December 12, 2013	<ul style="list-style-type: none"> ● Amended IFRS 1 First-time Adoption of International Financial Reporting Standards ● Amended IFRS 2 Share-based Payment ● Amended IFRS 3 Business Combinations ● Amended IFRS 8 Operating Segments ● IFRS 13 Fair Value Measurement ● Amended IAS 16 Property, Plant and Equipment ● Amended IAS 38 Intangible Assets ● Amended IAS 24 Related Party Disclosures ● Amended IAS 40 Investment Property 	<p>The IASB concludes "2010–2012 & 2011–2013 Annual Improvements Cycles", which amended :</p> <ul style="list-style-type: none"> ● The amendment clarifies the definition of "vesting conditions" by separately defining a "performance condition" and a "service condition". ● The amendment clarifies the classification and measurement of the contingent consideration that arose from business combination. ● The amendment requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments. ● The amendment clarifies that paragraph 52 of IFRS 13 includes a scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis. ● The amendment clarifies whether key management personnel could include an entity or whether it could only apply to individuals. ● The amendment clarifies that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination. At the adoption of the above standards, it is expected there will be impacts on the disclosure and presentation on the financial statements. 	July 1, 2014 Earlier application is permitted.

4. Significant Accounting Policies

The significant accounting policies adopted in the financial statements are as follows. The significant accounting policies have been applied consistently to all periods presented in these financial statements, and have been applied consistently to the opening balance sheet as of January 1, 2012, which is prepared for the purpose of transition to the IFRSs endorsed by the FSC (R.O.C).

(1) Statement of compliance

The financial statements are the first annual financial statements which have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the Regulations).

(2) Basis of preparation

A. Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following material items in the balance sheet:

- (a) Financial instruments measured at fair value through profits or losses (including derivative financial instruments);
- (b) Available-for-sale financial assets are measured at fair value; and

(c) The defined benefit asset is recognized as plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment. The financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. Assets and liabilities of foreign operations are translated into the functional currency at the exchange rates on the reporting date. Income statement accounts are translated at the weighted-average rate of the current period. Exchange gains or losses resulting from the translation process should be recorded as "other comprehensive income". All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(3) Foreign currency

Transactions in foreign currencies are translated to functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- A. Available-for-sale equity investment;
- B. A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- C. Qualifying cash flow hedges to the extent the hedge is effective.

(4) Assets and liabilities classified as current and non-current

An entity shall classify an asset as current when:

- A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. It holds the asset primarily for the purpose of trading;
- C. It expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify a liability as current when:

- A. It expects to settle the liability in its normal operating cycle;
- B. It holds the liability primarily for the purpose of trading;
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three

months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

The time deposits with maturities of less than one year are used for short-term cash commitments instead of investment and are subject to an insignificant risk of changes in their fair value, and are classified as cash and cash equivalents.

(6) Financial instruments

Financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

A. Financial assets

The Company classifies financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, available-for-sale financial assets, financial assets measured at cost, and bond portfolios with inactive market. The Company purchases or sales financial assets are recognized using trade-date accounting.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term. At initial recognition, financial assets classified under this category are measured at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss.

(b) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. At initial recognition, available-for-sale financial assets are recognized at fair value, plus as any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and unrealized gains (losses) on available-for-sale financial assets in equity. When an available-for-sale investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss under "other income".

Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in "other income" of profit or loss.

(c) Financial assets measured at cost

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost. A financial asset is impaired if, and only if, there is objective evidence of impairment. Such impairment loss is not reversible in subsequent periods.

(d) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables and bond investment with inactive market. Such assets are recognized initially at fair value, plus any directly attributable transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortized cost

using the effective interest method, less any impairment losses other than insignificant interest on short-term receivables.

Interest income is recognized into profit or loss under “non-operating income and expenses”.

(e) Impairment of financial assets

A financial asset not classified as at fair value through profit and loss is assessed at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’), and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be estimated reliably.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

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 its estimated future cash flows discounted at the asset’s original effective interest rate. If, in a subsequent period, the amount of impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before the impairment loss was recognized at the reversal date.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is reduced from the carrying amount except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of a receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in equity.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then impairment loss is reversed against profit or loss. Impairment losses and recoveries are recognized in profit or loss under “other gains and losses, net”.

Provision for doubtful accounts is recorded as general and administrative expenses. The impairment loss on financial assets other than accounts receivable is recorded as “other gains and losses” under non-operating income and expenses.

(f) Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance to the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

(b) Financial liabilities at fair value through profit or loss

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss under “non-operating income and expenses”.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount of a derecognized financial liability and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss under “non-operating income and expenses”.

(d) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

C. Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate fluctuation exposures. At initial recognition, derivatives are recognized at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss under “non-operating income and expenses”. When the result of the valuation at fair value of a derivative instrument is positive, it is classified as a financial asset; otherwise, it is classified as a financial liability.

(7) Inventories

Fuels purchased by the Company are recorded under inventory account. Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all costs of purchase and other costs incurred in bringing the inventories to a salable and useable location and condition. Inventory cost is calculated by using the first-in first-out principle.

(8) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting right of its investment. Investments in affiliates are accounted for by using the equity method and are recognized initially at cost, which includes attributable cost of acquisition. The carrying amount of investment in

associates includes goodwill arising from the acquisition less any accumulated impairment losses.

(9) Subsidiaries

The subsidiaries which the Company is holding for controlling are measured under equity method in the financial statement. Under equity method, the net income, other comprehensive income and equity in the financial statement are equivalent to the net income, other comprehensive income and equity which are contributed to the owners of parent in the financial statement.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(10) Property, plant, and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from disposal an item of property, plant or equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss under “non-operating income and expenses.”

B. Depreciation

Except for land, the depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	The company
Buildings	43~57 years
Vessels	15~25 years
Containers	3~10 years
Privileged wharf equipment	3~10 years
Other equipment	2~16 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

(11) Intangible assets

Trademarks and software are the major items of intangible assets that the Company holds. All intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

The amortizable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Software	3~5 years
Trademarks	10 years

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

(12) Impairment – non-financial assets

Except for inventories and deferred tax assets, the Company assesses the non-financial assets for impairment and estimates the recoverable amounts for any impaired assets at the end of each reporting period. If it is not possible to determine the recoverable amount for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Company should assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That

increase is a reversal of an impairment loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(13) Revenue

Revenue from services rendered is recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Rental revenue from vessels and containers is recognized on an accrual basis.

(14) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

B. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date of market yields of the government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

All actuarial gains and losses at January 1, 2012, the date of transition to FSC-approved IFRSs, were recognized in retained earnings. The Company recognizes all actuarial gains and losses arising subsequently from defined benefit plans in "other comprehensive income".

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present

value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

C. Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

D. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(15) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

- A. Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.
- B. Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- C. Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- A. The entity has the legal right to settle tax assets and liabilities on a net basis; and
- B. The taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
 - (a) levied by the same taxing authority; or
 - (b) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that the future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also

be re-evaluated every year on the financial reporting date, and adjusted based on the probability that the future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(16) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to common stock shareholders of the Company. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding.

The diluted earnings per share are calculated as the profit attributable to common stock shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as estimated employee stock bonus.

(17) Operating segments

The operating segment information is disclosed in the Company's consolidated financial statements; therefore, the Company does not disclose segment information in these financial statements.

5. Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continuously monitors its accounting estimates and assumptions. Changes in accounting estimates are recognized in the period of the change in accounting estimates and the future periods affected by the change. There is no information showing that the accounting policies adopted by the Company require making critical judgments that have significant effect on the amounts recognized in the financial statement.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next 12 months is included in the Note 6(12), Measurement of defined benefit obligations.

6. Summary of Major Accounts

(1) Cash and cash equivalents

	<u>2013.12.31</u>	<u>2012.12.31</u>	<u>2012.1.1</u>
Cash on hand	\$ 55,729	45,696	44,054
Savings accounts	331,451	567,054	1,402,466
Time deposits	16,428,990	19,134,967	18,438,173
Cash equivalents — money market deposit accounts — foreign	<u>4,118</u>	<u>7,540</u>	<u>7,836</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 16,820,288</u>	<u>19,755,257</u>	<u>19,892,529</u>

Please refer to Note 6(r) for the interests analysis of financial assets and liabilities.

(2) Financial assets

A. Details of financial assets:

	2013.12.31	2012.12.31	2012.1.1
Financial assets at fair value through profit or loss	\$ -	-	101,021
Available-for-sale financial assets	3,312,209	2,998,600	2,875,911
Financial assets measured at cost	800,967	648,438	648,438
Bond portfolios with inactive market	1,198,000	1,165,440	1,211,600
Total	\$ 5,311,176	4,812,478	4,836,970
Current	\$ 3,064,557	2,740,381	2,752,040
Non-current	2,246,619	2,072,097	2,084,930
Total	\$ 5,311,176	4,812,478	4,836,970

Please refer to Note 6(p) and Note 6(q) for the credit, currency and interest rate risk exposure associated with financial instruments.

As of December 31, 2013, December 31, and January 1, 2012, the Company's financial assets were not pledged as collateral.

B. Sensitivity analysis-equity price risk:

If the equity price changes, the sensitivity analysis was based on the same variables except for the price index for both period, the impact to other comprehensive income will be as follows:

Equity price at reporting date	2013		2012	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increase 1%	\$ 33,122	-	29,986	-
Decrease 1%	\$ (33,122)	-	29,986	-

C. Derivatives not used for hedging

The Company uses derivative financial instruments to hedge certain foreign exchange and interest risk the Company is exposed to, arising from its operating, financing and investing activities. As of December 31, 2013, December 31, and January 1, 2012, the derivative financial instruments held by the Company, which are not qualified for hedge accounting and are measured at value, are as follows:

	2013.12.31			2012.12.31			2012.1.1		
	Amount	Currency	Year of Maturity	Amount	Currency	Year of Maturity	Amount	Currency	Year of Maturity
Exchange rate options – Sell a call	-	-	-	35,922	USD/JPY	2013	466,982	USD/JPY	2013
Exchange rate options – Buy a put	-	-	-	19,326	USD/JPY	2013	251,238	USD/JPY	2013
Exchange rate swaps	-	-	-	-	-	-	3,292,560	-	2012
Interest rate swaps	-	-	-	874,080	-	2013	908,700	-	2012-2013

Details of derivative instrument not used for hedging are as follows:

	2013.12.31	2012.12.31	2012.1.1
Financial assets at fair value through profit or loss-current	\$ -	-	101,021
Financial liabilities at fair value through profit or loss-current	\$ -	41,983	658,192

(3) Notes receivable, accounts receivable, and other receivable

	<u>2013.12.31</u>	<u>2012.12.31</u>	<u>2012.1.1</u>
Notes receivable	\$ 38,212	20,653	28,414
Accounts receivable	1,974,185	1,922,881	2,116,208
Other receivables	4,962,265	815,029	755,362
Less: Allowance for impairment loss	<u>(373)</u>	<u>(373)</u>	<u>(407)</u>
	<u>\$ 6,974,289</u>	<u>2,758,190</u>	<u>2,899,577</u>

The Company's ageing analysis of accounts receivables and other receivables:

	<u>2013.12.31</u>	<u>2012.12.31</u>	<u>2012.1.1</u>
Past due 0-30 days	\$ 151,782	143,135	161,467
Past due 31-120 days	50,259	53,056	73,778
Past due 121-365 days	141	4,330	493
Past due more than 365 days	<u>3,625</u>	<u>188</u>	<u>11</u>
	<u>\$ 205,807</u>	<u>200,709</u>	<u>235,749</u>

Movement of allowance for doubtful receivables for the years ended December 31, 2013 and 2012 are as follows:

	<u>Individually assessed impairment</u>	<u>Collectively assessed impairment</u>	<u>Total</u>
Balance as of January 1, 2013	\$ 373	-	373
Balance as of December 31, 2013	<u>\$ 373</u>	<u>-</u>	<u>373</u>
Balance as of January 1, 2012	\$ 407	-	407
Amounts written off	<u>(34)</u>	<u>-</u>	<u>(34)</u>
Balance as of December 31, 2012	<u>\$ 373</u>	<u>-</u>	<u>373</u>

(4) Inventories

	<u>2013.12.31</u>	<u>2012.12.31</u>	<u>2012.1.1</u>
Marine diesel oil	\$ 144,017	138,064	120,648
Marine residual fuel oil	807,761	833,619	1,039,905
Fresh lubricating oil	<u>6,215</u>	<u>6,831</u>	<u>9,317</u>
Sub total	957,993	978,514	1,169,870
Less: Allowance for inventory valuation and obsolescence losses	-	<u>(3,528)</u>	-
Total	<u>\$ 957,993</u>	<u>974,986</u>	<u>1,169,870</u>

During the year ended 2013 and 2012, raw material, consumables and changes in the finished goods and work in progress recognized as cost of sales amounted to \$12,158,473 thousand (2012: \$13,461,384 thousand). In 2013, the write-down of inventories to net realizable value amounted to \$(3,528) thousand (2012: \$3,528 thousand). The write-downs are included in cost of sales.

