

Stock Code: 2615

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WAN HAI LINES LTD.
2014 Annual General Shareholders' Meeting

Time: 9:00 a.m. Wednesday, June 18, 2014

Venue: 2F No.16, Section 4 Jhongshan North Road, Taipei City

Jing-Guo Memorial Hall, China Youth Corps Chientan Youth
Activity Center, Auditorium

Market Observation Post System: newmops.twse.com.tw

Website of the company: www.wanhai.com

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WAN HAI LINES LTD.

2014 Annual General Shareholders' Meeting Procedures

1. Commence Meeting
2. Chairman's Speech
3. Reports
4. Acknowledgements
5. Elections
6. Discussions
7. Special Motions
8. Dismissal

WAN HAI LINES LTD.

2014 Annual General Shareholders' Meeting Agendas

1. Time: 9:00 a.m. Wednesday, June 18, 2014
2. Venue: 2F No.16, Section 4 Jhongshan North Road, Taipei City Jing-Guo Memorial Hall, China Youth Corps Chientan Youth Activity Center, Auditorium
3. Commence Meeting
4. Chairman's Speech
5. Reports
 - (1) 2013 Business Report
 - (2) Supervisors' Report for Fiscal Year 2013
 - (3) Rationale for the raising of domestic ordinary corporate bonds and related issues
6. Acknowledgements
 - (1) Presenting the 2013 Financial Statements and Business Report
 - (2) Presenting the 2013 Earnings Appropriation
7. Elections

Elections for Directors (Including Independent Directors) and Supervisors, 19th Board of Directors
8. Discussions
 - (1) Release of the Non-Competition Restriction for members of the Company's Board of Directors
 - (2) Comparative Table: Amendments to Regulations for Acquisition and Disposal of Assets
9. Special Motions
10. Dismissal

【 Reports 】

1. Please examine the 2013 Business Report.
Details: Refer to Attachment 1. (pages 7th ~12th)
2. Please examine the Supervisors' Report for Fiscal Year 2013.
Details: Refer to Attachment 3. (pages 25th ~26th)
3. Please examine the Rationale for the raising of domestic ordinary corporate bonds and related issues.
Details: To satisfy operational needs, on April 30 the Board of Directors approved the issuance of no more than NT\$5 billion of domestic ordinary corporate bonds to be completed at one time or in installments. The board authorized the chairperson to decide related conditions based on the prevailing market situation. Objectives were to secure sufficient medium-to-long-term working capital and strengthen the Company's financial structure.

【 Acknowledgements 】

1st Motion:

Agenda: Presenting the 2013 Financial Statements and Business Report for acknowledgements.

(Proposed by Board of Directors)

Details:

1. The Company's 2013 Balance Sheet, Income Statement, Changes in Stockholder Rights, Cash Flow Table, and other Financial Statements (including Consolidated Financial Statements), have already been examined and approved by Auditors. The Financial Statements and Business Report has also been sent to the Supervisors, and Supervisors has been completed. An Independent Auditor's Report has been included on the record.
2. For the Business Report and Financial Statements mentioned above, please refer to Attachments 1&2. (pages 7th~24th)
3. The topic is ready for acknowledgements.

Resolution:

2st Motion:

Agenda: Presenting the 2013 Earnings Appropriation for acknowledgements.

(Proposed by Board of Directors)

Details:

1. 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 cash bonuses, and NT\$1,774,637,973 appropriated as shareholder dividends – cash dividends.

2. Cash dividends of NT\$800 per 1,000 shares, calculated to the nearest NT Dollar (any amount less than NT\$1 was forfeited) will be awarded to shareholders listed in the shareholders' ledger on the date of record. The shareholders meeting is requested to ratify authorization for the Board of Directors to set the ex-dividend date and date of payment.
3. The shareholders meeting is requested to ratify authorization for the Board of Directors to make all necessary adjustments if changes in share capital impact volume of shares in circulation and subsequently affect the dividend yield.
4. For the company's 2013 Earnings Appropriation table, please refer to Attachment 4 (page 27th).
5. The topic is ready for acknowledgements.

Resolution:

【 Elections 】

1st Motion:

Agenda: Elections for Directors (including Independent Directors) and Supervisors, 19th Board of Directors. (Proposed by the Board of Directors)

Details:

1. The term of Directors and Supervisors, 18th Board of Directors ends on June 23, 2014. In accordance with Article 195 and 217 of the Company Act, a new election should be held during this year's general shareholders' meeting.
2. In accordance with Article 7 and 8 of the Company's Memorandum of Association, the Company shall have seven Directors (including two Independent Directors) and three Supervisors, who shall serve a term of three years and be eligible for re-election. The term of the 19th Committee of Directors and Supervisors shall begin with the conclusion of the election on June 18, 2014, and end on June 17, 2017. The term of current Directors and Supervisors shall end with the completion of the new election at this year's general shareholders' meeting.
3. Also, in accordance with Article 7 and 8 of the Company's Memorandum of Association, as well as Article 5 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the election of Directors (including Independent Directors) and Supervisors shall adopt a candidate nomination system. The Candidates List of Directors (including Independent Directors) and Supervisors was reviewed and approved at the 24th Meeting of the 18th Board of Directors, held on April 30, 2014. For information on each candidate, including educational background, experience, and total shareholding of issued shares of the Company, refer to Attachment 5 (pages 28th ~pages 31th).
4. The topic is ready for electons.

Resolution:

【Discussions】

1st Motion:

Agenda: Requesting a Release of the Non-Competition Restriction for new members of the Company's Board of Directors. (Proposed by the Board of Directors)

Details:

1. Paragraph 1, Article 209 of the Company Act states: "A Director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
2. The possibility exists that new Directors could also serve as Directors, Supervisors or Executives of Company reinvestment enterprises. Under the precondition that the Company suffers no loss, if a candidate is elected (including a nominated juristic person or representative thereof) and plans to request approval at the shareholders' meeting for a Release of the Non-Competition Restriction for new members of the Company's Board of Directors engaged in Company reinvestment enterprises, refer to Attachment 6 (page 32th).
3. The topic is ready for discussion.

Resolution:

2nd Motion:

Agenda: Discussing the Regulations for Acquisition and Disposal of Assets by WAN HAI LINES LTD. And Its Subsidiaries. (Proposed by the Board of Directors)

Details:

1. On December 30, 2013, Order Jin-Guan-Zheng-Fa-Zi 1020053073 announced a partial amendment to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
2. Based on regulatory changes made by this order and analysis of internal operations, the Company revised the Regulations for Acquisition and Disposal of Assets by WAN HAI LINES LTD. And Its Subsidiaries. For a before-after comparison of revisions refer to Attachment 7 (pages 33~pages 49th). For post-revision regulations refer to Appendix 4 (pages 63th ~pages 70th).
3. The topic is ready for discussion.

Resolution:

【Special Motions】

【Dismissal】

Wan Hai Lines Ltd.

Business Report

I. Operating Principles

2013 was marked by a sluggish recovery from economic malaise in the Eurozone, the US fiscal cliff, and slowed economic development in emerging economies. In this challenging environment, global enterprises placed greater attention on improving operational performance. Wan Hai reflected this trend in shipping management and distribution of shipping lines by seeking improved effectiveness and greater flexibility. As integration of internal and external resources helped Wan Hai keep its leading competitive advantage, staff maintained a cooperative attitude and professional service. Operational guidelines and correct strategies allowed us to fulfill our creed – Customer First, Full Participation, Environmental Protection, Business Continuity – as we pursued steady growth, better customer service, social responsibility, environmental protection, and sustainable development. This commitment allowed us to satisfy expectations of shareholders and society.

II. Operation Overview

1. External Environment Changes

(1) Macroeconomic Situation:

Despite continued recovery of the global economy in 2013, there were several limitations, including slowed growth in emerging economies and tapering of the US Federal Reserve's quantitative easing program. Exacerbating these challenges for shipping companies was a continued increase in large ships and subsequent oversupply. A resulting drop in prices put pressure on operational performance. According to a survey by the United Nations (UN), worldwide trade only grew by 2.3% in 2013. A forecast by the International Monetary Fund (IMF) put worldwide economic growth at 3.0% in 2013, lower than the 3.2% in 2012, while Global Insight (GI) estimated worldwide economic growth at 2.5%, also slower than the 2.6% in 2012.

(2) Bunker Cost:

A correction in oil prices was caused by many factors: economic malaise in the Eurozone, slowed growth in Mainland China, political instability in the Middle East and northern Africa, and tapering of the US Federal Reserve's quantitative easing program. The 2013 average price of Brent Crude fell to US\$108.691 /

barrel, a slight 2.67% decrease compared to the 2012 average. The resulting decline in oil costs boosted operating profits.

(3) Charter Market:

According to the Howe Robinson Container Index (HRCI), chartering fees began to rise slightly in early 2013 following two years of delayed handover of new vessels to shipping companies. The index averaged 491.8 for the year, an increase of 3.3% compared to the index averaged 476 from a year earlier. This figure included a sharp increase in fees for 1,740-2,800 TEU ships while other types saw little change. Overall, the charter market was slow but stable in 2013, similar to the previous year.

According to Alphaliner, total global cellular fleet at the end of 2012 was 4,964 ships, for 16,341,329 TEU. At the end of 2013, ships had increased to 4,981 and TEU rose by 5.8% to 17,285,957. Continued low costs in 2013 contributed to growth in orders for new ships.

(4) Peer Competition:

Several factors contributed to growing competition in the shipping industry, the sluggish global recovery, increased ship size, more shipping lines and ship capacity in each region, and demand that fell short of expectations. A resulting slash in prices lowered shipping costs and squeezed profits.

(5) Market Fluctuations:

According to a survey by Global Insight (GI), effects of the fiscal cliff and slow recovery of the labor market caused economic growth in the United States to slide from 2.8% in 2012 to 1.9% in 2013. Europe continued to gradually pull out of recession but still remained weak. In Asia, Japan benefited from weakening of the yen, which pushed its annual growth up to 1.7% in 2013, a slight increase compared to 1.4% growth in 2012. China took advantage of stabilized consumer confidence to grow at 7.7% in 2013, a rate similar to 2012 and likely to be maintained in the coming years. Overall, economic vitality remained strong in the Asia-Pacific and emerging and developing economies.

2. Strategies of Adaptation

In this challenging global economy, where recovery is sluggish and shipping

supply exceeds demand, staying competitive requires contributions from all employees. In 2013, we aggressively restructured service in the pursuit of optimal fleet deployment. This diversified risks and maintained competitive advantage. Also, we continued to cooperate with other main carriers on joint ventures and space swap arrangements. In terms of service deployment, we continued intensive effort in the intra-Asia market, properly expanded semi-long haul services, and from May started expansion of shipping lines on the west coast of South America. In response to market needs, Wan Hai modified distribution of long-haul lines in the western US and Black Sea regions. And faced with profit squeezing and high fuel costs, Wan Hai not only added fuel-saving equipment to its fleets but also monitored fuel consumption in order to introduce navigational changes that increased efficiency. Flexibility allowed progressive modification of shipping schedules, including suspension or merger of some vessels as warranted by market demand. Reduced expenditures significantly lowered operational costs.

