

Stock Code: 2615

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**WAN HAI LINES LTD.
2013 Annual General Meeting**

Time: 9:00 a.m. Friday, June 14, 2013

Venue: 9F, No.189, Shihshang Road, Shihlin, Taipei

National Taiwan Science Education Center

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

Website of the company: www.wanhai.com

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WAN HAI LINES LTD.

2013 Annual General Meeting Procedures

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

WAN HAI LINES LTD.

2013 Annual General Meeting Agendas

1. Time: 9:00 a.m. Friday, June 14, 2013
2. Venue: 9F, No.189, Shihshang Road, Shihlin, Taipei
National Taiwan Science Education Center
3. Commence Meeting
4. Chairman's Speech
5. Reports
 - (1)2012 Business Report
 - (2)The Supervisors' review of 2012 final statement reports
 - (3)Report on the adjustment on allocable earnings and provision of special earned surplus after the Company's first adoption of the International Financial Reporting Standards
6. Acknowledgements
 - (1) Presenting the 2012 Financial Report and Business Report
 - (2) Presenting the 2012 Earnings Appropriation
7. Discussions
 - (1) Amendments to the Procedure of Endorsement and Guarantees by WAN HAI LINES LTD. And Subsidiaries
 - (2) Amendments to the Procedure of Loaning of Fund to Others by WAN HAI LINES LTD. and Subsidiaries
 - (3) Amendments to the "WAN HAI LINES LTD. Memorandum of Association"
 - (4) Amendments to the "WAN HAI LINES LTD. Procedure for the Election of Directors and Supervisors"
 - (5) Release of the Non-Competition Restriction for members of the Company's Board of Director
 - (6) Allocation of cash from capital surplus
8. Special Motions
9. Dismissal

【Reports】

1. Please examine the 2012 Business Report
Details: Refer to Attachment 1. (page 8th~12th)
2. Please examine the Supervisors' review of 2012 final statement reports
Details: Refer to Attachment 3. (page 23th~24th)
3. Please examine the report on the adjustment on allocable earnings and provision of special earned surplus after the Company's first adoption of the International Financial Reporting Standards

Details:

- (1). According to the official letter decree No. 1010012865 made by the Financial Supervisory Commission, Executive Yuan on April 6, 2012, a company offering shares to the public shall report on the adjustment on earnings appropriation and provision of special earned surplus after the Company's first adoption of the International Financial Reporting Standards, as of the year in which the company adopts the IFRS.
- (2). The Company adopted the International Financial Reporting Standards as of 2013 and this resulted in a decrease in undistributed profits by NT\$660,230,598 on January 1, 2013, and the Company may be exempted from providing special earned surplus from the "Unrealized Revaluation Increments" stated under the shareholders' equity translated into the retained earnings.

【Acknowledgements】

1st Motion:

Agenda: Presenting the 2012 Financial Report and Business Report for acknowledgement.
(Proposed by Board of Directors)

Details:

1. The Company's 2012 balance sheet, income statement, changes in stockholder rights, cash flow table, and other financial tables (including consolidated financial statements), have already been examined and approved by accountants. The business report has also been sent to the auditor, and audit has been completed. A audit report has been included on the record.
2. For the business report and financial table mentioned above, please refer to Attachments 1, 2. (page 8th~22th)
3. The topic is ready for discussion.

Resolution:

2st Motion:

Agenda: Presenting the 2012 Earnings Appropriation for acknowledgement.
(Proposed by Board of Directors)

Details:

1. According to the relevant laws and Memorandum of Association, the Company's 2012 earnings are appropriated in the following manners: 10% is appropriated as statutory surplus reserve, NT\$182,835,494 and NT\$1,055,770,132 is appropriated as special earned surplus, NT\$6,017,850 appropriated as remuneration to directors and supervisors, NT\$6,017,850 appropriated as employee cash bonus, NT\$589,749,310 appropriated as shareholder stock dividend, and NT\$0.26585673 appropriated as cash dividend per share.
2. The cash dividend is appropriated in dollars (the decimal point after dollar shall be rounded off unconditionally). The record date for cash dividend and date of release of cash dividend shall be set by the Board of Directors authorized by the shareholders'

meeting.

3. Where the Company is corrected by the competent authority, or repurchases the Company's shares, transfers or cancels treasury stock, converts CB or ECB, increases cash capital and exercises employee stock warrant, thereby affecting the total number of outstanding shares and changing the shareholders dividend ratio, the shareholders' meeting is requested to authorize the Board of Directors to process the change with full power.
4. For the company's 2012 Earnings Appropriation table, please refer to Attachment 4. (page 25th)
5. The topic is ready for discussion.

Resolution:

【Discussions】

1st Motion:

Agenda: Amendments to the "Procedure of Endorsement and Guarantees by WAN HAI LINES LTD. and Subsidiaries" submitted for discussion.
(Proposed by Board of Directors)

Details:

1. To accommodate the amendments to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by Financial Supervisory Commission on July 6, 2012, the Procedure is amended accordingly.
2. For a comparative table of the amendments made to the Procedure of Endorsement and Guarantee, please refer to Attachment 5 (Page 26th ~28th).
3. The topic is ready for discussion.

Resolution:

2nd Motion:

Agenda: Amendments to the "Procedure of Loaning of Fund to Others by WAN HAI LINES LTD. and Subsidiaries" submitted for discussion.
(Proposed by Board of Directors)

Details:

1. To accommodate the amendments to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by the Financial Supervisory Commission on July 6, 2012, the Procedure is amended accordingly.
2. For a comparative table of the amendments made to the Procedure of Loaning of Fund to Others, please refer to Attachment 6 (Page 29th ~30th).
3. The topic is ready for discussion.

Resolution:

3rd Motion:

Agenda: Amendments to the "WAN HAI LINES LTD. Memorandum of Association" submitted for discussion.
(Proposed by Board of Directors)

Details:

1. According to the official letter decree No. 1000010723 made by the Financial Supervisory Commission on March 22, 2011, any listed (OTC) company with paid-in capital amounting to NT\$10 billion and more which is a listed (OTC) company other than that of the financial industry shall define the installation of no less than two

independent directors, who shall also be no less than one-fifths of all directors, in its Memorandum of Association,

2. In order to accommodate the competent authority's official letter decree Tai-Cheng-Shang-Yi-Tze No. 1011805150 and to enable the Company to elect its directors and supervisors successfully, the Company intends to adopt the candidate nomination system for election of its directors and supervisors. Meanwhile, pursuant to Paragraph 1 of Article 192-1 of the Company Act, the candidate nomination system, if adopted, shall be defined in the Memorandum of Association.
3. In conclusion, in order to meet the Company's need, the Memorandum of Association are amended in part.
4. For a comparative table of the amendments made to the Memorandum of Association, please refer to Attachment 7 .(Page 31th ~34th)
5. The topic is ready for discussion.

Resolution:

4th Motion:

Agenda: Amendments to the "WAN HAI LINES LTD. Procedure for the Election of Directors and Supervisors" submitted for discussion.
(Proposed by Board of Directors)

Details:

1. Pursuant to Article 192-1 of the Company Act, the candidate nomination system, if adopted, shall be defined in the Memorandum of Association. In order to accommodate the amendments to the election of directors and supervisors to adopt the candidate nomination system, the Company's "Procedure for the Election of Directors and Supervisors" is amended in part.
2. For a comparative table of the amendments made to the Procedure for the Election of Directors and Supervisors, please refer to Attachment 8 (Page 35th~36th).
3. The topic is ready for discussion.