As of December 31, 2013, December 31, and January 1, 2012, the Company's inventories were not pledged as collateral.

(5) Investments accounted for using equity method

A summary of equity-accounted investees is as follows:

	<u>2013.12.31</u>	<u>2012.12.31</u>	<u>2012.1.1</u>
Subsidiaries	\$ 15,401,157	16,127,262	11,193,867
Associate	162,223	152,744	171,096
	<u>\$ 15,563,380</u>	<u>16,280,006</u>	<u>11,364,963</u>

A. Subsidiaries

Please refer to the consolidated financial statements for the years ended December 31, 2013 and 2012.

B. Associate

In 2013 and 2012, the net income of an associate was as follows:

	<u>2013</u>	<u>2012</u>
The company's share of profit(loss) of associates	\$ 9,478	(18,352)

Summary financial information for an investment in an associate is as follows (before being adjusted to The Company proportionate share):

	<u>2013.12.31</u>	<u>2012.12.31</u>	<u>2012.1.1</u>
Total assets	\$ 2,165,105	2,320,365	2,515,880
Total liabilities	\$ 1,404,569	1,604,262	1,713,739

	<u>2013</u>	<u>2012</u>
Revenue	\$ 1,029,199	848,740
Net income(loss)	\$ 44,434	(86,038)

As of December 31, 2013, December 31, and January 1, 2012, the Company's investments accounted for using the equity method were not pledged as collateral.

(6) Property, plant and equipment

The movements of the property, plant and equipment of the Company were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Vessels</u>	<u>Containers</u>	<u>Other equipment</u>	<u>Privileged wharf equipment</u>	<u>Total</u>
Cost:							
Balance at January 1, 2013	\$ 620,477	123,736	4,143,127	15,979,869	1,203,542	672,011	22,742,762
Additions	-	-	4,180,626	2,848,558	19,900	4,910	7,053,994
Reclassification	-	-	2,471,748	-	(14,025)	-	2,457,723
Disposals	-	-	(7,266,807)	(253,553)	(17,618)	-	(7,537,978)
Balance at December 31, 2013	<u>\$ 620,477</u>	<u>123,736</u>	<u>3,528,694</u>	<u>18,574,874</u>	<u>1,191,799</u>	<u>676,921</u>	<u>24,716,501</u>
Balance at January 1, 2012	\$ 620,477	123,736	4,143,127	16,424,659	1,211,513	673,311	23,196,823
Additions	-	-	8,215,144	648	19,212	-	8,235,004
Reclassification	-	-	3,347,710	763	15,329	-	3,363,802
Disposals	-	-	(11,562,854)	(446,201)	(42,512)	(1,300)	(12,052,867)
Balance at December 31, 2012	<u>\$ 620,477</u>	<u>123,736</u>	<u>4,143,127</u>	<u>15,979,869</u>	<u>1,203,542</u>	<u>672,011</u>	<u>22,742,762</u>
Depreciation and impairment loss:							
Balance at January 1, 2013	\$ -	52,945	3,365,910	11,876,092	619,888	490,575	16,405,410
Depreciation for the year	-	2,765	156,693	1,130,369	125,093	38,326	1,453,246
Reclassification	-	-	-	-	(14,455)	-	(14,455)
Disposals	-	-	(636,424)	(249,887)	(17,618)	-	(903,929)
Balance at December 31, 2013	<u>\$ -</u>	<u>55,710</u>	<u>2,886,179</u>	<u>12,756,574</u>	<u>712,908</u>	<u>528,901</u>	<u>16,940,272</u>
Balance at January 1, 2012	\$ -	49,985	3,214,856	10,562,189	533,837	400,794	14,761,661
Depreciation for the year	-	2,960	151,054	1,754,761	128,563	91,081	2,128,419
Reclassification	-	-	-	654	-	-	654
Disposals	-	-	-	(441,512)	(42,512)	(1,300)	(485,324)
Balance at December 31, 2012	<u>\$ -</u>	<u>52,945</u>	<u>3,365,910</u>	<u>11,876,092</u>	<u>619,888</u>	<u>490,575</u>	<u>16,405,410</u>
Carrying amounts:							
Balance at December 31, 2013	<u>\$ 620,477</u>	<u>68,026</u>	<u>642,515</u>	<u>5,818,300</u>	<u>478,891</u>	<u>148,020</u>	<u>7,776,229</u>
Balance at January 1, 2012	<u>\$ 620,477</u>	<u>73,751</u>	<u>928,271</u>	<u>5,862,470</u>	<u>677,676</u>	<u>272,517</u>	<u>8,435,162</u>
Balance at December 31, 2012	<u>\$ 620,477</u>	<u>70,791</u>	<u>777,217</u>	<u>4,103,777</u>	<u>583,654</u>	<u>181,436</u>	<u>6,337,352</u>

Please refer to note 8 for details of the property, plant and equipment pledged as collateral.

(g) Intangible assets

The costs of intangible assets, amortization, and impairment loss of the Company in 2013 and 2012 are as follows:

	Computer software	Trademarks	Total
Costs:			
Balance at January 1, 2013	\$ 131,306	1,913	133,219
Additions	32,841	-	32,841
Reclassification	1,478	-	1,478
Disposals	(26,228)	-	(26,228)
Balance at December 31, 2013	\$ 139,397	1,913	141,310
Balance at January 1, 2012	\$ 112,158	525	112,683
Additions	4,771	-	4,771
Reclassification	31,879	1,388	33,267
Disposals	(17,502)	-	(17,502)
Balance at December 31, 2012	\$ 131,306	1,913	133,219
Amortization and impairment loss:			
Balance at January 1, 2013	\$ 57,854	166	58,020
Amortization for the year	44,394	191	44,585
Disposals	(26,228)	-	(26,228)
Balance at December 31, 2013	\$ 76,020	357	76,377
Balance at January 1, 2012	\$ 42,414	79	42,493
Amortization for the year	32,942	87	33,029
Disposals	(17,502)	-	(17,502)
Balance at December 31, 2012	\$ 57,854	166	58,020
Carrying amounts:			
Balance at December 31, 2013	\$ 63,377	1,556	64,933
Balance at January 1, 2012	\$ 69,744	446	70,190
Balance at December 31, 2012	\$ 73,452	1,747	75,199

1. Recognition of amortization and impairment

The amortization of intangible assets is included in the statement of comprehensive income:

	2013	2012
Operating costs	\$ 21,257	13,321
Operating expense	\$ 23,328	19,708

(8) Term loans

Details of borrowings are as follows:

2013.12.31				
	Currency	Interest rate collars	Expiration	Amount
Secured bank loans	TWD	1.47%-2.831%	103-106	\$ 2,028,567
Secured bank loans	USD	0.9584%-1.3684%	103-107	4,252,900
Totals				\$ 6,281,467
Current				\$ 1,580,067
Non-current				4,701,400
Totals				\$ 6,281,467

2012.12.31				
	Currency	Interest rate collars	Expiration	Amount
Secured bank loans	TWD	1.47%-2.831%	103-106	\$ 2,926,600
Secured bank loans	USD	1.037%-1.85%	103-106	4,370,400
Totals				<u>\$ 7,297,000</u>
Current				\$ 1,713,841
Non-current				5,583,159
Totals				<u>\$ 7,297,000</u>

2012.1.1				
	Currency	Interest rate collars	Expiration	Amount
Secured bank loans	TWD	1.626%-3.197%	103-106	\$ 3,824,633
Secured bank loans	USD	0.859%-1.85%	101-105	4,796,724
Totals				<u>\$ 8,621,357</u>
Current				\$ 1,757,057
Non-current				6,864,300
Totals				<u>\$ 8,621,357</u>

For information on the Company's interest risk, currency risk, and liquidity risk, see note 6(r) \ (s).

A. Securities for bank loan

For details of fixed assets provide as collateral please see note 8.

B. The restrictions of the BNP Paribas loan were as follows:

- (a) Minimum consolidated stockholders' equity of \$17,000,000.
- (b) Maximum consolidated net-debt-to-stockholders'-equity ratio [(short term loans + current portion of long-term loans + long-term loans + current portion of bonds payable + bonds payable - cash and cash equivalents)/stockholders' equity] of 1.2.
- (c) Minimum consolidated times-interest-earned ratio of 1.5.
- (d) Minimum consolidated cash and cash equivalents of \$1,000,000.

(9) Bonds payable

2013.12.31				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank-first domestic bond issue	TWD	1.65%~1.85%	105-107	\$ 7,500,000
Unsecured bank-second domestic bond issue	TWD	1.75%	106	2,900,000
Bond payable-non-current				<u>\$ 10,400,000</u>

2012.12.31				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank-first domestic bond issue	TWD	1.65%~1.85%	105-107	\$ 7,500,000
Unsecured bank-second domestic bond issue	TWD	1.75%	106	2,900,000
Bond payable-non-current				<u>\$ 10,400,000</u>

2012.1.1				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank-first domestic bond issue	TWD	1.65%~1.85%	105-107	\$ 7,500,000
Unsecured bank-second domestic bond issue	TWD	1.75%	106	<u>2,900,000</u>
Bond payable-non-current				<u>\$ 10,400,000</u>

The Company issued an unsecured corporate bond in June 2011. It was the Company's first domestic bond issue in 2011 and was effective upon submission to the regulatory authority on June 9, 2011. The issuance terms were as follows:

A. Issue amount

\$7,500,000. There are two series of bonds categorized by the terms, with series A amounting to \$3,000,000 and series B amounting to \$4,500,000.

B. Nominal amount

Par value \$1,000 per unit.

C. Issuance period

The issuance dates are June 22~24, 2011; the maturity periods for series A and B are five and seven years, respectively.

D. Issued price: at par value

E. Nominal interest rate

(a) Series A: 1.65%

(b) Series B: 1.85%

F. Payment of interest: The interest is paid once a year by simple interest and 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. There is no additional interest for the period after the maturity date if the bondholders apply for repayment after that date.

G. Redemption on the maturity date

The ordinary bonds will be redeemed at par on the maturity date.

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

I. 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 trustee, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the office

hours of the trustee.

J. 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.

K. Certification institution: None

L. Announcement

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

The Company issued an unsecured corporate bond in July 2011. It was the Company's second domestic bond issue in 2011 and was effective upon submission to the regulatory authority on July 19, 2011. The issuance terms were as follows:

A. Issue amount: Up to \$2,900,000.

B. Nominal amount:

Par value \$1,000 per unit.

C. Issuance period:

The issuance date is July 28, 2011; the maturity period is six years.

D. Issued price: at par value

E. Nominal interest rate: 1.75%.

F. Payment of interest: The interest is paid once a year by simple interest and 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. There is no additional interest for the period after the maturity date if the bond holders apply for repayment after that date.

G. Redemption on the maturity date

The ordinary bonds will be redeemed at par on the maturity date.

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

I. 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 trustee, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the office hours of the trustee.

J. 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.

K. Certification institution: None

L. Announcement

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

(10) Operating leases

Lease payables from non-cancellable operating lease agreement were as follows:

	<u>2013.12.31</u>	<u>2012.12.31</u>	<u>2012.1.1</u>
Less than one year	\$ 7,413,663	6,267,643	7,467,119
Between one and five years	27,449,464	24,344,936	28,439,521
	<u>\$ 34,863,127</u>	<u>30,612,579</u>	<u>35,906,640</u>

The Company entered into operating leases agreement for offices and vessels with a period from 1 to 3 years.