III. Results of Business Plan Implementation

1. Analysis of Our Company's Major Service Areas and Those Markets

Our company mainly provides full containerized shipping service. Our service network includes Northeast Asia, China, Southeast Asia, Middle East – India – Pakistan, the Black Sea region, the US and the west coast of South America, and Europe. Our analyses for the markets are as follows:

(1) Northeast Asia:

Our company has operated services connecting Japan, Korea, and the rest of Asia for many years. Throughout, it has maintained reliable customer relationships and cultivated an excellent reputation that makes it a bellwether in this market. Higher shipping fuel costs and sluggish growth in the global economy led to shipping line changes in recent years. In order to raise competitiveness while still maintaining reliability and excellent service, from July Wan Hai deployed an additional 1,800 TEU container ship to NS3 Service, calling at Japan, Hong Kong, and Singapore-Malaysia. Fuel-saving equipment and lower speeds raised fuel efficiency and thereby lowered operational costs.

(2) Southeast Asia:

Despite economic turmoil in ASEAN nations, regional container traffic continued to grow. In order to improve utilization of service space in this sector, consolidate space supply from Japan to Hong Kong and Southeast Asia, and provide more efficient service, from July Wan Hai modified ports of call in the Singapore-Malaysia sector of JTS Service and NS3 Service, calling at Japan, Hong Kong, and Singapore-Malaysia. In November, it began KCV Service, calling at Japan, South Korea, China, Hong Kong, and Vietnam. Through space swap agreements with our peers, we can reduce cost, provide a more extensive network, and maintain competitiveness and market share in the Southeast Asia market.

(3) Middle East – India – Pakistan:

To continue past expansion of the Middle East-India-Pakistan market, in 2013 Wan Hai maintained cooperative relationships with leading shipping companies servicing major lines in the Far East, Middle East, India, and Pakistan. As market adjustments occurred Wan Hai followed with modifications to its regional network to raise competitiveness.

(4) South America West Coast:

In order to continue providing direct service from main ports in Asia to the west coast of South America, since May Wan Hai has cooperated with COSCO, Pacific International Lines, and Evergreen Marine Corp. to deploy four 3,800 TEU vessels on the ASA Service, calling at the Far East and the west coast of South America. Through a space swap arrangement Wan Hai boosted direct shipping to the west coast of South America on WSA Service, giving customers the opportunity to choose from two shipping vessels a week.

(5) US West Coast, Far Europe, Black Sea Regions:

In response to cross-Pacific market demand, in May Wan Hai adjusted the CCB Service it operates in cooperation with Japan's "K" Line by deploying three 5,300 TEU vessels. The change strengthened competitiveness of lines operating between the Far East and US west coast. In October, in response to the winter shipping season, through a space swap arrangement Wan Hai added an 8,900 TEU vessel to operate SEA Service with "K" Line and COSCO. A

slight downward adjustment in weekly capacity brought service in line with market conditions. In the Black Sea region, Wan Hai continued to provide stable weekly capacity for ABX Service, operated in cooperation with CSL, “K” Line, Yang Ming Marine Transport, and Pacific International Lines.

2. Future Market Outlook

Looking ahead to 2014, as the global economy continues to move at a sluggish pace, Asia will not only remain the world’s most active region in terms of economic activity and trade but also serve as an engine of global exports. Nowhere will this be more apparent than in expansion of trade between China and ASEAN nations. Recognizing these trends, Wan Hai will make adjustments and add new lines to its Southeast Asia network as it pursues the immense cargo transport opportunities available between China and Southeast Asia. By increasing market share in this region, Wan Hai will enhance profitmaking capability. Over the past two years, Wan Hai added new vessels while replacing old ones. By June 2013, it had expanded ships in its own fleet to 72, for total capacity of 178,037 TEU. In the future, Wan Hai will continue to replace old vessels in order to reduce failure rate, thereby raising reliability and reducing operational costs.

IV. Revenue and Expenditure

1. Revenue

Revenue in 2013 amounted to NT\$59,688.5 million, a decrease of about NT\$3,247.23 million from NT\$62,935.73 million in 2012.

2. Expenditure

Our company’s expenditure in 2013 was NT\$54,204.3 million, a decrease of about NT\$2,817.16 million from NT\$57,021.46 million in 2012. The main factors are as follows:

- (1) Because cargo volume decreased, related operating expenses decreased accordingly.
- (2) Because we eagerly developed fuel saving strategies, we effectively reduced fuel consumption and conserved fuel expenditure.

V. Profitability Analysis

Net profit after tax in 2013 is NT\$2.144 billion, with earnings per share at NT\$ 0.96.

VI. Research and Development

In order to meet challenges posed by the sluggish global economic environment and rapid changes to the shipping market, Wan Hai continues to review planning of the lines it operates and operational performance of its ships. Future objectives include the following: 1. Cultivate staff with international vision while strengthening internal cooperation and execution capabilities in order to provide the best service possible to clients. 2. Develop niche markets while expanding shipping line distribution to meet market needs. 3. Strengthen navigational control over the fleet to improve operational performance; continue implementation of a ship modification plan for improving fuel efficiency, saving energy, and reducing carbon emissions, thereby lowering fuel use and emissions. 4. Exhaustively plan operational policies while demanding a high degree of performance from all members of the Wan Hai team.

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 HAILINES 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)(g) 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)(g) and (7))	1,812,692	3	1,608,250	3	2,134,129	4
Other current assets (note 6)(s))	943,379	2	754,780	1	605,748	1
	30,573,198	55	28,591,844	50	29,453,893	52
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	5,033,116	9
	26,431,455	45	27,918,864	50	26,992,361	48
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	-	638,192	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)(g) and (7))	576,525	1	736,632	1	209,087	-
Other current liabilities	401,503	-	454,968	-	459,562	-
	9,286,708	17	8,606,229	15	8,642,556	14
Non-current Liabilities:						
Bonds payable (note 6)(j))	-	-	-	-	-	-
Long-term loans (note 6)(h))	10,400,000	18	10,400,000	18	10,400,000	18
Deferred income tax liabilities (note 6)(l))	4,701,400	8	5,583,159	10	6,864,300	12
Accrued pension liabilities (note 6)(k))	705,219	1	913,441	2	997,922	2
Guarantee deposits received	840,672	1	926,089	2	1,038,878	2
	55,904	-	1,995	-	49,712	-
	16,203,195	28	17,824,684	32	19,350,812	34
	25,889,903	45	26,430,913	47	27,993,368	48
TOTAL LIABILITIES						
Owners' Equity Attributable to Equity Holders of the Parent Company (notes 6)(d) 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	1,438,833	4	1,168,124	2	(743,783)	(1)
	8,687,097	16	7,097,783	13	5,165,571	9
Other Equity:						
Foreign currency translation differences arising from foreign operations, net of tax	(683,820)	(1)	(1,108,007)	(2)	(730,060)	(1)
Unrealized loss on available-for-sale financial instruments	(433,183)	(1)	(539,526)	(1)	(592,164)	(1)
	(1,117,003)	(2)	(1,647,533)	(3)	(1,322,230)	(2)
Non-controlling interest	-	-	-	-	-	-
TOTAL STOCKHOLDERS' EQUITY	\$ 31,014,750	55	\$ 30,079,795	53	\$ 28,452,866	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
	Capital Surplus	Legal Reserve	Special Reserve	Earnings - Unappropriated	Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax	Unrealized Gains (losses) on Available-for-sale Financial Assets	
Common Stock							
\$ 22,182,975	2,446,570	5,071,860	837,493	(743,782)	(750,066)	(592,164)	28,452,886
-	-	-	1,848,228	-	-	-	1,848,228
-	-	-	83,984	(357,941)	-	-	(221,319)
-	-	-	1,932,212	(357,941)	-	-	1,626,909
-	-	2,031	(2,031)	-	-	-	-
-	-	-	18,275	(18,275)	-	-	-
22,182,975	2,446,570	5,073,891	855,768	1,168,124	(1,108,007)	(539,526)	30,079,795
-	-	-	2,129,108	-	-	-	2,129,108
-	-	-	49,956	424,187	-	106,343	580,486
-	-	-	2,179,064	424,187	-	106,343	2,709,594
-	-	182,835	(182,835)	-	-	-	-
-	-	-	1,055,770	-	-	-	-
-	-	-	(589,750)	-	-	-	(589,750)
-	(1,184,889)	-	-	-	-	-	(1,184,889)
\$ 22,182,975	1,261,681	5,256,726	1,911,538	1,518,833	(683,820)	(433,183)	31,014,750

Balance as of January 1, 2012

Net Profit

Other comprehensive income

Total comprehensive income

Appropriation of retained earnings:

Legal reserve

Special reserve

Balance as of December 31, 2012

Net Profit

Other comprehensive income

Total comprehensive income

Appropriation of retained earnings:

Legal reserve

Special reserve

Cash dividends

Cash dividends from capital surplus

Balance as of December 31, 2013

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>

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 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)
Dividands 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	(2,934,969)	(137,272)
Cash and cash equivalents, beginning of period	<u>19,755,257</u>	<u>19,892,529</u>
Cash and cash equivalents, end of period	<u>\$ 16,820,288</u>	<u>19,755,257</u>

Independent Auditor's 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)

	2013.12.31		2012.12.31		2012.1.1	
	Amount	%	Amount	%	Amount	%
ASSETS						
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	-	30,658	-
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)(c))	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	<u>\$ 78,579,683</u>	<u>100</u>	<u>77,996,598</u>	<u>100</u>	<u>72,750,348</u>	<u>100</u>
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities:						
Financial liabilities at fair value through profit or loss – current (notes (6)(b) and (r))	-	-	141,585	-	877,042	1
Accounts payable	5,572,873	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 long-term loans (note (6)(f) and (8))	4,060,381	5	3,786,341	5	3,472,078	5
Payables to agents (note (6)(f) and (7))	831	-	31,021	-	41,884	-
Other current liabilities	1,592,902	2	912,048	1	1,173,024	2
	<u>13,279,272</u>	<u>17</u>	<u>12,107,539</u>	<u>15</u>	<u>13,416,430</u>	<u>17</u>
Non-current Liabilities:						
Financial liabilities at fair value through profit or loss – non-current (notes (6)(b) and (r))	6,877,805	9	6,608,467	9	6,676,815	9
Bonds payable (note (6)(i))	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>
	<u>47,390,343</u>	<u>60</u>	<u>47,755,295</u>	<u>61</u>	<u>44,134,667</u>	<u>60</u>
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	(743,282)	(1)
	<u>8,687,697</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>
	<u>31,014,750</u>	<u>40</u>	<u>30,079,795</u>	<u>39</u>	<u>28,452,886</u>	<u>40</u>
Total equity attributable to owners of parent	174,590	-	161,508	-	162,795	-
Non-controlling interest	31,189,340	40	30,241,303	39	28,615,681	40
TOTAL STOCKHOLDERS' EQUITY	<u>\$ 78,579,683</u>	<u>100</u>	<u>77,996,598</u>	<u>100</u>	<u>72,750,348</u>	<u>100</u>

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 Earnings Per 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 revenue	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	\$ 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	\$ 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)