Resolution:

5th Motion:

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

Details:

1. According to Item 1, Article 209 of the Company Act, 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 act and secure its approval.
2. With the help of the Company's director representative, Mr. Fu-Long Hsieh, based on his expertise and experience. Please refer to Attachment 9 (Page 36th).
3. The topic is ready for discussion.

Resolution:

6th Motion:

Agenda: Allocation of cash from capital surplus submitted for discussion.
(Proposed by Board of Directors)

Details:

1. The Company intends to allocate the capital surplus from the share premium account, NT\$1,184,888,663, to the shareholders recorded in the shareholders registration record on the record date of dividend at NT\$0.53414327 in cash per share.
2. The cash dividend from capital surplus is appropriated in dollars (the decimal point after dollar shall be rounded off unconditionally).

3. The record date for cash dividend and date of release of cash dividend shall be set by the Board of Directors authorized by the shareholders' meeting.
4. Where the Company is corrected by the competent authority, or repurchases the Company's shares, transfers or cancels treasury stock, converts CB or ECB, increases cash capital and exercises employee stock warrant, thereby affecting the total number of outstanding shares and changing the shareholders dividend ratio, the shareholders' meeting is requested to authorize the Board of Directors to process the change with full power.
5. The topic is ready for discussion.

Resolution:

【Special Motions】

【Dismissal】

Wan Hai Lines Ltd.

Business Report

I. Operating Principles

Last year, affected by factors such as the metastasizing European debt crisis, slowing Asian economic growth, and the risk of the US fiscal cliff, the global economy continued to decelerate. For the purpose of maintaining competitiveness in a fierce and harsh operational environment, we continue to deliver results and enhance shareholder value. In terms of management and route structure, we adopt all flexible, innovative, and refined management strategies available to help us gain the flexibility needed to adjust to an ever-changing environment. We require prudent planning and integration analysis to increase operational efficiency. With our creed – Customer First, Full Participation, Environmental Protection, Business Continuity – we strive for steady growth as we improve customer service, fulfill our social responsibility, practice environmental protection, and seek sustainable development, so that we don't disappoint our shareholders and the society's support and expectations.

II. Operation Overview

1. External Environment Changes

(1) Macroeconomic Situation:

In recent years, the world has been through financial crises, European debt crises, and the US fiscal impasse that impacted the confidence in the market, sending stiff headwinds to the container shipping industry worldwide. Global economic growth slowed in 2012. According to a survey by the World Trade Organization (WTO), worldwide trade only grew by 2.5% in 2012. Based on a forecast by the International Monetary Fund (IMF), worldwide economic growth was only 3.2% in 2012, lower than the 3.9% in 2011. Based on the estimate of Global Insight (GI), worldwide economic growth was 2.6%, slower than in 2011.

(2) Oil Price:

After the Iranian nuclear weapon issue that created tension in international relations in the beginning of the year, the ongoing European debt crises in the middle of the year, and Middle East tensions at the end of the year, along with gloomy global economic conditions and a steady increase in the supply of American shale gas, the price of oil has been trending sideways as a result of the interaction of all these factors. In 2012 the average price of Brent Crude was US\$111.66 / barrel, a slight 0.6% increase from 2011 levels. The increase in the price of oil has created immense pressure on shipping operations.

(3) Vessel Rental Market:

Based on the figures of the Howe Robinson Container Index (HRCI), the average rent

index in 2012 was about 476. Compared to the 710 of 2011, this represents a significant decrease. Panamax type ships showed an obvious decline in charter rates. Other small size vessels remain in the trough. Compared to the ups and downs in 2011, 2012 was stable. Market charter rate has remained in the trough due to the number of new ships delivered, seasonal capacity reduction of shipping companies, and reluctance among renters. The number of idle vessels increased from 246 vessels/ 595,000 TEU/ 3.83% of global tonnage to 292 vessels/ 810,000 TEU/ 4.9% of global tonnage. The imbalance in tonnage supply and demand has therefore slowed orders for new ships.

(4) Peer Competition:

The European debt crisis continues to prolong global economic recession. On top of this, excess tonnage compelled shipping companies to do whatever it takes to grab market share. In recent years, shipping companies have committed large vessels to intra-Asia market, bringing a certain degree of market instability.

(5) Market Fluctuations:

According to the survey of Global Insight (GI), in 2012 the North American economy should gradually improve as US labor and housing markets recover, thereby supporting consumer spending growth. The economy is expected to grow at a rate of 2.3%, higher than 1.8% posted in 2011. The European economy will contract due to fiscal predicaments. In Asia, Japan should benefit from domestic demand spurred by the reconstruction efforts after the 3/11 earthquake and post 2.0% growth, reversing the negative growth of 2011. Despite being affected by weak external demand and internal macroeconomic regulation and control, China should deliver 7.7% economic growth which, while significantly slower than 9.2% in 2011, should continue to climb in the near future. In sum, the economy in the Asia-Pacific, emerging, and developing nations should maintain their growth momentum.

2. Strategies of Adaptation

Throughout the volatility in the market, with the effort of all our employees, in 2012, we aggressively engaged in the optimization of service restructuring and optimal fleet deployment for the purpose of diversifying our risks and maintaining competitive advantage. And also we continue to cooperate with other main carriers on joint venture service and space swap arrangement. In terms of service deployment, we adopt the following approaches: Continuing our intensive effort in intra-Asia market, properly expanding semi-long haul services, and enlarging service coverage to the west coast of the US, the west coast of South America and the Black Sea. Additionally, as a response to stubbornly high oil prices, high fuel costs, and the size expansion of vessels, in terms of strategy, we have adjusted our shipping schedule by cancelling or combining ship voyages with flexibility. This way, we can effectively reduce fuel consumption and port charges. In addition, we have installed fuel regulators on large vessels and as such significantly reduce operating costs through slow steaming.

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 Asian countries for many years, maintaining reliable customer relationships and cultivating an excellent reputation. We are the bellwether in this market. However, as a result of global economic recession, we decided to enter into a joint venture with Evergreen Marine Corp. (EMC) on the Korea – Taiwan, Hong Kong – Singapore, Malaysia (KSS Service) route that we used to operate by ourselves, beginning in March with a 1,800 TEU vessel. Through a strategic alliance with our peers, we aim to increase vessel space utilization ratio and lower operating costs.

(2). Direct Shipping Lanes between Taiwan and China:

Business opportunities reveal themselves over time. Our company aggressively complies with government policy and bolsters business expansion between Taiwan and China whenever we see fit. Aside from increasing the number of our business locations, we seek application of license across the Strait to fulfill our operational needs and increase our route density.