(11) Employee benefits

A. Defined benefit plans

The Company determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

	<u>2013.12.31</u>	<u>2012.12.31</u>	<u>2012.1.1</u>
Present value of defined benefit obligation	\$ 1,136,940	1,213,640	1,290,002
Fair value of plan assets	(296,268)	(287,551)	(251,124)
Recognized liabilities for defined benefit obligations	<u>\$ 840,672</u>	<u>926,089</u>	<u>1,038,878</u>

(a) Composition of plan assets

The Company sets aside pension funds in accordance with the regulations of the Council of Labor Affairs, and the pension funds are managed by the Pension Supervisory Committee. In accordance with the Management and Utilization of Labor Pension Funds regulations, the annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit.

The Company's pension reserve account balance amounted to \$291,100 at the end of the reporting period. The information used to calculate pension fund assets includes the asset allocation and yield of the fund. Please refer to the information published on the website of the Council of Labor Affairs and the Labor Pension Supervisory Committee.

(b) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	<u>2013</u>	<u>2012</u>
Defined benefit obligation at January 1	\$ 1,213,640	1,290,002
Benefits paid by the plan	(96,639)	(76,385)
Current service costs and interest	36,085	37,577
Actuarial (losses) gains	(16,146)	(37,554)
Defined benefit obligation at December 31	<u>\$ 1,136,940</u>	<u>1,213,640</u>

(c) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	<u>2013</u>	<u>2012</u>
Fair value of plan assets at January 1	\$ 287,551	251,124
Contributions made	61,462	62,056
Benefits paid by the plan	(56,380)	(28,198)
Expected return on plan assets	4,268	3,730
Actuarial gains (losses)	(633)	(1,161)
Fair value of plan assets at December 31	<u>\$ 296,268</u>	<u>287,551</u>

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2013</u>	<u>2012</u>
Current service costs	\$ 19,822	21,673
Interest on obligation	16,263	15,904

	<u>2013</u>	<u>2012</u>
Expected return on plan assets	(4,268)	(3,730)
	<u>\$ 31,817</u>	<u>33,847</u>
Operating costs	\$ 11,710	11,718
Selling expenses	20,107	22,129
	<u>\$ 31,817</u>	<u>33,847</u>
Actual return on assets	<u>\$ 3,635</u>	<u>2,569</u>

(e) Actuarial gains and losses recognized in other comprehensive income

The Company's actuarial gains and losses recognized in other comprehensive income were as follows:

	<u>2013</u>	<u>2012</u>
Cumulative amount at January 1	\$ 36,393	-
Recognized during the period	15,513	36,393
Cumulative amount at December 31	<u>\$ 51,906</u>	<u>36,393</u>

(f) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

	<u>2013</u>	<u>2012</u>
Discount rate	1.61%	1.34%
Expected return on plan assets	1.61%	1.34%
Future salary increases	3.00%	3.00%

The expected rate of return of plan assets is based on the portfolio as a whole and not on the sum of the returns on individual assets categories. The return is based exclusively on historical returns, without adjustment.

(g) Experience adjustments on historical information

	<u>2013.12.31</u>	<u>2012.12.31</u>	<u>2012.1.1</u>
Present value of defined benefit plans	\$ 1,136,940	1,213,640	1,290,002
Fair value of plan assets	(296,268)	(287,551)	(251,124)
Net liabilities (assets) of defined benefit obligations	<u>\$ 840,672</u>	<u>926,089</u>	<u>1,038,878</u>
Experience adjustments arising on the present value of defined benefit plans	<u>\$ 16,147</u>	-	-
Experience adjustments arising on the fair value of the plan assets	<u>\$ (633)</u>	-	-

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date is \$61,081.

(h) When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2013, the Company's accrued pension liabilities amounted to \$840,672. If the discount rate had increased or decreased by 0.5%, the Company's

accrued pension liabilities would have decreased by \$75,968 or increased by \$82,597, respectively.

B. Defined contribution plans

The Company set aside 1% of the employees' monthly wages to the Labor Pension personal accounts at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company set aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

For the years ended December 31, 2013 and 2012, the Company set aside \$37,490 and \$36,194, respectively, under the pension plan to the Bureau of the Labor Insurance.

C. Other employee benefits

The Company's employee benefit liabilities were as follows:

	<u>2013.12.31</u>	<u>2012.12.31</u>	<u>2012.1.1</u>
Vacation liability	<u>\$ 25,384</u>	<u>23,880</u>	<u>25,368</u>

(12) Income taxes

A. Income tax expense recognized in profits or losses

The amount of income tax was as follows:

	<u>2013</u>	<u>2012</u>
Current income tax expense (benefit):		
Current period	\$ 252,151	154,035
Adjustment for prior periods	3,692	(5,048)
	<u>255,843</u>	<u>148,987</u>
Deferred tax expense (benefit):		
Origination and reversal of temporary differences	76,691	183,109
Income tax expense from continuing operations	<u>\$ 332,534</u>	<u>332,096</u>

The amount of income tax recognized directly in equity for 2013 and 2012 was 0.

The amount of income tax recognized in other comprehensive income for 2013 and 2012 were \$10,231 and \$17,201 thousands, respectively.

The reconciliation of income tax and profit before tax was as follows:

	<u>2013</u>	<u>2012</u>
Profit excluding income tax	<u>\$ 2,461,642</u>	<u>2,180,324</u>
Income tax using the Company's domestic tax rate	\$ 418,479	370,655
Non-deductible expense	25,175	38,962
Tax-exempt income	(56,381)	(24,440)
Tax incentive	(28,125)	(75,000)
Change in unrecognized temporary difference	-	8,010
(Over) Under provision in prior periods	<u>(26,614)</u>	<u>13,909</u>

Total \$ 332,534 332,096

B. Deferred tax assets and liabilities

(a) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2013 and 2012 are as follows:

	Investment (loss) gain under the equity method	Deferred depreciation expense	Others	Total
Deferred Tax Liabilities:				
Balance at January 1, 2013	\$ 881,643	31,798	-	913,441
Debit (Credited)				
Income statement	(224,777)	(13,107)	29,662	(208,222)
Balance at December 31, 2013	<u>\$ 656,866</u>	<u>18,691</u>	<u>29,662</u>	<u>705,219</u>
Balance at January 1, 2012	\$ 991,306	-	6,616	997,922
Debit (Credited)				
Income statement	(109,663)	31,798	(6,616)	(84,481)
Balance at December 31, 2012	<u>\$ 881,643</u>	<u>31,798</u>	<u>-</u>	<u>913,441</u>
	Defined Benefit Plans	Loss Carry forward	Others	Total
Deferred Tax Assets:				
Balance at January 1, 2013	\$ 169,112	188,885	130,509	488,506
(Debit) Credited	(5,645)	(188,885)	(90,383)	(284,913)
Income statement				
(Debit) Credited Other	(10,231)	-	-	(10,231)
Comprehensive Income				
Balance at December 31, 2013	<u>\$ 153,236</u>	<u>-</u>	<u>40,126</u>	<u>193,362</u>
Balance at January 1, 2012	\$ 176,678	414,936	181,683	773,297
(Debit) Credited	9,635	(226,051)	(51,174)	(267,590)
Income statement				
(Debit) Credited Other	(17,201)	-	-	(17,201)
Comprehensive				
Balance at December 31, 2012	<u>\$ 169,112</u>	<u>188,885</u>	<u>130,509</u>	<u>488,506</u>

B. The Company's tax returns for the years through 2011 were examined and approved by the Taipei National Tax Administration.

C. The Company's information related to the inappropriate earnings and tax deduction ratio is summarized below:

	2013.12.31	2012.12.31	2012.1.1
Unappropriated earnings of 1998 and after	<u>\$ 1,518,833</u>	<u>1,168,124</u>	<u>(743,782)</u>
Balance of imputation credit account (ICA)	<u>\$ 20,627</u>	<u>29,412</u>	<u>15,310</u>
	2013 (estimated)	2012 (actual)	
Tax deduction ratio for earnings distribution to ROC residents	<u>1.36%</u>	<u>1.62%</u>	

The above mentioned information of the unappropriated earnings and tax deduction

ratio have been prepared in accordance with the permit No.10204562810 issued by the Ministry of Finance on October 17, 2013.

(13) Capital and other equity

As of December 31, 2013, and December 31, January 1, 2012, the Company's authorized capital consisted of 2,500,000 thousand shares, amounting to \$25,000,000, with par value of \$10 (NT dollars) per share. All of the issued shares were ordinary shares consisted of 2,218,297 thousand shares and the funds had been received.

A. Capital surplus

The balance of capital surplus was as follows:

	<u>2013.12.31</u>	<u>2012.12.31</u>	<u>2012.1.1</u>
Premium on ordinary shares	\$ 22,839	22,839	22,839
Paid-in capital in excess of par value through conversion of corporate bond	1,222,787	2,407,676	2,407,676
Change in equity of subsidiaries accounted for under equity method	16,055	16,055	16,055
	<u>\$ 1,261,681</u>	<u>2,446,570</u>	<u>2,446,570</u>

In accordance with the ROC Company Act amended in 2012, realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting deficit. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves to be classified under share capital shall not exceed 10 percent of the actual share capital amount.

B. Retained 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 taxes 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:

- (a) Not be less than 1% as bonus to the employees,
- (b) 1% as remuneration to the directors and supervisors, and
- (c) The balance after deducting (1) and (2) is for dividends.
- (d) Independent directors do not participate in earnings distribution, and their remuneration is determined by the board of directors.

In consideration of future financing demands and the long-term finance plan, the Company's shareholders' meeting could adjust the retained earnings distribution percentages. The cash dividend is not less than 10% of the dividends to the shareholders.

(a) Legal reserve

According to the amendment of the ROC Company Act in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of the total capital. When the Company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash. Only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

(b) Special reserve

In accordance with Ruling No. 1010012865 (see note 2) issued by the Financial Supervisory Commission on 6 April 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(c) Earnings distribution

Employee benefits amounted to \$21,862 and \$6,018, and rewards of directors and supervisors amounted to \$21,004 and \$6,018 for the year ended of 2013 and 2012, respectively. These amounts are calculated using the Company's net profit for each period and are determined according to the earnings allocation method, priority, and distribution ratios for employee benefits and rewards of directors and supervisors as stated under the articles of association. These benefits are expensed under operating expenses for each period. There were no differences between the above actual distributions and the amounts recognized in the financial statements for 2012.

The number of shares to be distributed for employee benefits for 2013 is yet to be decided by the meeting of shareholders. Related information would be available on the Market Observation Post System after proposing by the Board of Directors and convening of the meeting of shareholders. For subsequent adjustments to the actual distributed amount as determined by a future meeting of shareholders, the difference shall be accounted for under profit or loss in 2014.

The earnings distribution for 2012 was decided by the general meeting of shareholders held on June 14, 2013, and was as follows:

	2012	
	Dividend per share (\$)	Amount
Cash dividends	\$ 0.2659	589,749
Employees' cash bonus	-	6,018
Directors' and supervisors' remuneration	-	6,018

The general meeting of shareholders decided to distribute additional paid-in capital as cash dividend of \$0.5341 per share, amounting to \$1,184,889, on June 14, 2013.

The net profit after tax in 2011 was \$20,306, and the shareholders' meeting decided to appropriate legal reserve of \$2,031 and special reserve of \$18,275 on June 27, 2012. No bonuses or remuneration was distributed. The related information can be obtained on the website of the Market Observation Post System.