Stock	Owners' Equity Attributable to Equity Holders of the Parent Company							Other Equity			Total	
	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings	Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax	Unrealized Gains (losses) on Available-for-sale Financial Assets	Total Owners' Equity Attributable to Equity Holders of the Parent Company	Non-controlling Interest				
Common Stock												
\$	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		
	-	-	-	1,848,228	-	-	-	1,848,228	3,782	1,852,010		
	-	-	-	83,984	(357,941)	-	52,638	(221,319)	(895)	(222,214)		
	-	-	-	1,932,212	(357,941)	-	52,638	1,626,909	2,887	1,629,796		
	-	-	2,031	(2,031)	-	-	-	-	-	-		
	-	-	-	18,275	(18,275)	-	-	-	-	-		
	-	-	-	-	-	-	-	-	(4,174)	(4,174)		
Balance as of January 1, 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	<u>4,667,305</u>	<u>4,906,507</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	(17,232)	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	<u>(1,387,926)</u>	<u>842,635</u>
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	<u>1,446,655</u>	<u>(835,487)</u>
Total changes in operating assets and liabilities, net	<u>58,729</u>	<u>7,148</u>
Total Adjustments	<u>4,726,034</u>	<u>4,913,655</u>
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	<u>7,091,674</u>	<u>6,953,228</u>

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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 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

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

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

2013 Earnings Appropriation

Unit: NTD

Item	Total
Undistributed earnings for beginning of period	0
Added (subtracted):	
IFRSs used for the first time with December 31, 2012, retained earnings adjustments	(660,230,598)
Other consolidated income (defined benefit plan actuarial gains/loses, 2013)	49,955,656
Subtotal of undistributed earnings after adjustment	(610,274,942)
Added (subtracted):	
2013 post-tax net income	2,129,107,983
Provided for legal reserve	(212,910,798)
Reversal of special reserve	794,535,255
Earnings available for distribution	2,100,457,498
(Subtracted) items to be appropriated:	
Shareholder dividends – cash dividends	(1,774,637,973)
Undistributed earnings for end of period	325,819,525

Notes:

1. Legal reserve, dividends, Director and Supervisor remunerations, and employee bonuses are appropriated according to Article 11 of the Company's Memorandum of Association.
2. Special Reserve: According to provisions stated in Ministry of Finance's Securities Supervisory Committee Taiwan Financial Securities No. 100116 Announcement, made on 3 January 2000. According to the two provisions of the announcement, when apportioning earnings, the amount of shareholders' equity should be listed in undistributed earnings under special reserve which may not be apportioned as the same amount. Subsequently when amount of shareholders' equity has reversed, the amount of reversal must be apportioned earnings.
3. The cash dividends is appropriated as NT\$0.8 per share.
4. According to the requirements about expenditure of employee bonuses and Director and Supervisor remunerations, the employee bonuses (NT\$18,470,721) and Director and Supervisor remunerations (NT\$17,746,380) have been excluded in the calculation of the pre-tax net income.

Candidates List for Directors (Including Independent Directors) and Supervisors, 19th Board of Directors

Title	Name	Number of actual participations	Shares	Position held in other company	Major academic qualifications	Notes
Director	Po-Ting Chen	6	9,603,548	WAN HAI LINES LTD. Director / Chairman 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	Master of Business Administration, University of San Francisco	

Title	Name	Number of actual participations	Shares	Position held in other company	Major academic qualifications	Notes
				<p>WAN HAI LINES (M) SDN. BHD. Representative Director for legal entity</p> <p>WAN HAI LINES (SINGAPORE) PTE. LTD. Representative Director for legal entity</p> <p>WAN HAI LINES (AMERICA) LTD. Representative Director for legal entity</p> <p>WAN HAI INTERNATIONAL PTD. LTD. Representative Director for legal entity</p> <p>WAN HAI LINES (H.K.) LTD. Representative Director for legal entity</p> <p>YI CHUN SHIPPING AGENCIES SDN. BHD. Representative Director for legal entity</p> <p>DAWIN LOGISTIC (INTERNATIONAL) LTD. Representative Director for legal entity</p>		
Director	FORMOSA WONDERWORLD CO., LTD.	13847	880,794	<p>WAN HAI LINES LTD. Director</p> <p>SHIH LIN PAPER CORP. Director</p> <p>ASIA PACIFIC LOGISTICS INTERNATIONAL CO LTD. Direct</p>	Not Applicable	Extend to propose Representative: Cheng-Hsien Lin
Director	TAILI Corporation	37557	5,469,256	<p>WAN HAI LINES LTD. Director</p> <p>EDISON OPTO CORPORATION Former Supervisor</p>	Not Applicable	Extend to propose Representative: Randy Chen
Director	Chen-Yung Foundation	53808	31,902,176	WAN HAI LINES LTD. Director	Not Applicable	Extend to propose Representative: Chih-Chao Chen

Title	Name	Number of actual participations	Shares	Position held in other company	Major academic qualifications	Notes
Director	SHIH LIN PAPER CORP.	6358	29,933,031	TAIWAN FELT CO., LTD. Direct	Not Applicable	Extend to propose Representative: Fur-Lung Hsieh
Independent Director	Ruei-Chuen Liu	91413	525	COMPENSATION COMMITTEE OF WAN HAI LINES LTD. Convener / Member STAR TRAVEL CO., LTD. Independent Director 4 th DEPARTMENT, JUDICIAL YUAN. Former Director General TAITUNG, CHIAYI, BANQIAO, AND TAIPEI DISTRICT COURTS. Former Judge and President KAOHSIUNG BRANCH COURT, TAIWAN HIGH COURT. Former Judge and President INSTITUTE FOR JUDICIAL PROFESSIONALS, JUDICIAL YUAN. Former senior rank 14 th President PUBLIC FUNCTIONARY DISCIPLINARY SANCTION COMMITTEE. Former Member	Department of Law, National Chung Hsing University	
Independent Director	Rung-Nian Lai		0	COMPENSATION COMMITTEE OF WAN HAI LINES LTD. Member INSTITUTE OF TRADITIONAL MEDICINE, SCHOOL OF MEDICINE, NATIONAL YANG-MING UNIVERSITY. Assistant professor	Occupational Medicine Ph.D., National Taiwan University	

Title	Name	Number of actual participations	Shares	Position held in other company	Major academic qualifications	Notes
				DIVISION OF CHINESE MEDICINE FOR WOMEN, TAIPEI CITY HOSPITAL. Director YANGMING BRANCH, TAIPEI CITY HOSPITAL. Chinese Medicine Attending Physician TAIPEI CHINESE MEDICAL ASSOCIATION Former Executive Director INTELLECTUAL PROPERTY OFFICE Former Member PUBLIC CONSTRUCTION COMMISSION, EXECUTIVE YUAN Former Member DEPARTMENT OF HEALTH, EXECUTIVE YUAN Vice Convener		
Supervisor	Yee Sing Co., Ltd.	126660	1,470,000	WAN HAI LINES LTD. Supervisor	Not Applicable	Extend to propose Representative: Mei-Huei Wu
Supervisor	Yi Teh Optical Technology Co., Ltd.	58097	7,698,024	WAN HAI LINES LTD. Supervisor EPISTAR CORPORATION Director	Not Applicable	Extend to propose Representative: Chih-Hsiang Chen
Supervisor	Hwa-Mei LinYen	19	19,727,001	WAN HAI LINES LTD. Supervisor SUN SHINE CONSTRUCTION CO., LTD. Chairman UNI COOPERATE INTERNATIONAL CO., LTD. Director / Chairman	Shih Chien University	

Release of the Non-Competition Restriction for members of the Company's Board of Directors

Name	Concurrent Positions
Po-Ting Chen Director	WAN HAI LINES (PHILS.,) LTD. Director
	WAN HAI LINES KOREA LTD. Director
	WAN HAI LINES (M) SDN. BHD. Director
	YI CHUNG SHIPPING AGENCIES SDN. BHD. Director
	WAN HAI LINES (SINGAPORE) PTE., LTD. Director
	WAN HAI LINES (AMERICA) LTD. Director
	WAN HAI LINES INTERNATIONAL PTE., LTD. Director
	WAN HAI LINES (H.K.) LIMITED. Director
	DAWIN LOGISTICS INTERNATIONAL LTD. Director
	WAN HAI LINES (INDIA) PRIVATE LIMITED. Director
	K.K. WH CORPORATION. Director
	WAN HAI LINES (U.A.E.) L.L.C. Director
	WAN HAI LINES (THAILAND) LTD. Director
Prior to nomination, juristic-person director Taili Corporation. expressed that, if elected, it would designate Mr. Randy Chen as representative. Concurrent positions held by Mr. Randy Chen are listed	WAN HAI LINES (PHILS.,) LTD. Chairman / President
Prior to nomination, juristic-person director Chen-Yung Foundation. expressed that, if elected, it would designate Mr. Chih-Chao Chen as representative. Concurrent positions held by Mr. Chih-Chao Chen are listed	WAN HAI LINES (SINGAPORE) PTE., LTD. Director
	WAN HAI LINES (AMERICA) LTD. Director
	WAN HAI LINES (AMERICA) LTD. Director
	WAN HAI LINES (H.K.) LIMITED. Director
Prior to nomination, juristic-person director Shih Lin Paper Corp. expressed that, if elected, it would designate Mr. Fur-Lung Hsieh as representative. Concurrent positions held by Mr. Fur-Lung Hsieh are listed	DAWIN LOGISTICS INTERNATIONAL LTD. Director
	BAO SHENG SHIPPING AGENCY CO LTD. Chairman
	WAN HAI LINES (VIETNAM) LTD. Chairman
	WAN HAI LINES (THAILAND) LTD. Director
	WAN HAI LINES KOREA LTD. Supervisor
	TK LOGISTICS INTERNATIONAL CO LTD. Supervisor
	BAO SHENG SHIPPING AGENCY CO LTD. Supervisor

Comparative Table: Amendments to Regulations for Acquisition and Disposal of Assets by WAN HAI LINES LTD. And Its Subsidiaries