(3). Southeast Asia:

Container traffic between ASEAN nations continues to grow. The region's trade linkage with China are becoming tighter and tighter. To improve the utilization of service space in this sector, consolidate the space supply from Japan to Hong Kong/Southeast Asia, further expand ASEAN positioning, and fully utilize our vessel resources, starting from September we changed our formerly self-operated Japan – Hong Kong – Singapore / Malaysia route (NS1 Service) to a joint Mitsui Ocean Lines (MOL) for the Japan-Hong Kong-Southeast Asia route (CHS3 Service). Additionally, to strengthen our position in Indonesia and supplement the deficiency of export space from Hong Kong and Southern China, from December onwards, the Taiwan – Indonesia Jakarta fast route (TIS Service), formerly jointly operated with YM Line, is transformed to Taiwan – Hong Kong, Southern China – Indonesia route (THI Service). Our company will add another ship to this route and the following ports of call: Hong Kong, Shekou, and Surabaya, Indonesia. By swapping shipping space with our peers, we can reduce cost, provide a more extensive route network, and maintain our competitiveness and market share in the Southeast Asia market.

(4). Middle East – India – Pakistan:

In order to cultivate and explore the Indian market and provide superior service, we have

provided a Far East – East India joint venture route since 2011, and we have continued to study the feasibility and cost-benefit analysis of ports of call increase or route adjustments after 2012.

(5). South America West Coast:

In order to continue providing direct service from main ports in Asia to the west coast of South America, after withdrawing our Asia - West Coast South America route, formerly jointly operated with China Ocean Service (COSCO), Pacific International Lines (PIL), and Evergreen Marine Corp. (EMC), starting in July, we strategically devoted nine nominal 1,800-2,500 TEU vessels to the Far East - West Coast of South America route that we operate by ourselves. Additionally, starting in September, we switched again to fixed slot charter from China Ocean Service (COSCO) and Chilean International Navigation Company (CCNI) to reduce service operational risks and provide three voyages a week to our customers, and enhance our competitive advantage in our direct route to Chile.

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

To maintain our competitiveness on the Far East - US West Coast route, after concluding our US West Coast route jointly operated with COSCO CONTAINER LINES COMPANY LIMITED (COSCO) (SEA Service), starting in May we entered a joint venture service with Japan's Kawasaki Lines (K Line), dedicating two 4,250 TEU vessels to the East, Northern China – US West Coast route (CCB Service), with modest increase in the space available each week. To expand our positioning in the Black Sea region, starting in March, we used a larger vessel for the Far East – Black Sea route (ABX Service), which we formerly jointly operated with China Shipping Container Lines (CSL), Kawasaki Lines (K Line), YM Lines (YML), and Pacific International Lines (PIL). Our company used a 6,000 TEU vessel, modestly increasing the weekly space available.

2. Future Market Outlook

In the future, global trade will still be centered in Asia. The model of “Manufactured in China, Manufactured in Asia, Shipped Worldwide” will continue unchanged. Asian markets as the export engine around the globe will stand unchallenged. Wan Hai will follow this trend and aggressively adjust our routes. Starting from 2011, our company has been taking delivery of new vessels. We expect our self-owned fleet will grow to 73 ships by the end of 2012, with total transportation capacity of 177,723 TEU. After the delivery of self-owned vessels, we can reduce the uncertainties associated with vessel lease costs and ensure our competitiveness in the market, so that our company can grow steadily with Asia's economic prosperity.

IV. Revenue and Expenditure

1. Revenue

Revenue in 2012 amounted to NT\$56,591.31 million, a decrease of about NT\$6,106.6 million

from NT\$62,697.92 million in 2011.

2. Expenditure

Our company's expenditure in 2012 was NT\$52,189.84 million, a decrease of about NT\$10,837.81 million from NT\$63,027.65 million in 2011. 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 2012 is NT\$1.828 billion, with earnings per share at NT\$ 0.82.

VI. Research and Development

In order to confront the challenges presented by an ever-changing economic landscape and fierce competition in the marine transportation market, our company strives to become a model of a world-class, blue chip corporation. We plan our future development as follows: (1) Focus on talent development with a global view; strengthen organizational management integration and the capability of execution, so that we may provide the best service to clients. (2) Develop emerging markets whenever we can, steadily expand our route structure so that we may satisfy our clients' needs. (3) Strictly control fuel and related transportation costs. Simplify our fleet composition and reduce the number of containers in reserve; promote energy saving and carbon footprint reduction; install fuel regulating equipment on vessels to effectively reduce fuel consumption and emission; exert the benefit of energy saving to the fullest extent. (4) Carefully plan all operating policies. All our staff members should uphold our superior sense of responsibility, pride, and cooperation to produce better business results.

Independent Auditors' Report

The Board of Directors

Wan Hai Lines Ltd.

We have audited the accompanying balance sheets of Wan Hai Lines Ltd. (the Company) as of December 31, 2012 and 2011, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of some investee companies which were accounted for under the equity method and were audited by the other auditors. The Company's investments in these companies at December 31, 2012 and 2011, were \$248,746 thousand and \$263,203 thousand, respectively, representing 0.44% and 0.47% of total assets and related, investment loss recognized by the Company were \$9,474 thousand and \$53,074 thousand, representing 0.44% and 13.97% of income before income tax, for the years ended December 31, 2012 and 2011, respectively. Those financial statements were audited by the other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those companies, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Company as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

The Company prepared consolidated financial statements for the years ended December 31, 2012 and 2011, on which modified unqualified audit reports have been given.

March 25, 2013

WAN HAI LINES LTD.