C. Other equity

	Foreign currency translation differences for foreign operations	Available for-sale investments
Balance at January 1, 2013	\$ (1,108,007)	(539,526)

	<u>Foreign currency translation differences for foreign operations</u>	<u>Available for-sale investments</u>
Foreign currency translation differences (net of tax):		
The Company	424,187	-
Unrealized gains and losses from available-for-sale investment:		
The Company	-	106,625
Subsidiaries	-	(282)
Balance at December 31, 2013	<u>\$ (683,820)</u>	<u>(433,183)</u>
Balance at January 1, 2012	\$ (750,066)	(592,164)
Foreign currency translation differences (net of tax):		
The Company	(357,941)	-
Unrealized gains and losses from available-for-sale investment:		
The Company	-	52,695
Subsidiaries	-	(57)
Balance at December 31, 2012	<u>\$ (1,108,007)</u>	<u>(539,526)</u>

(14) Earnings per share

The Company calculated the basic and diluted EPS as follows:

	<u>2013</u>	<u>2012</u>
A. Basic earnings per share		
Profit attributable to ordinary shareholders	<u>\$ 2,129,108</u>	<u>1,848,228</u>
Weighted-average number of ordinary shares	<u>2,218,297</u>	<u>2,218,297</u>
Basic earnings per share (In Dollars of New Taiwan Dollars)	<u>\$ 0.96</u>	<u>0.83</u>
B. Diluted earnings per share		
Profit attributable to ordinary shareholders (adjusted with potential effect of diluted ordinary shares)	<u>\$ 2,129,108</u>	<u>1,848,228</u>
Weighted-average number of ordinary shares (basic)	2,218,297	2,218,297
Effect of dilutive potential common shares	1,594	359
Weighted-average number of ordinary shares (adjusted with potential effect of diluted ordinary shares)	<u>2,219,891</u>	<u>2,218,656</u>
Diluted earnings per share (In Dollars of New Taiwan Dollars)	<u>\$ 0.96</u>	<u>0.83</u>

(15) Revenue

For the years ended December 31, 2013 and 2012, the details of revenue are as follows

	<u>Continuing Operations</u>	
	<u>2013</u>	<u>2012</u>
Rendering of services	\$ 49,988,529	54,432,670
Commissions	13,617	15,123
Rentals	2,488,884	2,481,765
	<u>\$ 52,491,030</u>	<u>56,929,558</u>

6.7 The 2013 Consolidated Financial Statements of WAN HAI LINES LTD.

6.7.1 Independent Auditor's Audit Report

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

We have audited the accompanying consolidated balance sheets of Wan Hai Lines Ltd. and its subsidiaries as of December 31, 2013, December 31, and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. 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 conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Those 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 provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wan Hai Lines Ltd. and its subsidiaries as of December 31, 2013, December 31, and January 1, 2012, and the consolidated results of their operations and their cash flows for the years ended December 31, 2013 and 2012, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed by the FSC.

We have also audited the financial statements of Wan Hai Lines Ltd. as of December 31, 2013, December 31, and January 1, 2012, and the related statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2013 and 2012, on which we have issued an unqualified audit report.

March 19, 2014

WAN HAI LINES LTD.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2013, DECEMBER 31 AND JANUARY 1, 2012
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	2013.12.31		2012.12.31		2012.1.1	
	Amount	%	Amount	%	Amount	%
Current Assets:						
Cash and cash equivalents (note (6)(a))	\$ 20,251,496	26	25,643,131	33	23,887,501	33
Financial assets at fair value through profit or loss— current (notes (6)(b) and (r))	-	-	-	-	101,021	-
Available-for-sale financial assets— current (notes (6)(b) and (r))	3,064,557	4	2,740,381	4	2,651,019	4
Notes receivable (notes (6)(c) and (r))	40,017	-	22,785	-	30,628	-
Accounts receivable, net (notes (6)(c) and (r))	2,866,314	4	2,304,386	3	2,560,214	4
Accounts receivable— related parties (notes (6)(c) and (r) and (7))	51,492	-	153,508	-	115,270	-
Other receivables (notes (6)(c) and (r) and (7))	1,601,872	2	961,788	1	1,030,361	1
Inventories, net (note (6)(d))	1,340,675	2	1,248,581	2	1,429,465	2
Receivables from agents (notes (6)(r) and (7))	804,267	1	744,081	1	882,718	1
Other current assets (note (8))	600,316	1	479,842	1	629,883	1
	<u>30,621,006</u>	<u>40</u>	<u>34,298,483</u>	<u>45</u>	<u>33,318,080</u>	<u>46</u>
Non-Current Assets:						
Available-for-sale financial assets— non-current (notes (6)(b) and (r))	247,652	-	258,219	-	224,892	-
Financial assets measured at cost— non-current (note (6)(b))	800,967	1	648,438	1	648,438	1
Bond portfolios with inactive market— non-current (note (6)(b))	1,198,000	2	1,165,440	1	1,211,600	2
Long-term equity investments under equity method (note (6)(e))	194,586	-	180,625	-	203,573	-
Property, plant, and equipment (notes (6)(f) and (8) and (9))	44,580,103	56	38,154,635	49	31,980,370	44
Intangible assets (note (6)(g))	65,141	-	76,312	-	72,862	-
Other non-current assets (notes (6)(m) and (8) and (9))	872,228	1	3,214,446	4	5,090,533	7
	<u>47,958,677</u>	<u>60</u>	<u>43,698,115</u>	<u>55</u>	<u>39,432,268</u>	<u>54</u>
TOTAL ASSETS	\$ 78,579,683	100	77,996,598	100	72,750,348	100
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities:						
Financial liabilities at fair value through profit or loss— current (notes (6)(b) and (r))	-	-	143,585	-	877,042	1
Accounts payable	5,472,873	7	6,242,701	8	5,757,790	8
Accounts payable— related parties (note (7))	247,808	-	225,670	-	283,207	-
Other payable (note (6)(l) and (7))	2,163,002	3	698,572	1	791,460	1
Current tax liabilities	201,475	-	67,601	-	19,945	-
Current portion of longterm loans (note (6)(i) and (8))	4,060,381	5	3,786,341	5	3,472,078	5
Payables to agents (note (6)(r) and (7))	831	-	31,021	-	41,884	-
Other current liabilities	1,592,902	2	912,048	1	1,173,024	2
	<u>13,739,272</u>	<u>17</u>	<u>12,107,539</u>	<u>15</u>	<u>12,416,430</u>	<u>17</u>
Non-current Liabilities:						
Financial liabilities at fair value through profit or loss— non-current (notes (6)(h) and (r))	6,877,805	9	6,608,467	9	6,676,815	9
Bonds payable (note (6)(j))	10,400,000	13	10,400,000	13	10,400,000	14
Long-term loans (note (6)(i) and (8))	14,413,505	18	16,449,317	21	12,190,202	17
Deferred income tax liabilities	711,467	1	919,403	1	1,004,128	1
Accrued pension liabilities (note (6)(l))	1,101,157	2	1,217,539	2	1,395,905	2
Guarantee deposits received	147,137	-	53,030	-	51,187	-
	<u>33,651,071</u>	<u>43</u>	<u>35,647,756</u>	<u>46</u>	<u>31,718,237</u>	<u>43</u>
TOTAL LIABILITIES	47,390,343	60	47,755,295	61	44,134,667	60
Owners' Equity Attributable to Equity Holders of the Parent Company (notes (6)(m) and (n)):						
Common stock	22,182,975	28	22,182,975	29	22,182,975	31
Capital Surplus	1,261,681	2	2,446,570	3	2,446,570	4
Retained Earnings:						
Legal reserve	5,256,726	7	5,073,891	7	5,071,860	7
Special reserve	1,911,538	2	855,768	1	837,493	1
Retained earnings (accumulated deficit)	1,518,833	2	1,168,124	1	(743,372)	(1)
	<u>8,687,097</u>	<u>11</u>	<u>7,097,783</u>	<u>9</u>	<u>5,165,571</u>	<u>7</u>
Other Equity:						
Foreign currency translation differences arising from foreign operations, net of tax	(683,820)	(1)	(1,108,007)	(1)	(750,066)	(1)
Unrealized loss on available-for-sale financial instruments	(433,183)	-	(539,526)	(1)	(592,164)	(1)
	<u>(1,117,003)</u>	<u>(1)</u>	<u>(1,647,533)</u>	<u>(2)</u>	<u>(1,342,230)</u>	<u>(2)</u>
Total equity attributable to owners of parent	31,014,750	40	30,079,795	39	28,452,886	40
Non-controlling interest	174,590	-	161,508	-	162,795	-
TOTAL STOCKHOLDERS' EQUITY	31,189,340	40	30,241,303	39	28,615,681	40
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 78,579,683	100	77,996,598	100	72,750,348	100

WAN HAI LINES LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in Thousands of New Taiwan Dollars, Except for Earning Pre Share)

	For the years ended December 31,			
	2013		2012	
	Amount	%	Amount	%
Operating revenues (note (6)(p) and (7))	\$ 59,688,505	100	62,935,731	100
Operating costs (notes (6)(d), (g), and (l) and (7))	54,204,308	91	57,021,461	91
Gross profit	5,484,197	9	5,914,270	9
Operating expenses (notes (6)(d), (g), and (n) and (7))	3,257,536	5	3,055,613	5
Income from operations	2,226,661	4	2,858,657	4
Non-operating income and expenses (note (6)(e) and (q)) :				
Other income	254,567	-	312,211	-
Other gains and losses	792,319	1	(144,901)	-
Finance costs	(808,481)	(1)	(791,242)	(1)
Share of profit (loss) associated and joint ventures accounted for using equity method	39,698	-	7,013	-
Total non-operating income and expenses	278,103	-	(616,919)	(1)
Profit before tax from continuing operations	2,504,764	4	2,241,738	3
Less: Income tax expense (note (6)(m))	360,582	-	389,728	-
Net profit	2,144,182	4	1,852,010	3
Other comprehensive income:				
Foreign currency translation differences	421,713	1	(358,836)	-
Gain (loss) on valuation of available-for-sale financial assets	106,343	-	52,638	-
Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	60,187	-	101,185	-
Less: Income tax relating to components of other comprehensive income (loss)	10,231	-	17,201	-
Other comprehensive income (net of tax)	578,012	1	(222,214)	-
Total comprehensive income	\$ 2,722,194	5	1,629,796	3
Profit attributable to:				
Owners of parent company	\$ 2,129,108	4	1,848,228	3
Non-controlling interest	15,074	-	3,782	-
	\$ 2,144,182	4	1,852,010	3
Comprehensive income attributable to:				
Owners of parent company	\$ 2,709,594	5	1,626,909	3
Non-controlling interest	12,600	-	2,887	-
	\$ 2,722,194	5	1,629,796	3
Earnings per share (note (6)(o))				
Basic earnings per share (New Taiwan Dollars)	\$ 0.96		0.83	
Diluted earnings per share (New Taiwan Dollars)	\$ 0.96		0.83	

WAN HAI LINES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in Thousands of New Taiwan Dollars)

	Owners' Equity Attributable to Equity Holders of the Parent Company										
	Stock		Retained Earnings			Other Equity			Total Owners' Equity Attributable to Equity Holders of the Parent Company	Non-controlling Interest	Total
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings Unappropriated	Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax	Unrealized Gains (losses) on Available-for-sale Financial Assets				
Balance as of January 1, 2012	\$ 22,182,975	2,446,570	5,071,860	837,493	(743,782)	(750,066)	(592,164)	28,452,886	162,795	28,615,681	
Net Profit	-	-	-	-	1,848,228	-	-	1,848,228	3,782	1,852,010	
Other comprehensive income	-	-	-	-	83,984	(357,941)	52,638	(221,319)	(895)	(222,214)	
Total comprehensive income	-	-	-	-	1,932,212	(357,941)	52,638	1,626,909	2,887	1,629,796	
Appropriation of retained earnings:											
Legal reserve	-	-	2,031	-	(2,031)	-	-	-	-	-	
Special reverse	-	-	-	18,275	(18,275)	-	-	-	-	-	
Change in non-controlling interest	-	-	-	-	-	-	-	-	(4,174)	(4,174)	
Balance as of December 31, 2012	22,182,975	2,446,570	5,073,891	855,768	1,168,124	(1,108,007)	(539,526)	30,079,795	161,508	30,241,303	
Net Profit	-	-	-	-	2,129,108	-	-	2,129,108	15,074	2,144,182	
Other comprehensive income	-	-	-	-	49,956	424,187	106,343	580,486	(2,474)	578,012	
Total comprehensive income	-	-	-	-	2,179,064	424,187	106,343	2,709,594	12,600	2,722,194	
Appropriation of retained earnings:											
Legal reserve	-	-	182,835	-	(182,835)	-	-	-	-	-	
Special reserve	-	-	-	1,055,770	(1,055,770)	-	-	-	-	-	
Cash dividends	-	-	-	-	(589,750)	-	-	(589,750)	-	(589,750)	
Cash dividends from capital surplus	-	(1,184,889)	-	-	-	-	-	(1,184,889)	-	(1,184,889)	
Change in non-controlling interest	-	-	-	-	-	-	-	-	482	482	
Balance as of December 31, 2013	\$ 22,182,975	1,261,681	5,256,726	1,911,538	1,518,833	(683,820)	(433,183)	31,014,750	174,590	31,189,340	