Clause after amendment	Clause before amendment	Reason for amendment
<p>Article 1: Matters regarding the acquisition or disposal of assets that are not regulated by the “<u>Rules</u> for Property Procurement and Sale of Scrapped Equipment” issued by the Company, shall all be regulated by these regulations.</p>	<p>Article 1: Matters regarding the acquisition or disposal of assets that are not regulated by the <u>“Rules for Property Procurement and Sale of Scrapped Equipment”</u> issued by the Company, shall all be regulated by these regulations.</p>	<p>Wording adjustment</p>
<p>Article 2: The scope of the assets mentioned in these regulations is listed as follows:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (<u>including land, houses and buildings, investment property, rights to land use, and construction enterprise inventory) and equipment.</u> 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 6. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 7. Other major assets. 	<p>Article 2: The scope of the assets mentioned in these regulations is listed as follows:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including inventories of construction enterprises) and <u>other fixed assets.</u> 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 6. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 7. Other major assets. 	<p>Based on Article 3 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies included land, houses and buildings, and investment property as real property.</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>Article 3: The process for handling the procurement or disposal of assets as listed in Article 2 is as follows:</p> <ol style="list-style-type: none"> <li data-bbox="252 365 724 748">1. The acquisition or disposal of <u>property and equipment used for business operations, memberships, or intangible assets and other important assets</u> shall be handled according to the Company's "<u>Rules</u> for Property Procurement and Sale of Scrapped Equipment." <li data-bbox="252 763 724 1317">2. <u>In accordance with "the Accounting Procedures for Negotiable Securities" issued by the Company</u>, the purchase and sale of any negotiable securities may only be executed by the chief financial officer after approval by the president, upper management, or authorized representative, of a report detailing capital allocation and market prices. <li data-bbox="252 1332 724 2033">3. Fixed Quota: The sum of non business operation related procurement of immovable property by the Company <u>or its subsidiaries</u> shall not exceed 120% of <u>the Company's shareholder equity</u>. The sum of investments by the Company or <u>its subsidiaries</u> containing negotiable securities shall not exceed 100% of <u>the Company's shareholder equity</u>. The sum of investments by the Company or <u>its subsidiaries</u> in 	<p>Article 3: The process for handling the procurement or disposal of assets as listed in Article 2 is as follows:</p> <ol style="list-style-type: none"> <li data-bbox="750 365 1206 633">1. The acquisition or disposal of <u>all real estate assets used for business operations</u> should be handled according to the Company's "<u>Rules for Property Procurement and Sale of Scrapped Equipment</u>." <li data-bbox="750 757 1206 1099">2. The purchase and sale of any negotiable securities may only be executed by the chief financial officer after approval by the president, upper management, or authorized representative, of a report detailing capital allocation and market prices. <li data-bbox="750 1339 1206 2033">3. Fixed Quota: The sum of non business operation related procurement of immovable property by the Company shall not exceed 120% of <u>their respective shareholder equity</u>. The sum of investments by the Company or its subsidiaries containing negotiable securities shall not exceed 100% of <u>their respective shareholder equity</u>. The sum of investments by the Company or its subsidiaries in individual securities shall not exceed 50% of <u>their respective shareholder equity</u>, however 	<p>Based on Article 3 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p> <p>Amendments of the fixed quota by the Company or its subsidiaries</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>individual securities shall not exceed 50% of <u>the Company's shareholder equity</u>; however those cases gaining approval by the Board of Directors are not restricted.</p> <p>4. <u>Interested parties and subsidiaries shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers</u></p>	<p>those cases gaining approval by the Board of Directors are not restricted.</p>	
<p>Article 4: The Criteria for Announcement of the Acquisition or Disposal of Assets is as follows:</p> <p>1. When the acquisition or disposal of assets by the Company falls under the following circumstances, a public declaration should be filed on the website appointed by the Financial Supervisory Commission within two days of the occurrence of the event, according to the prescribed format:</p> <p>(1) Intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, <u>except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</u></p> <p>(2) Conducting mergers, spin-offs, purchases, or assignment of</p>	<p>Article 4: The Criteria for Announcement of the Acquisition or Disposal of Assets is as follows:</p> <p>1. When the acquisition or disposal of assets by the Company falls under the following circumstances, a public declaration should be filed on the website appointed by the Financial Supervisory Commission, Executive Yuan within two days of the occurrence of the event, according to the prescribed format:</p> <p>(1) Intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more.</p> <p>(2) Conducting mergers, spin-offs, purchases, or assignment of</p>	<p>Based on Article 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, when the Company intends to acquire or dispose of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds, the Company is exempt from filing a public declaration due to the relatively low risks involved.</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>shares.</p> <p>(3) When losses from engagement in derivative product transactions reaches the full limit as set by the regulating process or individual contracts.</p> <p>In addition to the three asset transactions listed above, disposition of claims by financial institutions, or engagement in investment in Mainland China, the transaction amount reaching 20% of the Company's paid-in capital or NTD 300,000,000. However, the following circumstances do not fall under these restrictions:</p> <p>(1) Trading of government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, <u>or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</u></p> <p>(3) Trading of bonds under repurchase/resale agreements, <u>or subscription or redemption of domestic money market funds.</u></p> <p>(4) Where the type of asset acquired or disposed is <u>equipment</u> for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>2. For the domestic or foreign subsidiaries of the Company which are considered non-public companies, announcements and reports required for their</p>	<p>shares.</p> <p>(3) When losses from engagement in derivative product transactions reaches the full limit as set by the regulating process or individual contracts.</p> <p>In addition to the three asset transactions listed above, disposition of claims by financial institutions, or engagement in investment in Mainland China, the transaction amount reaching 20% of the Company's paid-in capital or NTD 300,000,000. However, the following circumstances do not fall under these restrictions:</p> <p>(1) Trading of government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets.</p> <p>(3) Trading of bonds under repurchase/resale agreements.</p> <p>(4) Where the type of asset acquired or disposed is <u>equipment/machinery</u> for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>2. For the domestic or foreign subsidiaries of the Company which are considered non-public companies, announcements and reports required for their acquisition</p>	

Clause after amendment	Clause before amendment	Reason for amendment
<p>governmental organizations, construction on owned land, engaging others to build on rented land, cooperatively built with separate structure, cooperatively built with divided structure, cooperatively built and sold separately, or the disposal of <u>equipment</u> for business operation, <u>the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more</u>, an <u>appraisal</u> report by a professional <u>appraisal</u> institution must be obtained before the day of transaction. Additionally, it must conform to the following regulations:</p> <p>(1) The range of the <u>appraised</u> value should use the regular price as reference. In the case of fixed prices, specific prices, or special prices, it must be indicated whether or not it conforms with the rules in Article 10 and 11 of the Land Appraisal Technical Specifications. If for a particular reason fixed prices, specific prices, or special prices must be used as the basis for consideration, that transaction should be <u>first presented to the Board of Directors for approval</u>. Conditions which change in future transactions must be submitted to the above procedure with the necessary modifications.</p>	<p>with governmental organizations, construction on owned land, engaging others to build on rented land, cooperatively built with separate structure, cooperatively built with divided structure, cooperatively built and sold separately, or the disposal of <u>machinery and equipment</u> for business operation, an <u>appraisal</u> report by a professional <u>appraisal</u> institution must be obtained before the day of transaction. Additionally, it must conform to the following regulations:</p> <p>(1) The range of the <u>appraised</u> value should use the regular price as reference. In the case of fixed prices, specific prices, or special prices, it must be indicated whether or not it conforms with the rules in Article 10 and 11 of the Land Appraisal Technical Specifications. If for a particular reason fixed prices, specific prices, or special prices must be used as the basis for consideration, that transaction should be first presented to the Board of Directors for approval, <u>and also reported to the Company's supervisors and referred to in the next shareholders meeting report</u>. Conditions which change in future transactions must be</p>	

Clause after amendment	Clause before amendment	Reason for amendment
<p>(2) If the appraised value of a professional appraisal report is different from the transaction amount by more than 20%, unless the appraised value of an acquired asset is lower than the transaction amount, or the appraised value of a disposed asset is higher than the sum of the transaction, a CPA should provide a concrete opinion concerning the reason for difference in price, and an evaluation of the fairness of the transaction sum, in accordance with Auditing Standard No. 20 contained in the Statements of Auditing Standards issued by the Accounting Research and Development Foundation (ARDF).</p> <p>The so-called difference between an appraisal results and the transaction amount uses the transaction amount as a benchmark.</p> <p>(3) If the transaction amount is over NT\$1,000,000,000, two or more professional appraisal reports must be obtained. If the appraised values of two or more professional appraisal reports are different from the transaction amount by more than 10%, unless the appraised</p>	<p>submitted to the above procedure with the necessary modifications.</p> <p>(2) If the appraised value of a professional appraisal report is different from the transaction amount by more than 20%, unless the appraised value of an acquired asset is lower than the transaction amount, or the appraised value of an disposed asset is higher than the sum of the transaction, a CPA should carry out an audit according to Article 13 of Auditing Standards, Announcement No. 20. A concrete opinion concerning the reason for difference in price, and an evaluation of the fairness of the transaction sum should be provided.</p> <p>The so-called difference between an appraisal results and the transaction amount uses the transaction amount as a benchmark.</p> <p>(3) If the transaction amount is over NT\$1,000,000,000, two or more professional appraisal reports must be obtained. If the appraised values of two or more professional appraisal reports are different from the the transaction amount by more than 10%, unless the</p>	

Clause after amendment	Clause before amendment	Reason for amendment
<p>value of an acquired asset is lower than the transaction amount , or the appraised value of an disposed asset is higher than the transaction amount, a CPA should provide a concrete opinion concerning the reason for difference in price, and an evaluation of the fairness of the transaction sum, in accordance with <u>Auditing Standard No. 20 contained in the Statements of Auditing Standards issued by ARDF.</u></p> <p><u>(5) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</u></p>	<p>appraised value of an acquired asset is lower than the transaction amount , or the appraised value of an disposed asset is higher than the transaction amount , a CPA should carry out an audit according to <u>Article 13</u> of Auditing Standards, Announcement No. 20. A concrete opinion concerning the reason for difference in price, and an evaluation of the fairness of the transaction sum should be provided.</p> <p><u>(5) If the appraisal organization submits a "going price report" or "estimated price report" in place of a appraised price report, the recorded content must conform with the above-mentioned regulations concerning the creation of a price appraisal report</u></p> <p><u>(6) If the appraisal organization clearly states in its Memorandum of Association or Business Registration Certificate as its business consisting of the appraisal of real estate or other fixed assets, the organization and appraisers should have no relation to the parties involved in the appraised transaction, as is described in the Financial Accounting Standards Announcement No. 6.</u></p>	

Clause after amendment	Clause before amendment	Reason for amendment
<p>2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount is 20% of the company's paid-in capital, <u>10% of the company's total assets</u> or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of <u>the Financial Supervisory Commission.</u></p> <p>4. When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital,</p>	<p>2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount is 20% of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission, <u>Executive Yuan.</u></p> <p>4. When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital,</p>	<p>Based on Article 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, when the Company intends to acquire or dispose of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds, the Company is exempt from filing a public declaration due to the relatively low risks involved. Based on Article 9 and 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, in the interest of administration, information relating to the items set out in the preceding paragraph do not need to be</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>10% or more of the company's total assets, or NT\$300 million or more, <u>except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds</u>, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(1) Appraisal report from a professional appraiser or a CPA's opinion, in compliance with regulations.</p> <p>(2) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(3) The reason for choosing the related party as a trading counterparty.</p> <p>(4) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms.</p> <p>(5) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's</p>	<p>10% or more of the company's total assets, or NT\$300 million or more, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a trading counterparty.</p> <p>(3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and</p>	<p>submitted for approval in advance by the Board of Directors or recognition by supervisors. They are to be handled in accordance with relevant Company procedures.</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>relationship to the company and the related party.</p> <p>(6) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>(8) <u>A CPA report determining whether transactions made with related parties are in accordance with general business conditions and whether they uphold the interests of the company and minority shareholders.</u></p> <p><u>When the aforementioned transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, the Company must acquire an appraisal report from a professional appraiser. If the appraised value is different from the transaction amount by more than 20%, unless the appraised value of an acquired asset is lower than the transaction amount, or the appraised value of a disposed asset is higher than the transaction amount, a CPA should provide a substantive opinion</u></p>	<p>reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p>	<p>Based on Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises , in order to improve company management and protect shareholder rights, the acquisition or disposal of assets between the company and its affiliated enterprises that transaction should be presented to the Board of Directors for approval, and also referred to the shareholders meeting report.</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p><u>concerning the reason for difference in price and the transaction must gain the approval of more than half of board members voting in a meeting in which not less than two-thirds of board members are present.</u></p> <p>With respect to the acquisition or disposal of business-use <u>equipment</u> between the company and its parent or subsidiaries, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>5. <u>When the sum of a real estate transaction carried out between the Company and parties concerned is higher than the estimate for the acquisition of real estate, and objective evidence, a professional appraisal, or a substantive and reasonable opinion from a CPA explaining the discrepancy cannot be obtained, the Board of Directors shall thoroughly assess whether the transaction violates the rights of the Company or shareholders. When necessary, the board shall reject the transaction. Supervisors shall also exercise their authority and, when</u></p>	<p>With respect to the acquisition or disposal of business-use <u>machinery and equipment</u> between the company and its parent or subsidiaries, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>5. <u>If the estimate for the acquisition of real estate between the Company and parties concerned carried out according to relevant regulations is lower than sum of the transaction, the following items must be conducted:</u></p>	