Balance Sheets

December 31, 2012 and 2011

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

	2012	2011		2012	2011
Current assets:			Current liabilities:		
Cash and cash equivalents (notes 4 and 25)	\$ 19,755,257	19,892,529	Financial liabilities at fair value through profit or loss—current (notes 17, 24 and 25)	\$ 41,983	658,192
Financial assets at fair value through profit or loss—current (notes 5 and 25)	-	101,021	Accounts payable (note 25)	5,279,445	5,288,719
Available-for-sale financial assets—current (notes 6 and 25)	2,740,381	2,651,019	Accounts payable—related parties (notes 25 and 26)	164,790	277,116
Notes receivable (note 25)	20,653	28,414	Income tax payable	25,304	-
Accounts receivable (note 25)	1,607,479	2,227,786	Accrued expenses (note 25)	280,455	285,041
Accounts receivable—related parties (notes 25 and 26)	177,945	114,346	Current portion of long-term loans (notes 18, 25 and 27)	1,713,841	1,757,057
Other receivables (note 25)	773,190	750,373	Payables to agents (notes 8, 25 and 26)	736,632	209,087
Other receivables—related parties (notes 25 and 26)	41,839	4,989	Other current liabilities	396,160	425,625
Fuels (note 7)	974,986	1,169,870	Total current liabilities	8,638,610	8,900,837
Receivables from agents (notes 8, 25 and 26)	1,608,250	2,134,129	Long-term liabilities:		
Other current assets (notes 21 and 26)	851,695	748,047	Bonds payable (notes 19 and 25)	10,400,000	10,400,000
Total current assets	28,551,675	29,822,523	Long-term loans (notes 18, 25 and 27)	5,583,159	6,864,300
Investments:			Total long-term liabilities	15,983,159	17,264,300
Long-term equity investments under equity method (note 9)	16,491,288	11,551,717	Other liabilities:		
Available-for-sale financial assets—non-current (notes 10 and 25)	258,219	224,892	Accrued pension liability (note 20)	524,370	576,239
Financial assets measured at cost—non-current (notes 11 and 25)	648,438	648,438	Guarantee deposits received (note 25)	1,995	49,712
Bond portfolios with inactive market—non-current (notes 12 and 25)	1,165,440	1,211,600	Deferred income tax liabilities—non-current (note 21)	668,701	539,433
Long-term investments—net	18,563,385	13,636,647	Deferred credits—gains from inter-affiliate accounts (note 26)	132,750	162,226
Fixed assets (notes 13, 26, 27 and 28):			Unrealized gain on sale and leaseback	-	38,919
Cost:			Total other liabilities	1,327,816	1,366,529
Land	620,477	620,477	Total liabilities	25,949,585	27,531,666
Buildings	122,209	122,209	Stockholders' equity (notes 6, 9, 10, 13, 20, 21 and 22):		
Containers	15,979,869	16,424,659	Common stock—\$10 par value per share; 2,500,000 thousand shares authorized in 2012 and 2011; 2,218,297 thousand shares issued as of December 31, 2012 and 2011	22,182,975	22,182,975
Computer and communication equipment	186,768	221,114	Capital surplus	2,446,570	2,446,570
Vessels	4,143,127	4,143,127	Retained earnings:		
Privileged wharf equipment	672,011	673,311	Legal reserve	5,073,891	5,071,860
Leased assets	68,609	68,609	Special reserve	855,768	837,493
Leasehold improvement	6,508	6,508	Unappropriated earnings	1,828,355	20,306
Furniture and fixtures	8,822	7,769	Total retained earnings	7,758,014	5,929,659
Revaluation increments	1,527	1,527	Other adjustments to stockholders' equity:		
Cost and revaluation	21,809,927	22,289,310	Cumulative translation adjustments	(1,108,007)	(750,066)
Less: accumulated depreciation	15,881,985	14,308,303	Net loss not recognized as pension cost	(265,532)	(268,062)
Prepayments for equipment	2,488,662	4,056,774	Unrealized loss on financial instruments	(539,526)	(592,164)
Net fixed assets	8,416,604	12,037,781	Unrealized revaluation increments	1,527	1,527
Intangible assets:			Total other adjustments to stockholders' equity	(1,911,538)	(1,608,765)
Deferred pension costs	232,617	253,764	Total stockholders' equity	30,476,021	28,950,439
Other intangible assets	75,199	70,190	Commitments and contingencies (notes 16, 18, 26 and 28)		
Total intangible assets	307,816	323,954			
Other assets:					
Refundable deposits (notes 14, 25, 27 and 28)	177,043	207,045			
Deferred charges (note 15)	409,083	454,155			
Total other assets	586,126	661,200			
Total assets	\$ 56,425,606	\$ 56,482,105	Total liabilities and stockholders' equity	\$ 56,425,606	\$ 56,482,105

WAN HAI LINES LTD.

Statements of Income

For the years ended December 31, 2012 and 2011
(expressed in thousands of New Taiwan dollars, except for earnings per share)

	2012	2011
Net operating revenue (note 26)	\$ 56,591,314	62,697,925
Operating cost (notes 20, 26 and 31)	<u>52,189,842</u>	<u>63,027,657</u>
Gross profit (loss)	4,401,472	(329,732)
Operating expenses (notes 20, 22, 26 and 31)	<u>1,648,001</u>	<u>1,636,880</u>
Operating income (loss)	<u>2,753,471</u>	<u>(1,966,612)</u>
Non-operating income and gains:		
Interest income (note 26)	170,238	133,570
Investment income under the equity method (note 9)	-	1,226,603
Gain on disposal of fixed assets (note 26)	315,490	920,879
Gain on disposal of investments, net (note 25)	41,835	74,956
Foreign exchange income, net	-	171,805
Valuation gain on financial assets (note 25)	615,145	566,248
Other income (note 26)	<u>186,179</u>	<u>216,351</u>
	<u>1,328,887</u>	<u>3,310,412</u>
Non-operating expenses and losses:		
Interest expenses (notes 13 and 25)	261,339	180,732
Investment loss under the equity method (note 9)	793,486	-
Loss on disposal of fixed assets	1,605	334
Foreign exchange loss, net	162,868	-
Valuation loss on financial liabilities (notes 24 and 25)	655,743	745,154
Other losses	<u>54,876</u>	<u>37,605</u>
	<u>1,929,917</u>	<u>963,825</u>
Net income before income tax	2,152,441	379,975
Income tax expenses (note 21)	<u>324,086</u>	<u>359,669</u>
Net income	<u>\$ 1,828,355</u>	<u>20,306</u>

	Before tax	After tax	Before tax	After tax
Basic earnings per share (dollars) (note 23)	<u>\$ 0.97</u>	<u>0.82</u>	<u>0.17</u>	<u>0.01</u>
Diluted earnings per share (dollars) (note 23)	<u>\$ 0.97</u>	<u>0.82</u>	<u>0.17</u>	<u>0.01</u>

WAN HAI LINES LTD.

Statements of Changes in Stockholders' Equity

For the years ended December 31, 2012 and 2011
(expressed in thousands of New Taiwan dollars)

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Loss on Financial Instruments	Unrealized Revaluation Increments	Total
Balance on January 1, 2011	\$ 21,126,643	2,446,570	4,700,716	797,610	3,711,443	(936,857)	(275,462)	373,299	1,527	31,945,489
Net income for the year ended December 31, 2011	-	-	-	-	20,306	-	-	-	-	20,306
Appropriations of retained earnings (note 22) (note):										
Legal reserve	-	-	371,144	-	(371,144)	-	-	-	-	-
Special reserve	-	-	-	39,883	(39,883)	-	-	-	-	-
Cash dividends	-	-	-	-	(2,244,084)	-	-	-	-	(2,244,084)
Stock dividends	1,056,332	-	-	-	(1,056,332)	-	-	-	-	-
Net loss not recognized as pension cost	-	-	-	-	-	-	7,400	-	-	7,400
Valuation adjustment of available-for-sale financial assets (notes 6 and 10)	-	-	-	-	-	-	-	(965,463)	-	(965,463)
Cumulative translation adjustments (note 9)	-	-	-	-	-	186,791	-	-	-	186,791
Balance on December 31, 2011	22,182,975	2,446,570	5,071,860	837,493	20,306	(750,066)	(268,062)	(592,164)	1,527	28,950,439
Net income for the year ended December 31, 2012	-	-	-	-	1,828,355	-	-	-	-	1,828,355
Appropriations of retained earnings (note 22):										
Legal reserve	-	-	2,031	-	(2,031)	-	-	-	-	-
Special reserve	-	-	-	18,275	(18,275)	-	-	-	-	-
Net loss not recognized as pension cost	-	-	-	-	-	-	2,530	-	-	2,530
Valuation adjustment of available-for-sale financial assets (notes 6 and 10)	-	-	-	-	-	-	-	52,695	-	52,695
Cumulative translation adjustments (note 9)	-	-	-	-	-	(357,941)	-	-	-	(357,941)
Additional valuation adjustment of financial assets from long-term investments under the equity method	-	-	-	-	-	-	-	(57)	-	(57)
Balance on December 31, 2012	\$ 22,182,975	2,446,570	5,073,891	855,768	1,828,355	(1,108,007)	(265,532)	(539,526)	1,527	30,476,021

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

WAN HAI LINES LTD.