WAN HAI LINES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2013	2012
Cash flows from operating activities:		
Profit before tax	\$ 2,504,764	2,241,738
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	4,343,385	4,764,643
Amortization	45,569	34,503
Interest expense	808,481	791,242
Interest revenue	(160,646)	(209,758)
Dividend income	(93,921)	(102,453)
Investment loss (income) under the equity method	(39,698)	(7,013)
Loss (Gain) on disposal of property, plant and equipment, net	(173,257)	(284,854)
Prepayment for equipment classified into expense	485	597
(Gain) Loss on disposal of available-for-sale assets current	(47,346)	(41,835)
(Gain) Loss on disposal of current financial assets at cost	(179,367)	-
Unrealized foreign exchange (gain) loss	163,620	(38,565)
Total adjustments to reconcile net income to net cash provided by operating activities	4,667,305	4,906,507
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
(Increase) Decrease in current financial assets at fair value through profit or loss	-	101,021
(Increase) Decrease in notes receivable	(17,232)	7,843
(Increase) Decrease in accounts receivable	(459,912)	217,590
(Increase) Decrease in other receivables	(636,441)	22,430
(Increase) Decrease in inventories	(92,094)	180,884
(Increase) Decrease in receivables from agents	(60,186)	138,637
(Increase) Decrease in other current assets	(122,061)	174,230
Total changes in operating assets, net	(1,387,926)	842,635
Changes in operating liabilities, net:		
Increase (Decrease) in current financial assets at fair value through profit or loss	(143,585)	(733,457)
Increase (Decrease) in accounts payable (including related parties)	(747,690)	427,374
Increase (Decrease) in other payables	1,474,123	(112,036)
Increase (Decrease) in payables to agents	(30,190)	(10,863)
Increase (Decrease) in other current liabilities	269,338	(68,348)
Increase (Decrease) in non-current financial assets at fair value through profit or loss	680,854	(260,976)
Increase (Decrease) in accrued pension liabilities	(56,195)	(77,181)
Total changes in operating liabilities, net	1,446,655	(835,487)
Total changes in operating assets and liabilities, net	58,729	7,148
Total Adjustments	4,726,034	4,913,655
Cash inflow generated from operations	7,230,798	7,155,393
Income tax (paid) returned	(139,124)	(202,165)
Net cash provided by operating activities	7,091,674	6,953,228
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(345,949)	(219,022)
Proceeds from sale of available-for-sale financial assets	186,312	190,863
Acquisition of financial assets at cost	(152,529)	-
Disposal of financial assets at cost	179,367	-
Acquisition of property, plant and equipment	(7,830,958)	(10,434,897)
Disposal of property, plant and equipment	204,113	357,337
(Increase) Decrease in refundable deposits	10,474	30,826
Acquisition of intangible assets	(32,988)	(4,782)
Increase in other non-current assets	(42,532)	(20,746)
Interest received	150,411	212,097
Dividends received	120,536	131,776
Net cash used in investing activities	(7,553,743)	(9,756,548)
Cash flows from financing activities:		
Increase in long-term loans	1,995,974	8,495,821
Repayment of long-term loans	(4,297,969)	(3,488,889)
Increase (Decrease) in guarantee deposits	94,107	1,843
Dividends paid	(1,774,639)	-
Change in non-controlling interest	482	(4,174)
Interest paid	(818,174)	(772,094)
Net cash provided by (used in) financing activities	(4,800,219)	4,232,507
Foreign exchange rate effects	(129,347)	326,443
Net increase (decrease) in cash and cash equivalents	(5,391,635)	1,755,630
Cash and cash equivalents, beginning of period	25,643,131	23,887,501
Cash and cash equivalents, end of period	\$ 20,251,496	25,643,131

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

1. Organization and Business

Wan Hai Lines Ltd. (the Company) was incorporated on February 24, 1965, under the approval of the Ministry of Economic Affairs, ROC. The address of the Company's registered office is 10F, No. 136 Songjiang Rd., Taipei City. The Company and its subsidiaries (the Group) are primarily involved in the business of international sea transportation, shipping agencies, container storage service, and the sale and rental of vessels and containers.

2. Approval Date and Procedures of the Consolidated Financial Statements

The Board of Directors approved and issued the consolidated financial statements on March 19, 2014.

3. New Standards and Interpretations Not Yet Adopted

(1) New standards and interpretations endorsed by the Financial Supervisory Commissions R.O.C. ("FSC") but not yet in effect.

The International Accounting Standards Board ("IASB") issued the International Financial Reporting Standard 9 Financial instruments ("IFRS 9"), which take effect as of January 1, 2013. (In December 2011, the IASB postponed the effective date of IFRS 9 to January 1, 2015; however, in November 2013, the ISAB cancelled the announcement mentioned above to allow the preparer of financial statement to have sufficient time to convert to the new standard.) This standard had been approved by the FSC; however, the effective date has not been announced. In accordance with FSC rules, the early adoption is not permitted, and companies shall follow the guidance in the 2009 version of International Accounting Standards 39 Financial Instruments ("IAS 39"). Upon the adoption of this new standard, it is expected there will be significant impacts on the classification and measurement of financial instruments in the consolidated financial statements.

(2) New and revised standards and interpretations not yet endorsed by the FSC

A summary of the new standards and amendments issued recently by the IASB but not yet endorsed by the FSC that may have an impact on the consolidated financial statements is as follows:

6.7.2 Notes to the Consolidated Financial Statements

Issue date	New standards and amendments	Description	Effective date per IASB
May 12, 2011 June 28, 2012	IFRS 10 Consolidated Financial Statements IFRS 11 Joint Arrangements IFRS 12 Disclosure of Interests in Other Entities Amended IAS 27 Separate Financial Statements Amended IAS 28 Investments in Associates and Joint Ventures	On May 12, 2011, the IASB issued a series of standards and amendments related to consolidation, joint arrangements, and investments. The new standards provide a single model for determining whether an entity has control over an investee (including special purpose entities). However, the consolidation process maintains the original guidance and method. In addition, joint arrangements are separated into joint operations (formerly known as jointly controlled assets and jointly controlled operations), and joint venture (formerly known as jointly controlled entities), and the proportionate consolidation method is removed. On June 28, 2012, amendments were issued clarifying the guidance over the transition period. The Group expects the adoption of the standards above will increase the information of related disclosures and change the way of determining whether an equity has control over the investee.	January 1, 2013
May 12, 2011	IFRS 13 Fair Value Measurement	Replaces and consolidates the fair value measurement guidance in other standards into one single guidance. At the adoption of this standard, the Group should analyze the impact on the measurement of assets and liabilities. The amendment could also increase the disclosure of their fair value.	January 1, 2013
June 16, 2011	Amended IAS 1 Presentation of Financial Statements	Items presented in other comprehensive income shall be presented based on whether they are potentially reclassifiable to profit or loss subsequently. Upon adoption, this standard could change the disclosure of other comprehensive income in the comprehensive income statement.	July 1, 2012
November 19, 2013	Amended IFRS 9 Financial instrument	IFRS 9 adopted more principle based standards in hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. It broadens the scope of hedged items for hedge accounting. The Group believes that the adoption of standards above will increase the transaction of hedge accounting and changes the way of measurement and disclosure of hedged instruments and hedged items.	Earlier application is permitted.
December 12, 2013	<ul style="list-style-type: none"> ● Amended IFRS 1 First-time Adoption of International Financial Reporting Standards ● Amended IFRS 2 Share-based Payment ● Amended IFRS 3 Business Combinations ● Amended IFRS 8 Operating Segments ● IFRS 13 Fair Value Measurement ● Amended IAS 16 Property, Plant and Equipment ● Amended IAS 38 Intangible Assets ● Amended IAS 24 Related Party Disclosures ● Amended IAS 40 Investment Property 	<p>The IASB concludes "2010–2012 & 2011–2013 Annual Improvements Cycles", which amended :</p> <ul style="list-style-type: none"> ● The amendment clarifies the definition of "vesting conditions" by separately defining a "performance condition" and a "service condition". ● The amendment clarifies the classification and measurement of the contingent consideration that arose from business combination. ● The amendment requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments. ● The amendment clarifies that paragraph 52 of IFRS 13 includes a scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis. ● The amendment clarifies whether key management personnel could include an entity or whether it could only apply to individuals. ● The amendment clarifies that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination. At the adoption of the above standards, it is expected there will be impacts on the disclosure and presentation on the financial statements. 	July 1, 2014 Earlier application is permitted.

4. Significant Accounting Policies

The significant accounting policies adopted in the consolidated financial statements are as follows. The significant accounting policies have been applied consistently to all periods presented in these financial statements, and have been applied consistently to the opening balance sheet as of January 1, 2012, which is prepared for the purpose of transition to the IFRSs endorsed by the FSC (R.O.C).

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRS endorsed by the FSC)

These are the Group's first IFRS consolidated annual financial statements for part of the period covered by the IFRS endorsed by the FSC annual financial statements, and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. An explanation of how the transition to IFRS has affected the reported financial position, financial performance, and cash flows of the Group is provided in Note 15.

(2) Basis of preparation

A. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheet:

- (a) Financial instruments measured at fair value through profits or losses (including derivative financial instruments);
- (b) Available-for-sale financial assets are measured at fair value;and
- (c) The defined benefit asset is recognized as plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates, and the functional currency of Wan Hai Lines (Singapore) Pte Ltd., the Company's major subsidiary, is the US dollars. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. Assets and liabilities of foreign operations are translated into the functional currency at the exchange rates on the reporting date. Income statement accounts are translated at the weighted-average rate of the current period. Exchange gains or losses resulting from the translation process should be recorded as "other comprehensive income". All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(3) Business combination

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprised the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Profits and losses

attributed to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding %			Note
			2013.12.31	2012.12.31	2012.1.1	
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%	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%	100.00%	
The Company	T.K. Logistics International Co., Ltd. (TK)	Managing container terminals and storage facilities	55.00%	55.00%	55.00%	
The Company	k.k. WH Corporation (WH Corporation)	Operating and managing container yard and vessel leasing	100.00%	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%	100.00%	
The Company	Bao Sheng Shipping Agency Co., Ltd. (BS)	Acting as agent for transportation affair and contracting ocean shipping and related services.	70.01%	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%	100.00%	
WHL-Singapore	Wan Hai Lines (HK) Limited (WHL-Hongkong)	International freight transportation and acting as agent for transport affairs	100.00%	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%	100.00%	
WHL-Singapore	Wan Hai Lines (Korea) Ltd. (WHL-Korea)	Acting as agent for transport affairs	100.00%	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%	100.00%	

Name of investor	Name of subsidiary	Principal activity	Shareholding %			Note
			2013.12.31	2012.12.31	2012.1.1	
WHL-Singapore	Yi Chun Shipping Agencies Sdn. Bhd. (Yi Chun)	International freight transportation and acting as agent for transport affairs	100.00%	100.00%	100.00%	
WHL-Singapore	Wan Hai (Vietnam) Ltd. (WHL Vietnam)	International freight transportation and acting as agent for transport affairs	100.00%	- %	- %	
WHL-Singapore	Wan Hai Lines (Thailand) Limited (WHL-Thailand)	International freight transportation and acting as agent for transport affairs	49.00%	49.00%	49.00%	The 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 the five seats on the board of WHL-Thailand. As a result, WHL Singapore has a direct control over WHL-Thailand.
WHL-INTL.	Wan Hai Lines (India) PVT Ltd. (WHL-India)	International freight transportation and acting as agent for transport affairs	100.00%	100.00%	100.00%	
WHL-Hongkong	Guangzhou Wan Hai Informaion Technology Ltd. (GWHIT)	Information software service	100.00%	100.00%	100.00%	
WHL-Hongkong	Dawin Logistics (International) Ltd. (DL)	Freight transportation and acting as agent for transport affairs.	100.00%	100.00%	100.00%	
Dawin	Shenzhen Uniwin International Logistics (SUIL)	International freight transportation and acting as agent for transport affairs	100.00%	100.00%	100.00%	
Dawin	Shenzhen Asia World Logistics Ltd. (SAWL)	International freight transportation and acting as agent for transport affairs	100.00%	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%	100.00%	
Shenzhen Uniwin	Shanghai Clipper International Shipping Agency Ltd (CISA)	International freight transportation and acting as agent for transport affairs	49.00%	49.00%	49.00%	The Company did not directly or indirectly hold over one half of the voting rights of CISA; however, the subsidiary, Shenzhen Uniwin, occupies four of the five seats on the board of CISA. As a result, the Company has a direct control over CISA.
Shenzhen Uniwin	Shenzhen Yong Chun International Shipping Management Co., Ltd.	International shipping management	90.00%	90.00%	90.00%	

3. List of subsidiaries which are not included in the consolidated interim financial statements: None.

(4) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- aA. Available-for-sale equity investment;
- B. A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- C. Qualifying cash flow hedges to the extent the hedge is effective.