Clause after amendment	Clause before amendment	Reason for amendment
<p><u>necessary, request that the board stop a transaction. If the board approves such a transaction and supervisors accept it</u>, the Company must conduct the following items:</p> <ol style="list-style-type: none"> (1) The difference between the price of the transaction and the estimated cost must be placed in special reserve, and may not be apportioned or converted to dividends. (2) The supervisor should handle it according to Article 218 of the Company Act. (3) The processing of the above two items should be proposed to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and prospectus. <p>When the company creates a special reserve, the high-price asset acquired is filed under a loss from decline in market value or disposal or considered appropriate, compensation or restitution, or other evidence that determines no irrationality, the special reserve may employed after approval from <u>the Financial Supervisory Commission</u></p> <p>6. <u>Under the following conditions, transactions with interested parties approved by the Board of Directors still must be granted approval at a shareholders meeting in a vote</u></p>	<ol style="list-style-type: none"> (1) The difference between the price of the transaction and the estimated cost must be placed in special reserve, and may not be apportioned or converted to dividends. (2) The supervisor should handle it according to Article 218 of the Company Act. (3) The processing of the above two items should be proposed to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and prospectus. <p>When the company creates a special reserve, the high-price asset acquired is filed under a loss from decline in market value or disposal or considered appropriate, compensation or restitution, or other evidence that determines no irrationality, the special reserve may employed after approval from the Financial Supervisory Commission, <u>Executive Yuan</u></p>	

Clause after amendment	Clause before amendment	Reason for amendment
<p><u>not attended by the aforementioned interested parties or their related parties.</u></p> <p>(1) <u>The transaction amount is higher than the estimate by 20% or more.</u></p> <p>(2) <u>The transaction amount or conditions have a major impact on company operations.</u></p> <p>(3) <u>The transaction has a major impact on shareholder rights.</u></p> <p>(4) <u>Other transactions that the Board of Directors recommends for shareholder resolution.</u></p> <p>7. When the Company participates in a merger, spin-off, or acquisition, unless regulated by other laws, or prior consent from <u>the Financial Supervisory Commission</u> is obtained for a special reason, the Board of Directors and shareholders meeting should be convened on the same day, and the merger, spin-off, or acquisition and related matters must be resolved. Additionally, related material as regulated by Article 24 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies should be completed as a complete written record, and saved for 5 years auditing purposes. Basic staff information and dates of</p>	<p><u>6.</u> When the Company participates in a merger, spin-off, or acquisition, unless regulated by other laws, or prior consent from <u>the Executive Yuan</u> is obtained for a special reason, the Board of Directors and shareholders meeting should be convened on the same day, and the merger, spin-off, or acquisition and related matters must be resolved. Additionally, related material as regulated by Article 24 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies should be completed as a complete written record, and saved for 5 years auditing purposes. Basic staff information and dates of important matters must be submitted to <u>the Executive Yuan</u> via the Internet information reporting system</p>	

Clause after amendment	Clause before amendment	Reason for amendment
<p>important matters must submitted to <u>the Financial Supervisory Commission</u> via the Internet information reporting system for reference within two days of approval by the Board of Directors.</p>	<p>for reference within two days of approval by the Board of Directors.</p>	
<p><u>Article 7: For the calculation of 10% of total assets under these regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</u></p> <p><u>For the calculation of the transaction amount of 20% of paid-in capital under these regulations, 20% of equity attributable to owners of the parent shall be substituted.</u></p> <p><u>For the calculation of 20% or more of paid-in capital or 10% or more of the company's total assets for subsidiary companies, the paid-in capital or total assets of the public company shall be the standard.</u></p>		<p>Based on Article 33-2 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, implementation of IFRS coincided with the use of consolidated financial statements for the presentation of financial reports. Risks associated with the acquisition or disposal of assets are to be undertaken by the company carrying out the acquisition or disposal. For major transactions conducted with related parties, to be evaluated in terms of company scale, calculation of 10% of total assets</p>

Clause after amendment	Clause before amendment	Reason for amendment
		<p>under the regulations shall be determined using the Company's total assets stated in the most recent Company-only financial report or individual financial report. Article 14 of the Regulations Governing the Administration of Shareholder Services of Public Companies eliminated the regulation requiring that the par value of each share issued by a company shall be NT\$10 and instead conferred authority to determine par value to the parent company.</p>
<p>Article <u>8</u>: If a manager or organizer of the company violates the Procedures, an assessment must be carried out according to the personnel administration rules and the employee handbook. The severity of the punishment will be based on the circumstances.</p>	<p>Article <u>7</u>: If a manager or organizer of the company violates the Procedures, an assessment must be carried out according to the personnel administration rules and the employee handbook. The severity of the punishment will be based on the circumstances.</p>	<p>Article Number adjustment</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>Article 9: The Procedures, as well as subsequent amendments, should be approved by the Board of Directors firstly and sent to all Supervisors for approval. The amended procedures will be implemented after approval by the shareholders meeting.</p> <p>Subsidiary Companies must also provide "Regulations for Acquisition and Disposal of Assets." After approval by the Board of Directors, it shall be submitted to the shareholders meeting of both parties, as well as subsequent amendments.</p>	<p>Article 8: The Procedures, as well as subsequent amendments, should be approved by the Board of Directors firstly and sent to all Supervisors for approval. The amended procedures will be implemented after approval by the shareholders meeting.</p> <p>Subsidiary Companies must also provide "Regulations for Acquisition and Disposal of Assets." After approval by the Board of Directors, it shall be submitted to the shareholders meeting of both parties, as well as subsequent amendments.</p>	<p>Article Number adjustment</p>
<p>Article 10 : These procedures were created on 18 May 1990 The 1st amendment was made on 1 May 1992 The 2nd amendment was made on 29 May 1995 The 3rd amendment was made on 24 May 2000 The 4th amendment was made on 26 June 2003 The 5th amendment was made on 27 June 2007 The 6th amendment was made on 27 June 2012 <u>The 7th amendment was made on 18 June 2014</u></p>	<p>Article 9 : These procedures were created on 18 May 1990 The 1st amendment was made on 1 May 1992 The 2nd amendment was made on 29 May 1995 The 3rd amendment was made on 24 May 2000 The 4th amendment was made on 26 June 2003 The 5th amendment was made on 27 June 2007 The 6th amendment was made on 27 June 2012</p>	

WAN HAI LINES LTD. Memorandum of Association

Article 1: The Company is incorporated according to the Company Act, and is named WAN HAI LINES LTD.

Article 2: The Company's scope of operation is as listed:

1. Marine Transportation
2. Shipping Agency
3. Purchasing and selling of vessels and containers
4. Container freight station business
5. Leasing of vessels and containers

Article 2-1: The Corporation may make guarantees in the same trade with respect to the business referred to in the preceding paragraph.

Article 2-2: The Company must receive approval from the board of directors to invest in other undertakings. Additionally, the sum total of other investments, in accordance with Article 13 of the Company Act, may not exceed 40% of paid-in capital.

Article 3: The Company is headquartered in Taipei City, and is permitted to establish branch offices or shipping agencies.

Article 4: Public announcements by the Company are published in a conspicuous place on a daily newspaper circulated in the municipality or county (city) where in the Company is located.

Article 5: The Company's authorized capital is NTD 25 billion, separated into 2.5 billion shares, which can be raised in multiple issues at NTD 10 per share.

Article 5-1: The Company's Stock should be numbered, with the signature or authorized seal of three or more directors, subject to validation by the competent authority or any of its approved institutes. The Company is exempt from printing certificates for its issued shares. Shares should be registered with the governing centralized securities depository organization.

Article 5-2: Shareholders shall report their true names, residences, specimen seal and unified number to the Company to be filed for reference, as well as any changes made. All dividends or bonuses received from shares will use the seal as evidence. In the event of transfer of the company stock, establishment of pledge of rights, loss report, inheritance, donation and loss or modification of seal or address, or other share-related matters, apart from cases where there are other securities regulations, will all be handled according to "Regulations Governing the Administration of Shareholder Services of Public Companies."

Article 6: Shareholders Meeting

1. The shareholders meeting is composed of all of the shareholders, and are separated into general shareholders meetings and extraordinary shareholders meetings. General shareholders meetings are held once a year, within six months of the end of the fiscal year, and are held in accordance to law by the board of

- Directors. Extraordinary shareholders meeting may be held whenever necessary.
2. The general shareholders meeting is chaired by the chairman of the board of directors. If for some reason the chairman of the board is unable to attend, the vice chairman takes his or her place. If the Vice Chairman is unable to perform his or her duties due to leave of absence or other reason, his proxy shall be appointed in accordance with Article 208 of the Company Act.
 3. At the time of the shareholders meeting, apart from when otherwise regulated by the Company Act, when over half of issued shares are represented, a motion may be passed with over half of the present shareholders' votes.
 4. When a shareholder is unable to attend the shareholders meeting, a proxy may be appointed, specifying the scope of delegated authority. In the event that one proxy represents two or more shareholders, his or her representative voting right may not surpass 3% of the total of shares distributed, shares in excess of 3% may not be counted.
 5. Each share of the Company held by a shareholder counts as one vote.

Article 7: The Board of Directors

1. The Company's Board of Directors consists of 7 individuals, elected by shareholders possessing the capacity to do so. The term of office is three years, and directors may be reelected to serve another term.
2. The Company's directors shall be nominated and elected from the name list of directors. The Company shall install two independent directors in the quorum of said directors. The professional qualifications, restrictions on shareholdings and concurrent post, identification of independence, nomination and election, and exercise of authority, and other requirements to be complied with by the independent directors shall be handled subject to the Securities and Exchange Act and the relevant laws and regulations.
3. With two-thirds or more of the directors present, one chairman of the board, and one vice chairman of the board may be elected by consent of over half of the present directors.
4. Article 208 of the Company Act shall apply when the directors' meeting is suspended.
5. The Board of Directors meets once every three months, and extraordinary sessions may be convened when necessary. The Chairman of the Board serves as Chairman of the meeting. If the Chairman has asked for leave, or is unable to exercise his responsibilities due to other circumstances, the vice Chairman acts on the Chairman's behalf. In the case of the vice also asking for leave or being unable to exercise his responsibilities due to other circumstances, the Chairman of the Board may appoint a director to act on his or her behalf. If the Chairman has not indicated a representative, the directors may nominate a director to take his or her place. Unless otherwise provided for in the Company Act and these Articles, resolutions at a directors' meeting shall be adopted at the meeting attended by a majority of the Directors and upon a majority votes of the present directors.
6. In the event that a director is unable to attend the Board of Directors meeting, a proxy may be appointed to attend, in compliance with Article 205 of the Company Act.
7. A directors' meeting may be convened via fax or E-mail.
8. The total number of shares of the Company held by the entirety of the Board of

Directors must comply with regulations as stated in the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” promulgated by the Financial Supervisory Commission.