Statements of Cash Flows

For the years ended December 31, 2012 and 2011
(expressed in thousands of New Taiwan dollars)

	2012	2011
Cash flows from operating activities:		
Net income	\$ 1,828,355	20,306
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,058,353	2,435,159
Amortization	103,424	95,634
Allowance (reversal of allowance) for inventory valuation	3,528	(18,842)
Investment loss (income) under the equity method	793,486	(1,226,603)
Cash dividend from subsidiaries	9,445	6,545
Gain on disposal of fixed assets	(352,804)	(998,384)
Fixed assets classified into expense	597	-
Gain on disposal of available-for-sale financial asset	(41,835)	(74,956)
Unrealized foreign exchange (gain) loss	(38,565)	112,361
Deferred income tax expense	175,098	68,107
Changes in assets:		
Financial assets at fair value through profit or loss	101,021	94,199
Notes receivable	7,761	3,946
Accounts receivable	620,307	(743,945)
Accounts receivable—related parties	(63,599)	(107,913)
Other receivables	(85,509)	(253,049)
Fuels	191,356	192,345
Other current assets	(149,478)	589,654
Receivables from agents	525,879	1,694,347
Changes in liabilities:		
Financial liabilities at fair value through profit or loss	(616,209)	(568,145)
Accounts payable	(9,274)	(134,977)
Accounts payable—related parties	(112,326)	(33,961)
Income tax payable	25,304	(271,857)
Accrued expenses	(4,586)	(167,677)
Other current liabilities	(29,465)	287,735
Accrued pension liability	(28,192)	(4,542)
Payables to agents	527,545	(117,279)
Net cash provided by operating activities	<u>5,439,617</u>	<u>878,208</u>
Cash flows from investing activities:		
Increase in available-for-sale financial assets	(219,022)	(1,199,804)
Proceeds from sale of available-for-sale financial assets	190,863	469,728
Available-for-sale financial assets—proceeds from capital reduction	-	6,180
Increase in long-term investments under equity method	(6,100,500)	(89,557)
Payments for acquisition of fixed assets	(10,052,402)	(7,513,712)
Proceeds from sale of fixed assets	11,914,534	3,152,959
Decrease (increase) in refundable deposits	30,002	(25,677)
Increase in deferred charges	(11,394)	(1,514)
(Increase) decrease in other receivable—related parties—financing accommodation	(36,850)	139,682
Payment for intangible assets	(4,771)	(38,720)
Net cash used in investing activities	<u>(4,289,540)</u>	<u>(5,100,435)</u>
Cash flows from financing activities:		
Increase in bonds payable	-	10,400,000
Decrease in bonds payable	-	(3,000,000)
Increase in long-term loans	589,400	3,571,880
Repayment of long-term loans	(1,829,032)	(1,342,480)
Increase (decrease) in guarantee deposits	(47,717)	48,627
Cash dividends	-	(2,244,084)
Net cash (used in) provided by financing activities	<u>(1,287,349)</u>	<u>7,433,943</u>
Net (decrease) increase in cash and cash equivalents	<u>(137,272)</u>	<u>3,211,716</u>
Cash and cash equivalents at beginning of year	<u>19,892,529</u>	<u>16,680,813</u>
Cash and cash equivalents at end of period	<u>\$ 19,755,257</u>	<u>\$ 19,892,529</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest (excluding capitalized interest)	<u>\$ 337,631</u>	<u>134,710</u>
Cash paid for income tax	<u>\$ 151,654</u>	<u>572,190</u>
Investing and financing activities not affecting cash flows:		
Current portion of long-term loans	<u>\$ 1,713,841</u>	<u>1,757,057</u>
Fixed assets classified into deferred charges	<u>\$ 13,929</u>	<u>913</u>
Accumulated translation adjustments	<u>\$ (357,941)</u>	<u>186,791</u>
Valuation adjustments of available-for-sale financial assets	<u>\$ 52,638</u>	<u>(965,463)</u>
Recognition of deferred pension costs and net loss not recognized as pension cost	<u>\$ (23,677)</u>	<u>(38,328)</u>
Fixed assets classified into intangible assets	<u>\$ 33,267</u>	<u>27,500</u>
Investment activity affecting both cash and non-cash items:		
Payments for acquisition of fixed assets	\$ 10,052,402	7,160,691
Decrease in payables for purchase of equipment	-	353,021
Cash payment	<u>\$ 10,052,402</u>	<u>7,513,712</u>
Proceeds from sales of fixed assets	\$ 11,851,842	3,212,638
Decrease (increase) in other current assets	62,692	(59,679)
Cash received	<u>\$ 11,914,534</u>	<u>3,152,959</u>

Independent Auditors' Audit Report

The Board of Directors

Wan Hai Lines Ltd.

We have audited the accompanying consolidated balance sheets of Wan Hai Lines Ltd. and its subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years ended December 31, 2012 and 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of some subsidiaries and investee companies accounted for under the equity method, and the amounts for those subsidiaries and long-term equity investment accounted for under the equity method included in the consolidated financial statements were based on the financial statements of those investee companies audited by other auditors. Those subsidiaries' assets amounted to \$118,042 thousand and \$176,609 thousand, which represented 0.15% and 0.24% of total consolidated assets, as of December 31, 2012 and 2011, respectively. Those subsidiaries' net operating revenues amounted to \$22,212 thousand and \$36,252 thousand, which represented 0.04% and 0.05% of total consolidated operating revenues, for the years ended December 31, 2012 and 2011, respectively. Long-term equity investment accounted for by the equity method amounted to \$152,744 thousand and \$203,573 thousand, which represented 0.20% and 0.28% of total consolidated assets, as of December 31, 2012 and 2011, respectively, and related investment loss amounted to \$18,352 thousand and \$19,186 thousand, which represented 0.83% and 4.44% of the consolidated income before income tax, for the years ended December 31, 2012 and 2011, respectively.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Wan Hai Lines Ltd. and its subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

March 25, 2013

WAN HAI LINES LTD.