(5) Assets and liabilities classified as current and non-current

An entity shall classify an asset as current when:

- A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. It holds the asset primarily for the purpose of trading;
- C. It expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify a liability as current when:

- A. It expects to settle the liability in its normal operating cycle;
- B. It holds the liability primarily for the purpose of trading;
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

The time deposits with maturities of less than one year are used for short-term cash commitments instead of investment and are subject to an insignificant risk of changes in their fair value, and are classified as cash and cash equivalents.

(7) Financial instruments

Financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments.

A. Financial assets

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, available-for-sale financial assets, financial assets measured at cost, and bond portfolios with inactive market. The Group purchases or sales financial assets are recognized using tradedate accounting.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term. At initial recognition, financial assets classified under this category are measured at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. At initial recognition, available-for-sale financial assets are recognized at fair value, plus as any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and unrealized gains (losses) on available-for-sale financial assets in equity. When an available-for-sale investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss under “other income”.

Dividend income is recognized in profit or loss on the date that the Group’s right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in “other income” of profit or loss.

(c) Financial assets measured at cost

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost. A financial asset is impaired if, and only if, there is objective evidence of impairment. Such impairment loss is not reversible in subsequent periods.

(d) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables and bond investment with inactive market. Such assets are recognized initially at fair value, plus any directly attributable transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses other than insignificant interest on short-term receivables.

Interest income is recognized into profit or loss under “non-operating income and expenses”.

(e) Impairment of financial assets

A financial asset not classified as at fair value through profit and loss is assessed at each reporting date. A financial asset is impaired if, and only if, there is objective

evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’), and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be estimated reliably.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

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 its estimated future cash flows discounted at the asset’s original effective interest rate. If, in a subsequent period, the amount of impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before the impairment loss was recognized at the reversal date.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is reduced from the carrying amount except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of a receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in equity.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then impairment loss is reversed against profit or loss. Impairment losses and recoveries are recognized in profit or loss under “other gains and losses, net”.

Provision for doubtful accounts is recorded as general and administrative expenses. The impairment loss on financial assets other than accounts receivable is recorded as “other gains and losses” under non-operating income and expenses.

(f) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Group transfers substantially all the

risks and rewards of ownership of the financial assets.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance to the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

(b) Financial liabilities at fair value through profit or loss

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss under “non-operating income and expenses”.

(c) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount of a derecognized financial liability and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss under “non-operating income and expenses”.

(d) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

C. Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate fluctuation exposures. At initial recognition, derivatives are recognized at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss under “non-operating income and expenses”. When the result of the valuation at fair value of a derivative instrument is positive, it is classified as a financial asset; otherwise, it is classified as a financial liability.

(8) Inventories

Fuels purchased by the Group are recorded under inventory account. Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all costs of purchase and other costs incurred in bringing the inventories to a salable and useable location and condition. Inventory cost is calculated by using the first-in first-out principle.

(9) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting right of its investment. Investments in affiliates are accounted for by using the equity method and are recognized initially at cost, which includes attributable cost of acquisition. The carrying amount of investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

(10) Property, plant, and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated

depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from disposal an item of property, plant or equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss under “non-operating income and expenses.”

B. Depreciation

Except for land, the depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Group
Buildings	30~57 years
Vessels	2~25 years
Containers	2~16 years
Privileged wharf equipment	3~15 years
Other equipment	2~30 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

(11) Intangible assets

Trademarks and software are the major items of intangible assets that the Group holds. All intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

The amortizable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful

life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Software	3~5 years
Trademarks	10 years

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

(12) Impairment – non-financial assets

Except for inventories and deferred tax assets, the Group assesses the non-financial assets for impairment and estimates the recoverable amounts for any impaired assets at the end of each reporting period. If it is not possible to determine the recoverable amount for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Group should assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(13) Revenue

Revenue from services rendered is recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Rental revenue from vessels and containers is recognized on an accrual basis.

(14) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

B. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods;

that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date of market yields of the government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

All actuarial gains and losses at January 1, 2012, the date of transition to FSC-approved IFRSs, were recognized in retained earnings. The Group recognizes all actuarial gains and losses arising subsequently from defined benefit plans in "other comprehensive income".

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

C. Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

D. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(15) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets

and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

- A. Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.
- B. Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- C. Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- A. The entity has the legal right to settle tax assets and liabilities on a net basis; and
- B. the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
 - (a) levied by the same taxing authority; or
 - (b) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that the future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be reevaluated every year on the financial reporting date, and adjusted based on the probability that the future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(16) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to common stock shareholders of the Company. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding.

The diluted earnings per share are calculated as the profit attributable to common stock shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as estimated employee stock bonus.

(17) Operating segments

An operating segment is a component of the Group 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 Group) and has its own financial information. Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

6.8 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 (Consolidated)

Unit: TWD thousand; for %

Item	Year	2013	2012	Difference	
				Amounts	%
Current assets		30,621,006	34,298,483	(3,677,477)	(10.72)
Property, Plant and Equipment		44,580,103	38,154,635	6,425,468	16.84
Intangible Assets		65,141	76,312	(11,171)	(14.64)
Other Assets		3,313,433	5,467,168	(2,153,735)	(39.39)
Total Assets		78,579,683	77,996,598	583,085	0.75
Current Liabilities		13,739,272	12,107,539	1,631,733	13.48
Non-current Liabilities		33,651,071	35,647,756	(1,996,685)	(5.60)
Total Liabilities		47,390,343	47,755,295	(364,952)	(0.76)
Equity attributable to parent company holding		31,014,750	30,079,795	934,955	3.11
Common Stock		22,182,975	22,182,975	0	0
Capital surplus		1,261,681	2,446,570	(1,184,889)	(48.43)
Retained Earnings		8,687,097	7,097,783	1,589,314	22.39
Other Equity		(1,117,003)	(1,647,533)	530,530	32.20
Treasury Stock		0	0	0	0
Non-Controlling Equity		174,590	161,508	13,082	8.10
Total stockholders' equity		31,189,340	30,241,303	948,037	3.13

Note: Illustration for significant variance

1. The decrease in other assets of 2013 is mainly due to delivery of new vessel, so advance payments on equipment decreased.
2. The decrease in capital surplus of 2013 is mainly due to cash dividend distributed from capital surplus.
3. The increase of retained earnings of 2013 is mainly due to the increase of net income after income tax.
4. The increase of other equity of 2013 is mainly due to the increase of foreign currency translation differences arising from foreign operations.

7.2 Analysis of operation results

Unit: TWD thousand ;%

Item	Year	2013	2012	Difference	
				Amounts	%
Operating revenue		59,688,505	62,935,731	(3,247,226)	(5.16)
Operating cost		54,204,308	57,021,461	(2,817,153)	(4.94)

Item	Year	2013	2012	Difference	
				Amounts	%
Gross profit		5,484,197	5,914,270	(430,073)	(7.27)
Operating expense		3,257,536	3,055,613	201,923	6.61
Operating income		2,226,661	2,858,657	(631,996)	(22.11)
Non-operating income and expenses		278,103	(616,919)	895,022	145.08
Net income before income tax		2,504,764	2,241,738	263,026	11.73
Income tax		360,582	389,728	(29,146)	(7.48)
Net income after income tax		2,144,182	1,852,010	292,172	15.78
Other comprehensive profit and loss (Net value after tax)		578,012	(222,214)	800,226	360.12
Total Comprehensive profit and loss from this period		2,722,194	1,629,796	1,092,398	67.03
Net earnings attributable to parent company holding		2,129,108	1,848,228	280,880	15.20
Net earnings attributable to noncontrolling interest		15,074	3,782	11,292	298.57
Total comprehensive profit and loss attributable to parent company holding		2,709,594	1,626,909	1,082,685	66.55
Total comprehensive profit and loss attributable to non-controlling Equity		12,600	2,887	9,713	336.44

Note: Illustration for significant variance

1. The increase of non-operating income and expenses of 2013 is mainly due to long term investment gain of subsidiary.
2. The increase of other comprehensive profit and loss (Net value after tax) is mainly due to the increase of foreign currency translation differences arising from foreign operations.
3. The increase of total comprehensive profit and loss from this period is mainly due to long term investment gain of subsidiary and the increase of foreign currency translation differences arising from foreign operations.

7.3 Analysis of cash flow

Unit: TWD thousand

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

Items	Year	2013	2012	Increase(Decrease) (%)
Cash flow ratio		51.62	57.43	-10.12
Cash flow adequacy ratio		77.46	72.13	+7.39
Cash re-investment ratio		4.93	6.66	-25.98

Analysis of increase/decrease ratios:
The current liabilities increase resulted in the drop of cash flow ratio. Due to dividends distributed cash re-investment ratio decreased.

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
20,251,496	4,819,188	(7,614,398)	17,456,286	-	-

1. Analysis of cash flow for this year:

- (1) Operating activities: Expected demand and the average ocean freight rate will have a minor upward correction in the next coming year, so the Company estimated that the cash inflow from operating activities is TWD 4,819,188,000.
- (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 200,759,000.
- (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 4,066,884,000.

2. 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

Project Item	Actual or expected funding source	Actual or expected completion date	Total amounts needed	Actual or expected capital expenditure (Note1)						
				2010	2011	2012	2013	2014	2015	2016
Purchasing vessels Purchasing containers Investing terminal	Loans:70% internal Funds:30%	New Vessel : 2 full-container vessels in year 2011 9 full-container vessels in year 2012 3 full-container vessels in year 2012 Investing terminal Purchasing containers	26,675,709	2,165,637	6,658,287	9,913,745	6,290,592	1,647,448	-	-

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

Purchasing new vessels:

Three new full-container vessels with capacities of 4,680TEUs:

TWKHH-CNSKU-HKHKG-CNNGB-CNSHA-MXZLO-MXLZC-GTPRQ-COBUN-PECLL-ECGYE-MXZLO-TWKHH, with 70 days per voyage and 6 voyages per year. Expected operating revenue will be increased by TWD666,887,000 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:

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 TWD39,698, mainly comprised of the increase of documentation rate 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 Wanhai Singapore and Wanhai Hong Kong. The company provides guarantees for long-term vessel loans to Wanhai 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 expense for future research and development plans:

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

Fuel saving and precautions against typhoon

Projected spending for future development plans and studies

The Company's development plans cover research and development of new markets and new services as follows:

For new markets, new services, and studies for improvement of market competitiveness, the estimated total amount of investment of manpower and cost would be approximately TWD 33,340,440. Studies conducted will cover the following subjects:

- (1) Optimal ships' routing with matched ship type
- (2) Service to the Central and South American
- (3) Service to the East coast of Mediterranean
- (4) South China Sea area
- (5) Promotion of e-commerce business
- (6) Strategic alliance to expand and develop service.

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

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

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.