9. The remuneration to all members of the Board of Directors is based on the value of their participation and contributions to the operation of the Company, bearing in mind amount of remuneration in industry peers.

Article 8: Supervisor

1. The Supervisors of the Company consists of three individuals, elected by shareholders possessing the capacity to do so. Each term of office is three years, and Supervisors may be reelected. The Company’s supervisors shall be nominated and elected from the name list of supervisors.
2. Supervisors conduct independent supervision in accordance to the law, and must attend the board of directors meeting as a nonvoting delegate.
3. Supervisors may not concurrently hold the position of director, manager, or other position at the company.
4. The total number of shares of the Company held by the entirety of the Supervisors must comply with regulations as stated in the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” promulgated by the Financial Supervisory Commission.
5. The remuneration to all Supervisors is based on the value of their participation and contributions to the operation of the Company, bearing in mind amount of remuneration in industry peers.

Article 9: Manager

The Company has one president, legally appointed by the Board of Directors upon nomination of the Chairman of the Board.

Article 10: The Company's final accounting period is at the end of December each year, the board of directors must prepare the items listed below, which are given to the Supervisors for examination. Figures are then given to shareholders general meeting for acknowledgement, the shareholders general meeting must be held by the board of directors within six months of the end of the fiscal year.

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

Article 11: 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.

Article 12: The Board of Directors is authorized to determine the Company's organizational rules.

Article 13: Any matters that are not addressed in the Memorandum of Association shall be governed by the Company Act.

Article 14: This Memorandum of Association was created on 6 January 1965.

The 1st Amendment was made on 31 March 1966

The 2nd Amendment was made on 10 September 1966

The 3rd Amendment was made on 25 May 1967

The 4th Amendment was made on 30 September 1968

The 5th Amendment was made on 1 August 1977

The 6th Amendment was made on 12 December 1977

The 7th Amendment was made on 31 January 1978

The 8th Amendment was made on 19 March 1979

The 9th Amendment was made on 5 May 1981

The 10th Amendment was made on 7 December 1982

The 11th Amendment was made on 29 December 1983

The 12th Amendment was made on 14 December 1984

The 13th Amendment was made on 16 January 1986

The 14th Amendment was made on 16 August 1986

The 15th Amendment was made on 19 December 1987

The 16th Amendment was made on 17 May 1988

The 17th Amendment was made on 30 December 1988

The 18th Amendment was made on 23 May 1989

The 19th Amendment was made on 18 May 1990

The 20th Amendment was made on 21 May 1991

The 21st Amendment was made on 1 May 1992

The 22nd Amendment was made on 27 August 1992

The 23rd Amendment was made on 15 June 1993

The 24th Amendment was made on 10 August 1993

The 25th Amendment was made on 2 September 1994

The 26th Amendment was made on 6 May 1995

The 27th Amendment was made on 13 May 1996

The 28th Amendment was made on 13 May 1998

The 29th Amendment was made on 24 May 2000

The 30th Amendment was made on 29 June 2002

The 31st Amendment was made on 26 June 2003

The 32nd Amendment was made on 23 June 2006

The 33rd Amendment was made on 27 June 2007

The 34th Amendment was made on 18 June 2010
The 35th Amendment was made on 27 June 2012
The 36th Amendment was made on 14 June 2013

WAN HAI LINES LTD. General Shareholders Meeting Rules

Article 1: In order to create an excellent system of governance for the shareholders meeting, complete supervisory functions, and strengthened management functions, these regulations have been created as a way of complying with Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2: Unless otherwise specified by law, the Company's shareholders meetings rules of procedure must proceed according to this policy.

Article 3: An Agenda shall be provided for the shareholders meeting, and notification sent to each shareholder 30 days prior to the shareholders meeting. Notification of the shareholders meeting for shareholders holding less than 1000 shares is permitted to be done by public announcement 30 days prior to the shareholders meeting. Both notification and public announcement should be clearly recorded as pertaining to the convening of the shareholders meeting. Electronic notification may be allowed after the consent of the shareholder.

Selection or resignation of directors, supervisors, changes to Memorandum of Association, corporate liquidation, mergers, divestments, or any items contained in Article 185 Item 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act shall be listed, and not brought up by extraordinary motion.

Shareholders holding 1% or more of distributed shares must submit proposals in writing to the Company. Proposals by shareholders are limited to one item, any items exceeding this amount will not be made into a motion. Additionally, if any proposals made by shareholders are amongst any of the situations listed in Article 172-1 Item 4 of the Company Act, the Board of Directors is required to not list it as a motion.

The Company should, prior to convening the shareholders meeting, halt the transfer of shares to the shareholder proposing the motion, and notify the shareholder of the location, and time period of acceptance. The period of acceptance should not be under 10 days.

A motion proposed by a shareholder should not exceed 300 words. Proposals exceeding 300 words will not be entered into a motion. The proposing shareholder or a proxy should be attendance at the shareholders general meeting, and participate in discussion of the motion.

The Company should notify the results of the proposed motion to the proposing shareholder before the announcement of the shareholders meeting, and the proposed motion should be included in the shareholders meeting notification. With regards to proposals not entered into motions, the Board of Directors should give explanation of the reason for the proposal not entering into a motion at the shareholders meeting.

Article 4: Shareholders wishing for a proxy to attend the shareholders meeting must produce the Company's proxy form and specify the scope of delegated authority. One shareholder is limited to one proxy application and one proxy. Forms must be delivered to the Company five days prior to the shareholders meeting. In the case of duplicate forms, the form first received will be accepted. The cancellation of a previous proxy is not subject to these constraints.

After the proxy form is delivered to the Company, and the shareholder desires to

personally attend the shareholders meeting, or vote in written or electronic form, a written notification of the cancellation of a proxy must be delivered to the Company no later than two days before the shareholders meeting. For those wishing to cancel who exceed the time limit, the proxy will attend and voting rights.

Article 5: The location of the shareholders meeting should be in a place where the Company is located, or a location that is suitable and convenient for shareholders. The meeting must not commence anytime earlier than 9a.m. or later than 3p.m..

Article 6: The company will provide an attendance log to record the shareholders or proxies of shareholders (hereafter referred to as shareholders) attendance; alternatively, attending shareholders may present their attendance cards to signify their presence. The company will provide the Agenda, Annual Report, Attendance Record, Statement Cards, Voting Cards, and other meeting-related information to the attending shareholders. For elections of directors and supervisors, ballots will be distributed as well. Shareholders should attend the shareholders meeting possessing an Attendance Certificate, Attendance Cards, or other proof of attendance; those acting as proxies should bring their identification cards for confirmation. Governments or corporations acting as shareholders are not limited to one attending person. Corporations acting as proxies attending the meeting must designate one representative for attendance.

Article 7: Shareholders meetings that are convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is unable to perform his or her duties due to leave of absence or other reason, the Vice Chairman acts on his behalf. If there is no Vice Chairman or the Vice Chairman is unable to perform his or her duties due to leave of absence or other reason, the Chairman may appoint a director to act on his behalf. If no one is appointed, the remaining directors may choose a director to perform the Chairman's duties. For shareholders meetings called by the Board of Directors, the number of participating directors who attend must exceed one half. If the shareholder meeting is convened by someone other than the Board of Directors, the convener will act as the meeting chairman. If there are two or more conveners, they shall appoint one amongst themselves to chair the meeting. The Company may summon its lawyers, certified public accountants, and any relevant personnel to the shareholders meeting.

Article 8: The Company's shareholders meetings must be recorded in video or audio, and kept for at least a year. However, if a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, the audio or video recordings must be retained until the end of litigation.

Article 9: Attendance of shareholders meeting should be calculated on the basis of number of shares. The number of shares represented during the meeting is calculated based on the amount registered in the attendance log or the attendance cards collected, plus the amount of shares whose voting rights are exercised through proxy forms or electronic methods.

The chairman should announce the commencement of the meeting as soon as it is due. However, if the number of shares held by those in attendance number less than 50% of all

outstanding shares, the chairman may postpone the meeting up to two times, the total time of postponement may not exceed one hour. If the number of outstanding shares represented does not exceed one third after the second postponement, the chairman must announce the lack of quorum.

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

Article 10: If the shareholders' meeting is convened by the Board of Directors, then the agenda will be set by the Board of Directors. The meeting shall proceed according to the agenda, and may not be modified without a resolution from the shareholders meeting.

The aforementioned rules also apply to meetings convened by other authorized parties. The meeting chairman cannot dismiss the meeting while an agenda (including special motions) is still in progress without an official resolution. If the chairman violates meeting rules and dismiss the meeting, the other directors must quickly attend to the shareholders according to legal procedures. With the approval of more than half of voting rights represented during the meeting another person may be chosen as chairman, and the meeting may proceed.

The chairman must give ample opportunities for the explanation and discussion of proposals, and corrections or special motions raised by shareholders. When the meeting chairman believes a resolution can be reached, he or she may announce the end of discussion, and proceed with voting.

Article 11: Shareholders wishing to speak during the meeting must first produce a Speak Request Form, detailing the topic of speaking, and the shareholder's name and account number. The order of the shareholders' comments will be determined by the chairman. Shareholders who submit Speak Request Forms without speaking are considered to have remained silent. If the shareholders spoken comments differ from the comments recorded on the Speak Request Form, the spoken comments take precedence.

Shareholders cannot speak more than two times, for more than five minutes each, on the same proposal without consent from the chairman. The meeting chairman may stop shareholders in violation of these rules, or shareholders whose comments are irrelevant to the proposal.

While a shareholder is speaking, other shareholders may not speak to disrupt the speaker without the consent of the meeting chairman and the speaker. The meeting chairman shall restrain any violators. For corporate shareholders who have appointed two or more representatives to attend the shareholders meeting, only one representative may speak per agenda. When a shareholder is finished speaking, the chairman must reply, either personally or by assigned relevant personnel.

Article 12: Voting in the shareholders meeting is determined on the basis of shares.

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

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

The number of shares that are subject to voting restrictions are not counted in the attending shareholders' number of voting rights.

Apart from trust organizations or shareholders service organizations approved by the competent authority, a person serving as proxy for two or more people may not have voting right in excess of 3% of the voting rights of issued shares. Voting rights that do exceed 3% will not be counted.

Article 13: Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in item 2 of Article 179 of the Company Act where no voting rights are granted.

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

The intention to use written and electronic votes mentioned above must be delivered to the Company at least two days before the shareholders meeting. If there are duplicate submissions, the earlier submission takes precedence. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous vote.

If, after submitting a written or electronic vote, the shareholder wishes to attend the shareholders meeting in person, then a proper declaration of withdrawal must be issued using the same method as the original vote at least two days before the shareholders meeting. If the request is submitted after the deadline, the original exercise of voting rights by written or electronic vote will be counted. If the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders meeting, then the voting decision exercised by the proxy shall take precedence. Votes on motions, unless otherwise specified by the Company Act or the Company's Memorandum of Association, shall be passed with the approval of over half of the attending shareholders voting rights. At the time of voting, the total number of shareholders voting rights should be announced by the chairman or appointed personnel. If the chairman consults the entirety of attending shareholders without objection regarding a motion, it is considered passed. Its efficacy is the same as deciding by vote. If there are objections, the motion must be voted on by the methods described above. If there are several amendments or alternate solutions to a motion, the meeting chairman will determine the voting sequence. If any of the motions are passed, all other motions are deemed rejected and no further voting is necessary.