Consolidated Balance Sheets

December 31, 2012 and 2011

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

	2012	2011		2012	2011
Current assets:			Current liabilities:		
Cash and cash equivalents (notes 4 and 26)	\$ 25,643,131	23,887,501	Financial liabilities at fair value through profit or loss—current (notes 17, 25 and 26)	\$ 143,585	877,042
Financial assets at fair value through profit or loss—current (notes 5, 25, and 26)	-	101,021	Accounts payable (note 26)	6,358,423	6,075,076
Available-for-sale financial assets—current (notes 6 and 26)	2,740,381	2,651,019	Accounts payable—related parties (notes 26 and 27)	225,670	283,207
Notes receivable (note 26)	22,785	30,628	Income tax payable	67,602	19,945
Accounts receivable (note 26)	2,316,621	2,918,127	Accrued expenses (note 26)	674,692	766,092
Accounts receivable—related parties (notes 26 and 27)	153,508	115,270	Current portion of long-term loans (notes 19, 26 and 28)	3,786,341	3,472,078
Other receivables (note 26)	961,788	1,030,361	Payables to agents (notes 8 and 26)	31,021	41,884
Fuels (note 7)	1,248,581	1,429,465	Other current liabilities	853,239	1,139,387
Receivables from agents (notes 8, 26 and 27)	744,081	882,718	Total current liabilities	12,140,573	12,674,711
Restricted assets (notes 26 and 28)	5,550	306	Long-term liabilities:		
Other current assets (note 22)	578,572	772,708	Financial liabilities at fair value through profit or loss—non-current (notes 18 and 26)	6,608,467	6,676,815
Total current assets	34,414,998	33,819,124	Bonds payable (notes 20 and 26)	10,400,000	10,400,000
Investment:			Long-term loans (notes 19, 26 and 28)	16,449,317	12,190,202
Long-term equity investments under equity method (note 9)	180,625	203,573	Total long-term liabilities	33,457,784	29,267,017
Other long-term investments	-	12,935	Other liabilities:		
Available-for-sale financial assets—non-current (notes 10 and 26)	258,219	224,892	Unrealized gain on sale and leaseback	282,805	443,177
Financial assets measured at cost—non-current (notes 11 and 26)	648,438	648,438	Accrued pension liability (note 21)	761,233	856,629
Bond portfolios with inactive market—non-current (notes 12 and 26)	1,165,440	1,211,600	Guarantee deposits received (note 26)	53,030	51,187
Long-term investments—net	2,252,722	2,301,438	Deferred income tax liabilities—non-current (note 22)	674,663	544,639
Fixed assets (notes 13, 28 and 29):			Total other liabilities	1,771,731	1,895,632
Cost:			Total liabilities	47,370,088	43,837,360
Land	658,243	659,739	Stockholders' equity (notes 6, 10, 13, 21, 22, 23 and 24):		
Buildings	1,085,576	1,121,126	Common stock—\$10 par value per share; 2,500,000 thousand shares authorized in 2012 and 2011;		
Containers	15,979,901	16,424,692	2,218,297 thousand shares issued as of December 31, 2012 and 2011	22,182,975	22,182,975
Computer and communication equipment	345,801	384,240	Capital surplus	2,446,570	2,446,570
Vessels	56,075,301	45,918,593	Retained earnings:		
Privileged wharf equipment	955,690	956,990	Legal reserve	5,073,891	5,071,860
Leasehold improvement	9,898	83,278	Special reserve	855,768	837,493
Furniture and fixtures	127,354	130,212	Unappropriated earnings	1,828,355	20,306
Leased assets	522,977	446,821	Total retained earnings	7,758,014	5,929,659
Revaluation increments	1,527	1,527	Other adjustments to stockholders' equity:		
Cost and revaluation	75,762,268	66,127,218	Cumulative translation adjustments	(1,108,007)	(750,066)
Less: accumulated depreciation	38,019,472	34,604,228	Net loss not recognized as pension cost	(265,532)	(268,062)
Prepayments for equipment	2,491,663	4,056,774	Unrealized loss on financial instruments	(539,526)	(592,164)
Net fixed assets	40,234,459	35,579,764	Unrealized revaluation increments	1,527	1,527
Intangible assets:			Total other adjustments to stockholders' equity	(1,911,538)	(1,608,765)
Deferred pension costs	390,701	474,331	Minority interest	161,508	162,795
Other intangible assets	76,312	72,862	Total stockholders' equity	30,637,529	29,113,234
Total intangible assets	467,013	547,193			
Other Assets:			Commitments and contingencies (notes 16, 19 and 29)		
Refundable deposits (notes 14, 26, 28 and 29)	210,805	241,631	Total liabilities and stockholders' equity	\$ 78,007,617	72,950,594
Deferred charges (note 15)	411,513	457,380			
Deferred income tax assets—non-current (note 22)	2,953	3,361			
Other assets	13,154	703			
Total other assets	638,425	703,075			
Total assets	\$ 78,007,617	72,950,594			

WAN HAI LINES LTD.
Consolidated Statements of Income
For the years ended December 31, 2012 and 2011
(expressed in thousands of New Taiwan dollars, except for earnings per share)

	2012	2011		
Net operating revenue (note 27)	\$ 62,615,224	66,824,814		
Operating cost (notes 21, 27 and 32)	<u>56,725,703</u>	<u>64,364,326</u>		
Gross profit	5,889,521	2,460,488		
Operating expenses (notes 21, 23, 27 and 32)	<u>3,102,031</u>	<u>2,785,760</u>		
Operating income	<u>2,787,490</u>	<u>(325,272)</u>		
Non-operating income and gains:				
Interest income (note 26)	209,758	194,907		
Investment income under the equity method (note 9)	7,013	-		
Gain on disposal of fixed assets	316,510	920,879		
Gain on disposal of investments, net (note 26)	41,835	74,956		
Foreign exchange income, net	-	304,970		
Valuation gain on financial assets (note 25)	725,690	772,391		
Other income	<u>207,201</u>	<u>273,481</u>		
	<u>1,508,007</u>	<u>2,541,584</u>		
Non-operating expenses and losses:				
Interest expenses (notes 13 and 26)	791,242	647,424		
Investment loss under the equity method (note 9)	-	19,186		
Loss on disposal of fixed assets	2,180	1,853		
Foreign exchange loss, net	236,887	-		
Valuation loss on financial liabilities (note 25)	977,921	818,364		
Other losses	<u>73,412</u>	<u>297,187</u>		
	<u>2,081,642</u>	<u>1,784,014</u>		
Net income before income tax	2,213,855	432,298		
Income tax expenses (note 22)	<u>381,718</u>	<u>399,990</u>		
Net income	<u>\$ 1,832,137</u>	<u>32,308</u>		
Attributable to				
Parent company	\$ 1,828,355	20,306		
Minority interest	<u>3,782</u>	<u>12,002</u>		
	<u>\$ 1,832,137</u>	<u>32,308</u>		
			Before tax	After tax
Basic earnings per share (dollars) (note 24)	<u>\$ 0.97</u>	<u>0.82</u>	<u>0.17</u>	<u>0.01</u>
Diluted earnings per share (dollars) (note 24)	<u>0.97</u>	<u>0.82</u>	<u>0.17</u>	<u>0.01</u>

WAN HAI LINES LTD.
Consolidated Statements of Changes in Stockholders' Equity
For the years ended December 31, 2012 and 2011
(expressed in thousands of New Taiwan dollars)