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 no any material effect to our company.

7.6.13 Other important risks: Nil

7.7 Other significant information: Nil

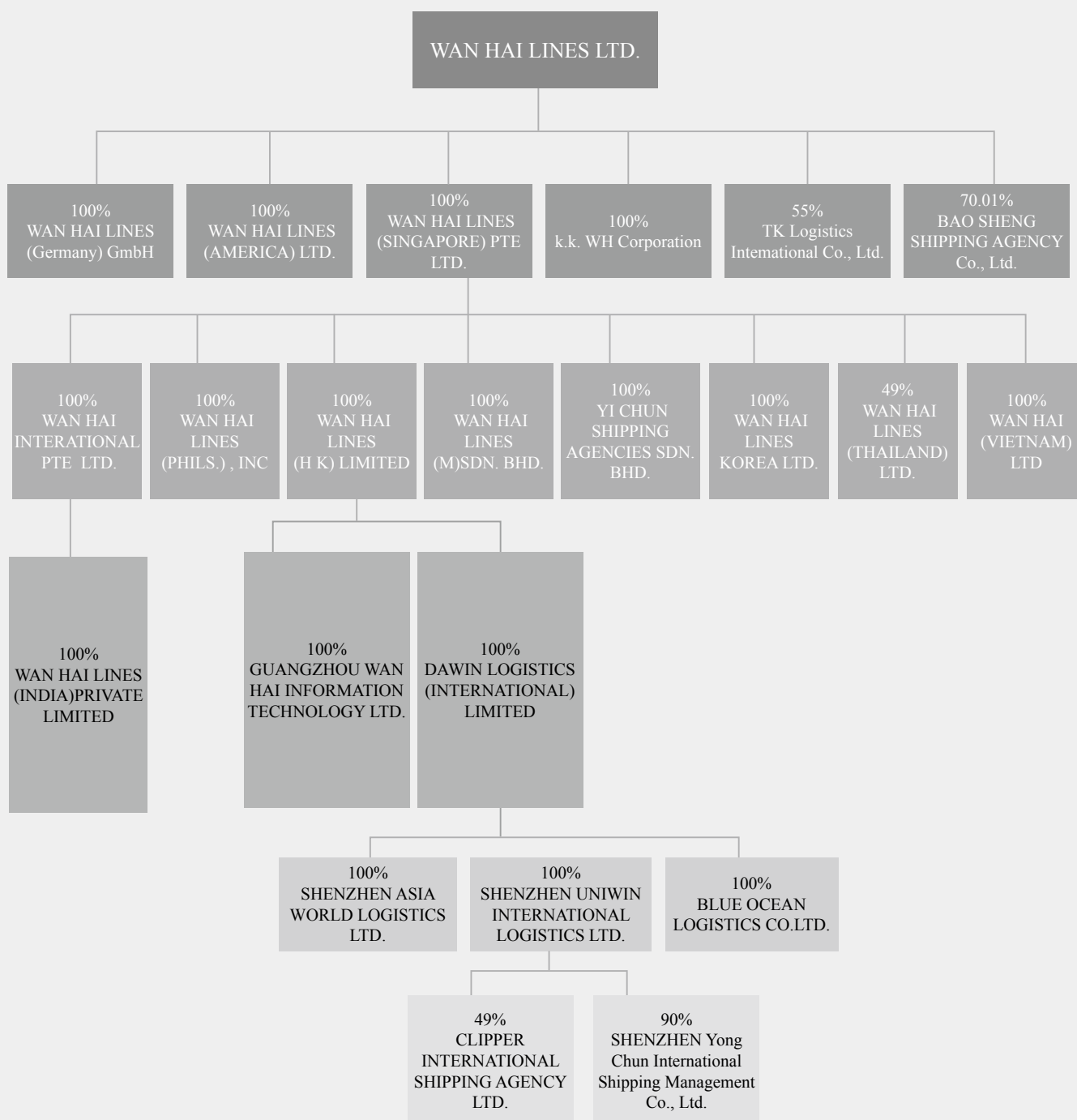


Special Disclosure

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:44.42/29.95	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:7.7544/29.95	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	394,190,795(USD) ex. rate :29.95	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 :3.28/29.95	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 :3.28/29.95	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 :1056.2/29.95	International sea transportation, operations, agencies for transport affairs
WAN HAI LINES (AMERICA) LTD.	2000.08.16	2510W. Dunlap Ave. Ste 425 Phoenix, AZ 85021	4,000,000(USD) ex. rate :29.95	International sea transportation, operations, agencies for transport affairs
GUANGZHOU WAN HAI INFORMATION TECHNOLOGY LTD.	2000.07.13	26FL. No.418 DONGFENGZHONG RD., HUA YI TAI INTERNATIONAL GUANGZHOU,CHINA	2,125,450(RMB) ex. rate :6.0542/29.95	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 :1.2653/29.95	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:61.84/29.95	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 :105.07/29.95	Operation & Management of Terminal, Charter hire business
Wan Hai Lines (Germany) GmbH	2004.04.29	Brandstwiete 1, 20457 Hamburg, Germany	25,000(EUR) ex. rate :0.7266/29.95	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	75,640,000(HKD) ex. rate :7.7544/29.95	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 :6.0542/29.95	warehousing
SHENZHEN UNIWIN INTERNATIONAL LOGISTICS LTD.	2002.06.14	25C-25D, Tianmian City Tower,Middle Shennan Blvd, Shenzhen, China.	77,409,268(RMB) ex. rate :6.0542/29.95	Agencies for handling cargos and related business
CLIPPER INTERNATIONAL SHIPPING AGENCY LTD.	2004.12.30	22/F HAITONG SECURITIES TOWER, NO.689 GUANGDONG ROAD, SHANGHAI	1,000,000(RMB) ex. rate :6.0542/29.95	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)	Managing container terminals and storage facilities
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)	Acting as agent for transportation affair and contracting ocean shipping and related services
BLUE OCEAN LOGISTICS CO. LTD.	2006.09.21	9/F,No.118, East Bao Xing Road, HongKou District, Shangha	7,824,000(RMB) ex. rate :6.0542/29.95	Cargo handling, warehousing and international haulage service.
WAN HAI LINES (THAILAND) LTD.	2006.05.01	21st floor, Lumpini Tower, 1168/56, 61 Rama 4 Road,Thungmahamek, Sathorn, Bangkok 10120, Thailand	6,000,000(THB) ex. rate :32.8/29.95	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.	6,000,000(RMB) ex. rate :6.0542/29.95	International shipping management
Wan Hai (Vietnam) Ltd.	2012.07.02	27 Nguyen Trung Truc street, Ben Thanh Ward, District 1, Ho Chi minh City	6,300,000,000(VND) ex. rate :21115/29.95	International sea transportation, operations,agencies for transport affairs

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 Wei-Cheng Lin	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	2012.10.19	3 year	20,000	100.00%	-	-
	Director	WH-SG Representative Po-Ting Chen	2012.10.19	3 year			-	-
	Director	WH-SG Representative Huey-Jiuan Chen	2012.04.12	3 year			-	-
	Director	WH-SG Representative Chih-Heng Wan	2012.10.19	3 year			-	-
	Supervisor	WH-SG Representative Fur-Lung Hsieh	2012.03.09	3 year			-	-
WAN HAI LINES (M) SDN. BHD.	Director	WH-SG Representative Po-Ting Chen	1994.06.10	-	500,000	100%	-	-
	Director	WH-SG Representative Charles C.Y. Chen	1994.06.10	-			-	-
	Director	WH-SG Representative Yann-Jang Doong	2012.03.01	-			-	-
	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%	-	-
	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 Doong, Yann-Jang	2012.03.01	-			-	-
WAN HAI LINES (SINGAPORE) PTE LTD	Director	WH-TPE Representative Po-Ting Chen	1994.05.01	-	538,075,000	100%	-	-
	Director	WH-TPE Representative Chih-Yuan Chen	1994.05.01	-			-	-
	Director	WH-TPE Representative Randy Chen	2006.04.01	-			-	-
	Director	WH-TPE Representative Jen-Yee Huang	2012.12.15	-			-	-
WAN HAI LINES (AMERICA) LTD.	Director	WH-TPE Representative Chih-Chao Chen	2000.08.16	-	90,000	100%	-	-
	Director	WH-TPE Representative Po-Ting Chen	2000.08.16	-			-	-
	Director	WH-TPE Representative Huey-Jiuan Chen	2004.06.13	-			-	-
	Director	WH-TPE Representative Randy Chen	2008.04.01	-			-	-
WAN HAI INTERNATIONAL PTE. LTD.	Director	WH-SG Representative Po-Ting Chen	2013.09.05	1year	50,000	100%	-	-
	Director	WH-SG Representative Huang Jen Yee	2013.12.15	1year			-	-
GUANGZHOU WAN HAI INFORMATION TECHNOLOGY LTD.	Chairman	WH-HK Representative Kwan-Wah Chu	2010.01.25	not specified	-	100%	-	-
	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 Ching-Chih Chen	2013.10.17	1 year	160,000,000	100%	-	-
	Director	WH-SG Representative Po-Ting Chen	2013.10.17	1 year			-	-
	Director	WH-SG Representative Chih-Chao Chen	2013.10.17	1 year			-	-
	Director	WH-SG Representative Huai-Lung Chen	2013.11.12	1 year			-	-
	Director	WH-SG Representative Wen-Chau Yeh	2013.10.17	1 year			-	-
	Director	WH-SG Representative Kwan-Wah Chu	2013.10.17	1 year			-	-

Company Name	Title	Name	Tenure Date	Effectual period	Holding shares on current date		spouse_unmatured Children holding shares		
					shares	%	shares	%	
DAWIN LOGISTICS (INTERNATIONAL) LIMITED	Director	WH-HK Representative Ching-Chih Chen	2013.11.18	1 year	75,640,000	100%	-	-	
	Director	WH-HK Representative Po-Ting Chen	2013.11.18	1 year			-	-	
	Director	WH-HK Representative Chih-Chao Chen	2013.11.18	1 year			-	-	
	Director	WH-HK Representative Huai-Lung Chen	2013.11.18	1 year			-	-	
	Director	WH-HK Representative Wen-Chau Yeh	2013.11.18	1 year			-	-	
	Director	WH-HK Representative Kwan-Wah Chu	2013.11.18	1 year			-	-	
SHENZHEN ASIA WORLD LOGISTICS LTD.	Chairman	DAWIN Representative Chi-Yin Yeung	2013.05.10	-	-	100%	-	-	
	Director	DAWIN Representative Yu-Hung Li	2011.07.19	-	-		-	-	
	Director	DAWIN Representative Chia-Ming Chang	2013.05.10	-	-		-	-	
SHENZHEN UNIWIN INTERNATIONAL LOGISTICS LTD.	Board chairman	DAWIN Representative Kwan-Wah Chu	2010.03.26	-	-	100%	-	-	
	Director	DAWIN Representative Li-Kuang Huang	2012.12.15	-	-		-	-	
	Director	DAWIN Representative Chi-Yuan Hsiao	2013.05.14	-	-		-	-	
	Supervisor	DAWIN Representative Chan-Yu Man Raymond	2013.05.14	-	-		-	-	
CLIPPER INTERNATIONAL SHIPPING AGENCY LTD.	Chairman	UNIWIN Representative Yeh,Wen-Chau	2011.12.01	3 year	-	49%	-	-	
	Director	UNIWIN Representative Lin,Jeong-Shin	2013.04.01	3 year	-		-	-	
	Director	UNIWIN Representative Ju,Kuen-Hua	2013.04.01	3 year	-		-	-	
	Director	UNIWIN Representative Hung,Chia-Hsin	2013.04.01	3 year	-		-	-	
	Supervisor	UNIWIN Representative Chan,Yu-Wan	2013.04.01	3 year	-	-	-	-	
	Director	ShenZhen TaiErXin Representative Chan,Yuan	2013.04.01	3 year	-	51%	-	-	
WAN HAI LINES (INDIA) PRIVATE LIMITED	Director	Wan Hai International Pte.Ltd. Representative Po-Ting Chen	2002.05.30	-	10,000	100%	-	-	
	Director	Wan Hai International Pte.Ltd. Representative Huey-Jiuan Chen	2004.09.01	-			-	-	-
	Director	Wan Hai International Pte.Ltd. Representative Wen-Yuan Chiang	2013.01.12	-			-	-	-
k.k. WH Corporation	Representative Director	WH-TPE Representative Ching-Chih Chen	2005.02.18	10 year	500	100%	-	-	
	Representative Director	WH-TPE Representative Mu-Jung Hsieh	2012.07.23	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	2013.06.30	10 year			-	-	
Wan Hai Lines (Germany) GmbH	President	Kwang-Meng,Quek	2010.09.01	-	-	100%	-	-	
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 & TERMINAL 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 Wen-Der Tseng	2013.04.01	3 year			-	-	
	Vice-Chairman	WH-TPE Representative Kuo-Loong Kao	2013.11.18	3 year			-	-	
	Director	WH-TPE Representative I-Feng Lin	2012.10.08	3 year			-	-	
	Supervisor	WH-TPE Representative Fur-Lung Hsieh	2011.06.16	3 year			-	-	
	Supervisor	WH-TPE Representative Wei-Chien Chuang	2011.06.16	3 year			-	-	