The meeting chairman will appoint a ballot examiner and ballot counter for voting on motions. However, the ballot examiner must be a shareholder. Ballot counting will proceed openly during the meeting. The outcome of the vote must be documented and announced on site.

Article 14: The election of directors and supervisors must be conducted in accordance to the Company's relevant election procedures. The results of the election shall be announced at the shareholders meeting. The previous item's election ballot must signed and sealed by the ballot inspector and preserved for at least a year. However, if a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, the ballots must be retained until the end of litigation.

Article 15: The resolutions passed at the shareholders meeting must be compiled into minutes, signed or stamped by the meeting chairman. The minutes must be delivered to all shareholders within 20 days of the meeting. The preparation and distribution of meeting minutes may be done by electronic methods.

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

Article 16: The amount of shares solicited by solicitors and represented by proxies should be noted in chart form on the day of the shareholders meeting, and shown prominently at the venue of the shareholders meeting.

If resolutions of the shareholders meeting fall are regarded as important news pertaining to laws and regulations or regulations of the Taiwan Stock Exchange, the Company must report the content of the resolution on the Market Observation Post System within the designated time period.

Article 17: Staff running the shareholders meeting should wear I.D. badges or armbands.

The chairman may instruct picket members (or security staff) to help maintain order in the meeting. While maintaining order in the meeting, all picket members (or security staff) must wear arm badges or I.D. badges which identify their roles as a "picket member".

For meetings equipped with sound amplifying devices, shareholders not using sound amplifying devices prepared by the Company while speaking must be stopped by the chairman. The Chairman may call upon picket members or security staff to escort shareholders from the premises who are violating rules of procedure and not adhering to the chairman's corrections, or are hampering the proceedings of the meetings who refuse to be stopped.

Article 18: The chairman may call the meeting into recess at a suitable time. In the occurrence of any force majeure events, the meeting chairman may suspend the meeting and announce the time of continuation of the meeting after examining the situation.

If the agenda arranged by the Board of Directors (including special motions) has not reached its conclusion, and the location of the shareholder meeting cannot be used for any longer, it is up to the Board of Directors to find another suitable place for the meeting. According to regulations of Article 182 of the Company Act, the Board of Directors may postpone a

meeting for not more than five days, or to reconvene the meeting within five days.

Article 19: These rules shall become effective once resolved during the shareholders meeting; the same applies to all subsequent revisions.

Article 20: These rules were created on 21 May 1991

The 1st amendment was made on 13 May 1998

The 2nd amendment was made on 29 June 2002

The 3rd amendment was made on 23 June 2006

The 4th amendment was made on 24 June 2011

The 5th amendment was made on 27 June 2012

WAN HAI LINES LTD. Procedures for the Election of Directors and Supervisors

Article 1: All elections of the Company's Directors and Supervisors should be carried out according to the regulations established in these procedures, which have been created in compliance with the Company Act and the Company's Memorandum of Association.

Article 2: The election of the Company's Directors and Supervisors shall be carried out separately during the shareholders meeting.

Article 3: The Company's election of Directors and Supervisors shall use a registered ballot system. Registration for the election uses the shareholder's account number. The cumulative voting system is used to fully reflect the opinions of the shareholders.

Article 4: The Company's election of Directors and Supervisors counts one share as representing a number of voting rights equal to the number of Directors (Supervisors) being elected. The Board of Directors shall prepare and distribute ballots equal to the number of Directors (Supervisors) being elected to each shareholder. The ballots may be pledged towards a single candidate or be distributed to multiple candidates.

The Company adopts the candidate nomination system to elect by the shareholders its directors, independent directors and supervisors from the name list of candidates for directors and supervisors in accordance with Article 192-1 and Article 216-1 of the Company Act. Independent and non-independent directors shall be elected concurrently, and the number of the elected shall be calculated separately.

Article 5: The Directors, Independent Directors and Supervisors elected by the shareholders shall comply with the quota established by the Company's Memorandum of Association. Those who receive a great number of votes shall be elected as Director or Supervisor. Those elected to the position of Director or Supervisors must simultaneously confirm their desire to hold the position of Director or Supervisor. If two candidates receive the same number of votes and exceed the quota for Directors or Supervisors, the two candidates must draw lots to decide. For non-attending candidates, the chairman shall represent him or her when drawing lots.

Article 6: The ballots prepared by the Board of Directors shall include the account number as well as the number of voting rights.

Article 7: At the beginning of the election, the chairman must assign a ballot inspector and ballot counter to carry out inspections of ballots and counting of ballots.

Article 8: A ballot box must be prepared by the Board of Directors, and be opened and shown by the ballot inspector before voting begins.

Article 9: When a person to be elected is a shareholder, the voter must fill in the "person to be elected" column with the name and shareholder's account number. If the person to be elected is not a shareholder, the "person to be elected" column should be filled in with the name and I.D. number or passport number of the person to be elected. After this is

completed, the ballot is placed inside the ballot box. In the case of a corporate entity being a shareholder, the voter must fill in the "person to be elected" column with the name of the corporate entity or its representative.

Article 10: Ballots are deemed null and void in the case of any of the below-listed situations:

1. Those ballots not using the regulations of the voting procedures
2. Blank ballots inserted into the ballot box
3. Ballots with illegible handwriting or changes made without following proper procedure.
4. Ballots with the recorded name of the person to be elected not conforming to the shareholders registration record.
5. Single ballots with a number of persons to be elected exceeding the prescribed quota.
6. Ballots with other writing on it apart from the name and shareholder account number, I.D. Number, or passport number of the person to be elected.
7. Ballots where the name of the person to be elected is the same as another person to be elected, and a shareholder account number, I.D. number, or passport number is not provided to differentiate.

Article 11: Two ballot boxes shall be provided for the elections of the Directors and Supervisors. After separately voting, votes are to be counted on the spot. The election results shall be announced by the chairman on the spot.

Article 12: Elected Directors and Supervisors shall be separately notified of their election by the Board of Directors.

Article 13: These procedures and subsequent amendments were same applies implemented after adoption by the shareholders meeting.

Article 14: These procedures were created on 21 May 1996

The 1st amendment was made on 29 June 2002

The 2nd amendment was made on 27 June 2012

The 3rd amendment was made on 14 June 2013

Regulations for Acquisition and Disposal of Assets by WAN HAI LINES LTD. And Its Subsidiaries

Article 1: Matters regarding the acquisition or disposal of assets that are not regulated by the "Rules for Property Procurement and Sale of Scrapped Equipment" issued by the Company, shall all be regulated by these regulations.

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

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

Article 3: The process for handling the procurement or disposal of assets as listed in Article 2 is as follows:

1. The acquisition or disposal of property and equipment used for business operations, memberships, or intangible assets and other important assets should be handled according to the Company's "Rules for Property Procurement and Sale of Scrapped Equipment".
2. In accordance with "the Accounting Procedures for Negotiable Securities" issued by the Company, the purchase and sale of any negotiable securities may only be executed by the chief financial officer after approval by the president, upper management, or authorized representative, of a report detailing capital allocation and market prices.
3. Fixed Quota: The sum of non business operation related procurement of immovable property by the Company or its subsidiaries shall not exceed 120% of the Company's shareholder equity.
The sum of investments by the Company or its subsidiaries containing negotiable securities shall not exceed 100% of the Company's shareholder equity.
The sum of investments by the Company or its subsidiaries in individual securities shall not exceed 50% of the Company's shareholder equity; however those cases gaining approval by the Board of Directors are not restricted.
4. Interested parties and subsidiaries shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 4: The Criteria for Announcement of the Acquisition or Disposal of Assets is as follows:

1. When the acquisition or disposal of assets by the Company falls under the following circumstances, a public declaration should be filed on the website appointed by the

Financial Supervisory Commission within two days of the occurrence of the event, according to the prescribed format:

- (1) Intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% of the company's paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.
- (2) Conducting mergers, spin-offs, purchases, or assignment of shares
- (3) When losses from engagement in derivative product transactions reaches the full limit as set by the regulating process or individual contracts.

In addition to the three asset transactions listed above, disposition of claims by financial institutions, or engagement in investment in Mainland China, the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more. However, the following circumstances do not fall under these restrictions:

- (A) Trading of government bonds.
- (B) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.
- (C) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.
- (D) Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.
- (E) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the sum of the company expects to invest in the transaction is less than NT\$500 million.

The transaction amount above shall be calculated as follows:

- (a) The amount of any individual transaction.
- (b) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
- (c) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
- (d) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory

Commission by the 10th day of each month.

When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

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

2. For the domestic or foreign subsidiaries of the Company which are considered non-public companies, announcements and reports required for their acquisition or disposal of assets should be handled according to the guidelines stipulated by these regulations.

Article 5: For all assets conforming to the standards outlined in Article 2 of these procedures, the acquisition or disposal of said assets should be handled according to these procedures.

1. For the acquisition or disposal of real estate or equipments, apart from transactions with governmental organizations, construction on owned land, engaging others to build on rented land, cooperatively built with separate structure, cooperatively built with divided structure, cooperatively built and sold separately, or the disposal of equipment for business operation, the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, an appraisal report by a professional appraisal institution must be obtained before the day of transaction. Additionally, it must conform to the following regulations:

- (1) The range of the appraised value should use the regular price as reference. In the case of fixed prices, specific prices, or special prices, it must be indicated whether or not it conforms with the rules in Article 10 and 11 of the Land Appraisal Technical Specifications. If for a particular reason fixed prices, specific prices, or special prices must be used as the basis for consideration, that transaction should be first presented to the Board of Directors for approval. Conditions which change in future transactions must be submitted to the above procedure with the necessary modifications.
- (2) If the appraised value of a professional appraisal report is different from the transaction amount by more than 20%, unless the appraised value of an acquired asset is lower than transaction amount, or the appraised value of a disposed asset is higher than the transaction amount, a CPA should provide a concrete opinion concerning the reason for difference in price, and an evaluation of the fairness of the transaction amount, in accordance with Auditing Standard No. 20 contained in the Statements of Auditing Standards issued by the Accounting Research and Development Foundation (ARDF). The so-called difference between an appraisal results and the transaction amount uses the transaction amount as a benchmark.
- (3) If the transaction amount is over NT\$1,000,000,000, two or more professional appraisal reports must be obtained. If the appraised values of two or more professional appraisal reports are different from the transaction amount by more than 10%, unless the appraised value of an acquired asset is lower than the transaction amount, or the appraised value of an disposed asset is higher than the transaction amount, a CPA should provide a concrete opinion concerning the reason for difference in price, and an evaluation of the fairness of the transaction amount, in accordance with Auditing Standard No. 20 contained in the Statements of Auditing Standards issued by ARDF.