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Loss on Financial Instruments	Unrealized Revaluation Increment	Minority Interest	Total
Balance on January 1, 2011	\$ 21,126,643	2,446,570	4,700,716	797,610	3,711,443	(936,857)	(275,462)	373,299	1,527	156,477	32,101,962
Net income for the year ended December 31, 2011	-	-	-	-	20,306	-	-	-	-	12,000	32,308
Appropriations of retained earnings(note 23) (note):											
Legal reserve	-	-	371,144	-	(371,144)	-	-	-	-	-	-
Special reserve	-	-	-	39,883	(39,883)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,244,084)	-	-	-	-	-	(2,244,084)
Stock dividends	1,056,332	-	-	-	(1,056,332)	-	-	-	-	-	-
Net loss not recognized as pension cost	-	-	-	-	-	-	7,400	-	-	-	7,400
Minority interest	-	-	-	-	-	-	-	-	-	(3,039)	(3,039)
Valuation adjustment of available-for-sale financial assets (notes 6 and 10)	-	-	-	-	-	-	-	(965,463)	-	-	(965,463)
Cumulative translation adjustments	-	-	-	-	-	186,791	-	-	-	(2,641)	184,150
Balance on December 31, 2011	<u>22,182,975</u>	<u>2,446,570</u>	<u>5,071,860</u>	<u>837,493</u>	<u>20,306</u>	<u>(750,066)</u>	<u>(268,062)</u>	<u>(592,164)</u>	<u>1,527</u>	<u>162,797</u>	<u>29,113,234</u>
Net income for the year ended December 31, 2012	-	-	-	-	1,828,355	-	-	-	-	3,780	1,832,137
Appropriations of retained earnings (note 23) :											
Legal reserve	-	-	2,031	-	(2,031)	-	-	-	-	-	-
Special reserve	-	-	-	18,275	(18,275)	-	-	-	-	-	-
Net loss not recognized as pension cost	-	-	-	-	-	-	2,530	-	-	-	2,530
Minority interest	-	-	-	-	-	-	-	-	-	(4,174)	(4,174)
Valuation adjustment of available-for-sale financial assets (notes 6 and 10)	-	-	-	-	-	-	-	52,695	-	-	52,695
Cumulative translation adjustments	-	-	-	-	-	(357,941)	-	-	-	(894)	(358,836)
Additional valuation adjustment of financial assets from long-term investments under the equity method	-	-	-	-	-	-	-	(57)	-	-	(57)
Balance on December 31, 2012	<u>\$ 22,182,975</u>	<u>2,446,570</u>	<u>5,073,891</u>	<u>855,768</u>	<u>1,828,355</u>	<u>(1,108,007)</u>	<u>(265,532)</u>	<u>(539,526)</u>	<u>1,527</u>	<u>161,503</u>	<u>30,637,529</u>

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

WAN HAI LINES LTD.
Consolidated Statements of Cash Flows
For the years ended December 31, 2012 and 2011
(expressed in thousands of New Taiwan dollars)

	2012	2011
Cash flows from operating activities:		
Net income	\$ 1,832,137	32,308
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,721,807	4,964,560
Amortization	107,129	98,670
Allowance (reversal of allowance) for inventory valuation	3,528	(18,842)
Investment (Income) loss under the equity method	(7,013)	19,186
Cash dividend from subsidiary	29,323	16,417
Gain on disposal of fixed assets, net	(474,702)	(1,087,408)
Fixed assets classified into expense	597	-
Gain on disposal of available-for-sale financial assets	(41,835)	(74,956)
Unrealized foreign exchange (gain) loss	(38,565)	112,361
Deferred income tax expenses	170,922	63,422
Changes in assets:		
Financial assets at fair value through profit or loss	101,021	94,199
Notes receivable	7,843	2,000
Accounts receivable	601,506	254,843
Accounts receivable—related parties	(38,238)	(108,789)
Other receivables	5,881	(310,518)
Fuels	177,356	(67,250)
Other current assets	154,914	(260,021)
Receivables from agents	138,637	993,137
Changes in liabilities:		
Financial liabilities at fair value through profit or loss	(801,805)	(641,887)
Accounts payable	283,347	402,025
Accounts payable—related parties	(57,537)	(113,171)
Income tax payable	47,657	(289,785)
Accrued expenses	(91,400)	(172,975)
Other current liabilities	(286,148)	145,998
Accrued pension liability	(9,236)	47,702
Payables to agents	(10,863)	(20,743)
Net cash provided by operating activities	<u>6,526,263</u>	<u>4,080,483</u>
Cash flows from investing activities:		
Increase in available-for-sale financial assets	(219,022)	(1,199,804)
Proceeds from sale of available-for-sale financial assets	190,863	469,728
Available-for-sale financial assets — proceeds from capital reduction	-	6,180
Proceeds from sale of bond portfolios with inactive market	-	56
Increase in long-term investments under equity method	-	(89,557)
Payments for acquisition of fixed assets	(10,422,067)	(9,955,521)
Proceeds from sale of fixed assets	357,357	3,154,468
Decrease (increase) in refundable deposits	30,826	(1,485)
Payment for deferred charges	(12,830)	(3,462)
Decrease in restricted assets	(5,244)	-
Payment for intangible assets	(4,782)	(38,812)
Increase in other assets	(12,451)	(233)
Net cash used in investing activities	<u>(10,097,350)</u>	<u>(7,658,442)</u>
Cash flows from financing activities:		
Increase in bonds payable	-	10,400,000
Decrease in bonds payable	-	(3,000,000)
Increase in long-term loans	8,495,821	5,232,455
Repayment of long-term loans	(3,488,889)	(2,704,882)
Increase in guarantee deposits	1,843	49,693
Cash dividends paid	-	(2,244,084)
Change in minority interest	(4,174)	(3,039)
Net cash provided by financing activities	<u>5,004,601</u>	<u>7,730,143</u>
Effect of exchange rate changes	322,116	(222,116)
Net increase in cash and cash equivalents	1,755,630	3,930,068
Cash and cash equivalents at beginning of year	23,887,501	19,957,433
Cash and cash equivalents at end of period	<u>\$ 25,643,131</u>	<u>23,887,501</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest (excluding capitalized interest)	<u>\$ 857,118</u>	<u>603,888</u>
Cash paid for income tax	<u>\$ 207,600</u>	<u>627,834</u>
Investing and financing activities not affecting cash flows:		
Current portion of long-term loans	<u>\$ 3,786,341</u>	<u>3,472,078</u>
Fixed asset reclassified as deferred charges	<u>\$ 13,929</u>	<u>913</u>
Valuation adjustments of available-for-sale financial assets	<u>\$ 52,638</u>	<u>(965,463)</u>
Accumulated translation adjustment	<u>\$ (357,941)</u>	<u>186,791</u>
Recognition of deferred pension cost and net loss not recognized as pension cost	<u>\$ (86,160)</u>	<u>(68,293)</u>
Fixed assets reclassified as intangible assets	<u>\$ 33,316</u>	<u>27,500</u>
Investment activity affecting both cash and non-cash items:		
Payment for acquisition of fixed assets	\$ 10,422,067	9,602,500
Decrease in payables for purchase of equipment	-	353,021
Cash payment	<u>\$ 10,422,067</u>	<u>9,955,521</u>
Proceeds from sales of fixed assets	\$ 294,665	3,214,147
Decrease (increase) in other receivables — sale of fixed assets	62,692	(59,679)
Cash received	<u>\$ 357,357</u>	<u>3,154,468</u>

Supervisors' Report for Fiscal Year 2012

In accordance with Article 219 of the Company Act, the board of Directors has submitted year 2012 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 2012 financial statements herewith to be approved.

To the general shareholders' meeting of 2013

WAN HAI LINES LTD.

Supervisor
Representative

Yee Sing Co., Ltd.
Mei-Huei Wu



Supervisor

Hwa-Mei LinYen



Supervisor
Representative

Yi Teh Optical Technology Co., Ltd.
Chih-Hsiang Chen



April 25, 2013

Supervisors' Report for Fiscal Year 2012(Consolidated)

In accordance with Article 219 of the Company Act, the board of Directors has submitted year 2012 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 2012 consolidated financial statements herewith to be approved.