Company Name	Title	Name	Tenure Date	Effectual period	Holding shares on current date		spouse,unmatured Children holding shares	
					shares	%	shares	%
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 Chuang-Chih Chuang	2010.07.06	3 year			-	-
	Director	WH-TPE Representative Li-Mei Su	2010.07.06	3 year			-	-
	Director	WH-TPE Representative I-Feng Lin	2010.07.06	3 year			-	-
	Supervisor	WH-TPE Representative Fur-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 Wei-Chien Chuang	2013.04.01	3 year	-	100%	-	-
	Director	DAWIN Representative Wen-Chau Yeh	2013.04.01	3 year	-		-	
	Director	DAWIN Representative Ming-Shan Huang	2013.04.01	3 year	-		-	
	Director	DAWIN Representative Chi-Wen Chitue	2012.02.10	3 year	-		-	
WAN HAI LINES (THAILAND) LTD.	Director	WH-SG Representative Po-Ting Chen	2006.05.01	-	29,400	49%	-	-
	Director	WH-SG Representative Fur-Lung Hsieh	2009.05.01	-			-	-
	Director	WH-SG Representative Fei-Fei Chuang	2012.03.15	-			-	-
	Director	Sumate Lopinich	2006.05.01	-	30,000	50%	-	-
	Director	Thanpol Thitipichetkul	2011.03.01	-	600	1%	-	-
Shenzhen Yong Chun International Shipping Management Co., Ltd.	Board chairman	Shenzhen United International Shipping Agency Co., Ltd. Representative Hong-Hui Chen	2010.04.26	-	-	10%	-	-
	Vice board chairman	Shenzhen Uniwin Representative Kwan-Wah Chu	2010.04.26	-	-	90%	-	-
	Director	Shenzhen Uniwin Representative Lin Jeong-Shin	2010.09.19	-	-		-	
	Director	Shenzhen Uniwin Representative Huey Jang, Chung	2011.11.24	-	-		-	
	Director	Shenzhen Uniwin Representative Kae-Chang Wu	2011.11.24	-	-		-	
	Supervisor	Shenzhen Uniwin Representative Yu-Man Chan	2010.04.26	-	-		-	
Supervisor	Shenzhen Uniwin Representative Yu-Man Chan	2010.04.26	-	-	-			
Wan Hai (Vietnam) Ltd.	Chairman	WH-SG Representative Fur-Lung Hsieh	2012.01.18	5 year	-	100%	-	-
	Director	WH-SG Representative Chien-Cheng Hsiao	2012.01.18	5 year	-		-	
	Director	WH-SG Representative Jung-Ling Hsu	2012.01.18	5 year	-		-	
	Supervisor	WH-SG Representative Chih-Hsien Chen	2012.01.18	5 year	-		-	

8.1.6 Related Parties' Financial Position & Operation Results

Unit : TWD 1,000, Per Share / TWD
2013/12/31

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.	5991 (PHP 9,015,400)	126,021 (PHP 186,906,636)	122,638 (PHP 181,888,616)	3,383 (PHP 5,018,020)	31,155 (PHP 43,440,250)	(3,324) (PHP -4,634,424)	(2,197) (PHP -3,062,854)	(2.44) (PHP -3.4)
WAN HAI LINES (H K) LIMITED	695,246 (HKD 160,000,000)	3,714,923 (HKD 961,842,210)	1,168,201 (HKD 302,462,645)	2,546,722 (HKD 659,379,565)	527,811 (HKD 137,957,224)	121,954 (HKD 31,875,963)	387,046 (HKD 101,164,718)	2.41 (HKD 0.63)
GUANGZHOU WAN HAI INFORMATION TECHNOLOGY LTD.	7,922 (RMB 2,125,000)	17,627 (RMB 3,586,307.5)	1,819 (RMB 370,126.02)	15,808 (RMB 3,216,181.48)	57,747 (RMB 11,988,671.75)	3,533 (RMB 733,456.44)	2,573 (RMB 534,151.78)	N/A
DAWIN LOGISTICS (INTERNATIONAL) LIMITED	292,117 (HKD 75,640,000)	390,311 (HKD 101,056,526)	8,122 (HKD 2,102,715)	382,189 (HKD 98,953,811)	15,575 (HKD 4,070,869)	569 (HKD 148,678)	688 (HKD 179,834)	0.01 (HKD 0.002)
SHENZHEN ASIA WORLD LOGISTICS LTD.	4,941 (RMB 1,060,000)	17,662 (RMB 3,593,445.48)	797 (RMB 162,147.01)	16,865 (RMB 3,431,298.47)	4,143 (RMB 860,080.12)	1,202 (RMB 249,549.72)	888 (RMB 184,329.32)	N/A
SHENZHEN UNIWIN INTERNATIONAL LOGISTICS LTD.	366,857 (RMB 77,409,268)	508,483 (RMB 103,451,978.33)	28,552 (RMB 5,809,001.12)	479,931 (RMB 97,642,977.21)	230,433 (RMB 47,839,381.62)	13,227 (RMB 2,745,961.40)	11,192 (RMB 2,332,487.54)	N/A
Shenzhen Yong Chun International Shipping Management Co., Ltd.	29,068 (RMB 6,000,000)	26,411 (RMB 5,373,352.49)	1,212 (RMB 246,519.03)	25,199 (RMB 5,126,833.46)	22,261 (RMB 4,621,599.46)	(3,592) (RMB -745,771.42)	(3,600) (RMB -747,296.88)	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)	1,536,761 (RMB 312,657,124.46)	1,516,549 (RMB 308,544,931.20)	20,212 (RMB 4,112,193.26)	497,184 (RMB 103,218,519.42)	8,484 (RMB 1,761,422.20)	6,525 (RMB1,354,694.26)	N/A
WAN HAI LINES (SINGAPORE) PTE LTD	11,950,235 (USD 394,190,795)	36,629,074 (USD 1,223,007,482)	23,941,643 (USD 799,387,095)	12,687,431 (USD 423,620,387)	10,818,994 (USD 364,413,298)	(1,209,276) (USD -40,731,712)	(1,533,505) (USD -51,652,651)	(2.85) (USD -0.096)
WAN HAI INTERNATIONAL PTE. LTD.	1,062 (SGD 50,000)	544,759 (SGD 23,014,479)	193,201 (SGD8,162,168)	351,558 (SGD14,852,311)	208,372 (SGD 8,781,590.65)	54,719 (SGD2,306,056.71)	99,686 (SGD4,201,148.25)	1,993.65 (SGD84.02)
WAN HAI LINES (M) SDN. BHD.	4,613 (MYR 500,000)	297,779 (MYR32,611,467)	186,435 (MYR 20,417,553)	111,344 (MYR 12,193,914)	124,384 (MYR 13,744,545)	60,482 (MYR 6,683,367)	(3,948) (MYR -436,237)	(7.90) (MYR-0.87)
YI CHUN SHIPPING AGENCIES SDN. BHD.	1,845 (MYR 200,000)	1,867 (MYR 204,496)	24 (MYR 2,682)	1,843 (MYR 201,814)	55 (MYR6,100)	55 (MYR6,100)	1 (MYR85)	0.00 (MYR 0.000425)
Wan Hai Lines Korea Ltd.	3,500 (WON 100,000,000)	84,957 (WON 2,991,446,105)	78,887 (WON 2,777,727,239)	6,070 (WON 213,718,866)	83,312 (WON 3,051,717,795)	793 (WON 29,035,718)	1,107 (WON 40,556,401)	55.36 (WON 2,028)
WAN HAI LINES (INDIA) PRIVATE LIMITED	69 (INR 100,000)	393,452 (INR 812,389,807)	407,647 (INR 841,700,147)	(14,195) (INR -29,310,340)	141,925 (INR 276,324,758)	(9,281) (INR-18,069,807)	(8,344) (INR-16,245,640)	(834.40) (INR-1,624.56)
WAN HAI LINES (AMERICA) LTD.	132,000 (USD4,000,000)	93,453 (USD 3,120,297)	11,801 (USD 394,028)	81,652 (USD 2,726,269)	844,159 (USD 2,843,359)	5,457 (USD 183,820)	5,738 (USD 193,269)	63.83 (USD 2.15)
Wan Hai Lines (Germany) GmbH	1,018 (EUR 25,000)	9,674 (EUR234,685.00)	734 (EUR 17,807.62)	8,940 (EUR 216,877.38)	19,432 (EUR 492,791.35)	946 (EUR 23,988.96)	415 (EUR 10,519.06)	N/A
k.k.WH Corporation	7,141 (JPY25,000,000)	767,415 (JPY2,692,233,418)	757,182 (JPY2,656,329,740)	10,233 (JPY35,903,678)	5,325,501 (JPY17,477,849,704)	(4,514) (JPY -14,814,227)	(1,905) (JPY -6,250,669)	(3,809.16) (JPY -12,501.34)
TK LOGISTICS INTERNATIONAL CO., LTD.	260,000	555,546	295,129	260,417	232,676	7,649	3,088	0.12
BAO SHENG SHIPPING AGENCY CO., LTD.	42,850	71,980	16,986	54,994	52,950	10,957	8,744	2.04
BLUE OCEAN LOGISTICS CO. LTD.	32,596 (RMB 7,824,000)	74,486 (RMB 15,154,307.03)	25,059 (RMB 5,098,234.39)	49,427 (RMB 10,056,072.64)	204,575 (RMB 42,471,110.62)	5,100 (RMB 1,058,804.90)	5,083 (RMB1,055,290.69)	N/A
WAN HAI LINES (THAILAND) LTD.	5,725 (THB 6,000,000)	156,183 (THB 171,045,432)	101,138 (THB 110,762,004)	55,045 (THB 60,283,428)	89,556 (THB 92,136,047)	19,023 (THB 19,570,482)	15,899 (THB 16,357,361)	521.35 (THB 556.37)
WAN HAI LINES (VIETNAM) LTD	8,691 (USD 300,000)	106,376 (VND 75,982,773,826)	105,969 (VND 75,691,739,518)	407 (VND 291,034,308)	48,772 (VND 34,836,922,651)	12,350 (VND 8,821,282,334)	8,413 (VND 6,008,965,692)	N/A

(1)20131231 CLOSE RATE

USD/NTD :29.95 USD/HKD : 7.7544 USD/SGD : 1.2653 USD/MYR : 3.28 USD/WON(KRW) : 1056.2 USD/PHP : 44.42 USD/RMB : 6.0542 USD/INR : 61.84 USD/YEN(JPY) : 105.07 USD/EUR : 0.7266 USD/THB : 32.8 CNY/HKD:1.2726 VND/NTD:0.0014

(2) 2013 AVERAGE RATE NTD/USD : 29.6888 NTD/HKD : 3.8259 NTD/SGD : 23.7283 NTD/THB : 0.972 NTD/EUR : 39.4317 NTD/PHP : 0.7172 NTD/RMB : 4.8319 NTD/YEN(JPY) : 0.3047 CNY/HKD:1.259 KRW/NTD:0.0273 VND/NTD:0.0014 HKD/NTD:3.8259

(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





www.wanhai.com