- (4) The date of the completion of a professional appraisal report and the date of the establishment of the contract may not exceed three months. However, a second appraisal which does not exceed six months from the time of the announced value, a written report must be submitted using the original professional appraiser.
 - (5) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.
 - (1) Negotiable securities established by promotion or stock flotation that were acquired by cash contributions.
 - (2) Negotiable securities in which the subscribing target company performed a cash injection according to relevant laws and were issued according to face value.
 - (3) Negotiable securities where the 100% of the subscribing investee companies used a cash injection for issuance.
 - (4) Listed, OTC, or emerging negotiable securities which are traded on the stock market or securities exchange.
 - (5) Public Bonds, repurchased bonds, or resale bonds
 - (6) Domestic or foreign endowments.
 - (7) Company stocks acquired or disposed of according to TWSE or GTSM Rules Governing Purchase of Stocks Securities by Reverse Auction or Consignment.
 - (8) Negotiable securities where the public issuing company use cash injection subscription, and the acquired negotiable securities are not considered private placement.
 - (9) Endowments which were purchased before establishment, which were conformed with the regulations established in Item 1, Article 11 of the Securities Investment Trust and Consulting Act, and decree No. 09300005249 made by the Financial Supervisory Commission on 1 November 2004.
 - (10) Domestic private equity funds that are purchased or bought back. If the trust deed clearly states investment strategy, except for products such as securities credit transactions and those securities which have yet to be written off, the remainder is the same as the private equity funds investment scope.
 3. For those assets acquired or disposed of through the court auction process by public companies, credentials provided by the court must replace the appraisal report, or a notarized CPA opinion.
 4. When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or

subscription or redemption of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

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

When the aforementioned the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, the Company must acquire an appraisal report from a professional appraiser. If the appraised value is different from the transaction amount by more than 20%, unless the appraised value of an acquired asset is lower than the transaction amount, or the appraised value of a disposed asset is higher than the transaction amount, a CPA should provide a substantive opinion concerning the reason for difference in price and the transaction must gain the approval of more than half of board members voting in a meeting in which not less than two-thirds of board members are present.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 4, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the Directors need not be counted toward the transaction amounts.

With respect to the acquisition or disposal of business-use equipment between the company and its parent or subsidiaries, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

5. When the sum of a real estate transaction carried out between the Company and parties concerned is higher than the estimate for the acquisition of real estate, and objective

evidence, a professional appraisal, or a substantive and reasonable opinion from a CPA explaining the discrepancy cannot be obtained, the Board of Directors shall thoroughly assess whether the transaction violates the rights of the Company or shareholders. When necessary, the board shall reject the transaction. Supervisors shall also exercise their authority and, when necessary, request that the board stop a transaction. If the board approves such a transaction and supervisors accept it, the Company must conduct the following items:

- (1) The difference between the price of the transaction and the estimated cost must be placed in special reserve, and may not be apportioned or converted to dividends.
- (2) The supervisor should handle it according to Article 218 of the Company Act.
- (3) The processing of the above two items should be proposed to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and prospectus.

When the company creates a special reserve, the high-price asset acquired is filed under a loss from decline in market value or disposal or considered appropriate, compensation or restitution, or other evidence that determines no irrationality, the special reserve may be employed after approval from the Financial Supervisory Commission.

6. Under the following conditions, transactions with interested parties approved by the Board of Directors still must be granted approval at a shareholders meeting in a vote not attended by the aforementioned interested parties or their related parties.

- (1) The transaction amount is higher than the estimate by 20% or more.
- (2) The transaction amount or conditions have a major impact on company operations.
- (3) The transaction has a major impact on shareholder rights.
- (4) Other transactions that the Board of Directors recommends for shareholder resolution.

7. When the Company participates in a merger, spin-off, or acquisition, unless regulated by other laws, or prior consent from the Financial Supervisory Commission is obtained for a special reason, the Board of Directors and shareholders meeting should be convened on the same day, and the merger, spin-off, or acquisition and related matters must be resolved. Additionally, related material as regulated by Article 24 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies should be completed as a complete written record, and saved for 5 years for auditing purposes. Basic staff information and dates of important matters must be submitted to the Financial Supervisory Commission via the Internet information reporting system for reference within two days of approval by the Board of Directors.

Article 6: Contents of public announcement

1. For the purchase or sale of negotiable securities on domestic or foreign stock exchanges or the GTSM belonging to the parent company, its subsidiaries, or related corporations, the following items should be publicly announced:
 - (1) Security name.
 - (2) Date of transaction.
 - (3) Transaction amount, price of each unit, and total sum of transaction.

- (4) Profit (or loss) from disposal. (Acquisition of negotiable securities not included)
 - (5) Relation to transaction target company.
 - (6) Accumulated number, sum, shareholding ratio, and restriction of rights of the security traded (included number of transactions), up to the current date.
 - (7) The proportion of invested negotiable securities (including the current transaction) to the company's total assets as listed in the most current financial report, and the proportion of shareholders equity to operating funds as listed in the most current financial report, up to the current date.
 - (8) Specific aim of acquisition or disposal.
2. The public announcement of the purchase and sale of assets, apart from the above listed items, should contain the following items:
- (1) Name and nature of the subject matter. (For those falling under the acquisition or disposal of real estate, the location and lots must also be indicated. For those falling under preferred stock, the conditions for issuance of the preferred stock, such as stock dividend rates, etc., must also be indicated).
 - (2) Date of occurrence.
 - (3) Number of trading units, unit price, and total sum of transaction.
 - (4) Transaction partner and relation to the Company. (If the transaction partner is a natural person and is not substantially related to a company, his or her name does not have to be disclosed).
 - (5) When the transaction partner is a substantial related party, a public announcement giving the reason for selecting the parties concerned for the transaction, as well all of the people involved in the previous transfer, (Including the mutual relationship between the company and its partner), the price of the transfer, and date of acquisition.
 - (6) All authorized persons within the last five years acting as substantial related parties for the transaction target, must make a public announcement of the date of acquisition and disposal, price, and relate to company at time of transaction.
 - (7) Estimated profit (or loss) from disposal. (Acquisition of assets not included)
 - (8) Delivery or payment conditions (including date and sum of payment), restrictive clauses in contract, and other important agreed upon matters.
 - (9) Method for decision of transaction (for example bidding, parity, or negotiation), basis for reference of the decided price, and decision unit.
 - (10) Name of professional appraisal institution and the results of its appraisal, or a value per share from the most recent financial report created according to regulations that has undergone a notarized examination by CPA or inspection. If unable to obtain a timely appraisal report, the reason for inability to obtain would should be indicated. If there circumstances that are noted in these regulations number 5 (1)(2), a public announcement must be made detailing reason for difference and a notarized CPA opinion.
 - (11) Accumulated number, sum, shareholding ratio, and restriction of rights of the security traded (included number of transactions), up to the current date. (Those not falling under the purchase and sale of negotiable securities are excluded)
 - (12) The proportion of invested negotiable securities (including the current transaction) to the company's total assets as listed in the most current financial report, and the proportion of shareholders equity to operating funds as listed in the most current financial report, up to the current date. (Those not falling under the purchase and sale of negotiable securities are excluded)
 - (13) If there is a broker, and the broker acts as a substantial party concerned, the

managing broker and the brokerage fee to be paid.

(14) The specific aim or use of the acquisition or disposal.

3. "The most current financial report", refers to a public financial report prepared according law and notarized and examined by CPA or inspection by the company prior to acquisition or disposal of assets.

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

For the calculation of the transaction amount 20% of paid-in capital under these regulations, 20% of equity attributable to owners of the parent shall be substituted.

For the calculation of 20% or more of paid-in capital or 10% or more of the company's total assets for subsidiary companies, the paid-in capital or total assets of the public company shall be the standard.

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

Article 9: The Procedures, as well as subsequent amendments, should be approved by the Board of Directors firstly and sent to all Supervisors for approval. The amended procedures will be implemented after approval by the shareholders meeting.

Subsidiary Companies must also provide "Regulations for Acquisition and Disposal of Assets". After approval by the Board of Directors, it shall be submitted to the shareholders meeting of both parties, as well as subsequent amendments.

Article 10: These regulations were created on 18 May 1990

The 1st amendment was made on 1 May 1992

The 2nd amendment was made on 29 May 1995

The 3rd amendment was made on 24 May 2000

The 4th amendment was made on 26 June 2003

The 5th amendment was made on 27 June 2007

The 6th amendment was made on 27 June 2012

The 7th amendment was made on 18 June 2014

Other Information That Should Be Disclosed

1. 2012 Earnings Distribution: Directors and Supervisors Remunerations and Employee Bonuses

Unit: NTD

Items	Sub-Total	Stock Conversion	Scale of Stock Dilution
Director and Supervisor Remunerations	\$ 6,017,850	-	-
Employee Bonuses (Cash)	\$ 6,017,850	-	-
Employee Bonuses (Stock)	\$ 0	-	-
Total	\$ 12,035,700	-	-

Note: The above distribution matched a Board of Directors resolution reached on April 24, 2013.

2. Dividends 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.

3. Proposed distribution of retained earnings of year 2013

- (1) Our company's proposal for profit distribution of year 2013 is as follows: As required by relevant laws and the company's Memorandum of Association, we appropriate NT\$212,910,798 as legal reserve and reverse special reserve NT\$794,535,255. Furthermore, we appropriate NT\$17,746,380 as cash remuneration for Directors and Supervisors, NT\$18,470,721 as cash bonus for employees, and NT\$1,774,637,973 as dividend for shareholders, cash dividend NT\$0.8 per share.
- (2) The Board of Directors proposed to allot the amount of bonuses to employees, Directors

and Supervisors recognized annual cost estimate column amount of difference:

In 2013, the Company proposed to appropriate 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. Adjustment from the estimate will be listed in 2014 as a gain or loss.

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

Status of the Number of Shares Held by Directors and Supervisors

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

Title Name	Shall Maintain An Aggregate Holding of Shares	Share Numbers Recorded in the Shareholder Registration Book (shares)
Director	66,548,923 Shares (3%)	90,860,271 Shares
Supervisor	6,654,892 Shares (0.3%)	28,895,025 Shares

Note: Book closure date : April 20 , 2014

2. Detailed Table of amount of shares held by Directors and Supervisors

Until book closure date : April 20 , 2014

Title	Name	Share Numbers Recorded in the Shareholder Registration Book(shares)	Notation
Chairman	Po-Ting Chen	9,603,548	
Director	FORMOSA WONDERWORLD Co., Ltd.	880,794	Representative: Cheng-Hsien Lin
Director	TAILI Corporation	5,469,256	Representative: Randy Chen
Director	Chen-Yung Foundation	31,902,176	Representative: Chih-Chao Chen
Director	Baltimore International Ltd.	1,799,953	Representative: Hui-Ying Chen (Note1) Ling-Lung Chiue (Note1)
Director	Ta Hsin Investment Co. , LTD.	38,287,219	Representative: Huey-Juan Chen
Director	Blue Moon Investment Co., Ltd.	2,917,325	Representative: Fu-Tian Huang (Note2) Representative: Fur-Lung Hsieh (Note3)
Supervisor	Yee Sing Co., Ltd.	1,470,000	Representative: Mei-Huei Wu
Supervisor	Yi Teh Optical Technology Co., Ltd.	7,698,024	Representative: Chih-Hsiang Chen
Supervisor	Hwa-Mei LinYen	19,727,001	

Note 1: Baltimore International Ltd. switched its representative to Ling-Lung Chiue on November 11, 2013.

Note 2: Representative resigned on March 26, 2013 and holding of shares is 0 on his resigned date.

Note 3: Representative appointed on April 02, 2013.

Note 4: The Company has a paid-up capital of NT\$22,182,974,660, issued in 2,218,297,466 ordinary shares.

Note 5: All Directors and all Supervisors shall maintain an aggregate holding of shares have reached the legal standards.