To the general shareholders' meeting of 2013

WAN HAI LINES LTD.

Supervisor
Representative

Yee Sing Co., Ltd.
Mei-Huei Wu



Supervisor

Hwa-Mei LinYen



Supervisor
Representative

Yi Teh Optical Technology Co., Ltd.
Chih-Hsiang Chen



March 26, 2013

2012 Earnings Appropriation

Unit: NTD

Items	Sub-Total	Total
Undistributed Earnings for beginning of period		0
Added: 2012 post-tax net income	1,828,354,936	
Earnings available for Distribution		1,828,354,936
Subtractions:		
Provided for legal reserve	(182,835,494)	
Provided for shareholders' equity special reserve	(1,055,770,132)	
Items for Appropriation:		
Shareholders Dividends	(589,749,310)	
Undistributed earnings for end of period		0
Notes:		
<p>1. Legal reserve, dividends, Director and Supervisor remunerations, and employee bonuses are distributed according to Article 11 of the Company's Memorandum of Association.</p> <p>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.</p> <p>According to the two provisions of the announcement, when apportioning earnings, the amount of shareholders' equity should be listed in undistributed earnings under special reserves which may not be apportioned as the same amount. Subsequently when amount of shareholders' equity has turnaround, the amount of turnaround must be apportioned earnings.</p> <p>3. The cash dividend is appropriated as NT\$0.8 per share (including earnings appropriation NT\$0.26585673, allocation of capital surplus-premium share account NT\$0.53414327).</p> <p>4. According to the requirements about expenditure of employee bonus and remuneration to directors/supervisors, the employee bonus (1%, NT\$6,017,850) and remuneration to directors/supervisors (1%, NT\$6,017,850) have been excluded in the calculation of the pre-tax net income.</p>		

Comparative Table: Procedure of Endorsement and Guarantees for WAN HAI LINES LTD. And Its Subsidiaries

Clause after amendment	Clause before amendment	Reason for amendment
<p>Article 1: For all matters pertaining to endorsements and guarantees, the Company and its subsidiaries complies with this set of procedures for implementation, <u>unless otherwise provided for in laws.</u></p>	<p>Article 1: For all matters pertaining to endorsements and guarantees, the Company and its subsidiaries complies with this set of procedures for implementation.</p>	<p>Amend Article 1 of the Procedure in accordance with Article 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission, Executive Yuan on July 6, 2012.</p>
<p>Article 2: The Company's counterpart for endorsements and guarantees are limited to those circumstances listed below: 1.Any company which has a business relationship with the Company; 2.Any company in which the Company holds more than 50% of the shares with direct or indirect voting rights 3.Any company which holds more than 50% of the Company's shares with direct or indirect voting rights Subsidiaries in which the Company holds, directly and indirectly, 90% or more of the voting shares may provide mutual endorsements or guarantees. The total amount of endorsements or guarantees which may be provided must not exceed 10% of the net value of the Company. However, such limitation of the amount shall not be applicable to subsidiaries in which the Company holds, directly and indirectly, 100% of the voting shares. Mutual guarantees in the same trade required by construction cooperating contractors' contract or endorsements/guarantees made by all capital-contributing shareholders of the joint venture subject to their shareholding for investees, <u>or joint guarantee of performance bond for the pre-sale housing contract in the same trade as governed by the Consumer Protection Act</u>, shall be free from the restrictions referred to in the preceding two paragraphs.</p>	<p>Article 2: The Company's counterpart for endorsements and guarantees are limited to those circumstances listed below: 1.Any company which has a business relationship with the Company; 2.Any company in which the Company holds more than 50% of the shares with direct or indirect voting rights 3.Any company which holds more than 50% of the Company's shares with direct or indirect voting rights Subsidiaries in which the Company holds, directly and indirectly, 90% or more of the voting shares may provide mutual endorsements or guarantees. The total amount of endorsements or guarantees which may be provided must not exceed 10% of the net value of the Company. However, such limitation of the amount shall not be applicable to subsidiaries in which the Company holds, directly and indirectly, 100% of the voting shares. Mutual guarantees in the same trade required by construction cooperating contractors' contract or endorsements/guarantees made by all capital-contributing shareholders of the joint venture subject to their shareholding for investees, shall be free from the restrictions referred to in the preceding two paragraphs.</p>	<p>Amend Article 2 of the Procedure in accordance with Article 5 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission, Executive Yuan on July 6, 2012.</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>Article 9: The announcement of the balance of endorsements and guarantees should be conducted according to the following procedures:</p> <p>1.The Company shall announce and report the previous month's balance of endorsements and guarantees of itself and its subsidiaries along with the revenue by the 10th day of each month, as required by <u>the competent authority</u>.</p> <p>2.If the Company's balance of endorsements and guarantees reaches one of the following levels it shall announce and report such event within two days <u>of its occurrence</u>:</p> <p>(1)The aggregate balance of endorsements and guarantees by the Company and its subsidiaries reaches 50 % or more of The Company's net worth as stated in its latest financial statement.</p> <p>(2)The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches 20 % or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3)The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches TWD 10 million or more and the aggregate amount of all endorsements and guarantees for, <u>long-term investment</u> in, and balance of loans to, such enterprise reaches 30% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(4)The amount of new endorsements and guarantees made by the Company or its subsidiaries reaches TWD 30 millions or more, and reaches 5 % or more of the Company's net worth as stated in its latest financial statement.</p>	<p>Article 9: The announcement of the balance of endorsements and guarantees should be conducted according to the following procedures:</p> <p>1.The Company shall announce and report the previous month's balance of endorsements and guarantees of itself and its subsidiaries along with the turnover by the 10th day of each month, which is required by the Executive Yuan Financial Supervisory Commission.</p> <p>2.The Company whose balance of endorsements and guarantees reaches one of the following levels shall announce and report such event within two days from its occurrence:</p> <p>(1)The aggregate balance of endorsements and guarantees by the Company and its subsidiaries reaches 50 % or more of The Company's net worth as stated in its latest financial statement.</p> <p>(2)The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches 20 % or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3)The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches TWD 10 millions or more and the aggregate amount of all endorsements and guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30 % or more of The Company's net worth as stated in its latest financial statement.</p> <p>(4)The amount of new endorsements and guarantees made by the Company or its subsidiaries reaches TWD 30 millions or more, and reaches 5 % or more of the Company's net worth as stated in its latest financial statement.</p>	<p>Amend Article 9 of the Procedure in accordance with Article 7 and Article 25 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission, Executive Yuan on July 6, 2012.</p>
<p>Article 12: If the Company's subsidiary wishes to make endorsement/guarantee for others, it shall conform to the operating procedure for making endorsement/guarantee defined in accordance with the “<u>Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies</u>”, or follow the SOP if no such operating procedure is defined. If the subsidiary was established overseas, then the local registered company seal shall serve as the proper seal for endorsements and guarantees, provided that if it is not necessary to register the specimen seal pursuant to the local laws, the requirements about the seal defined herein shall not apply.</p>	<p>Article 12: Subsidiaries of the Company should be considered separately for endorsements and guarantees. An application must first be submitted to the Company and proceeded according to all of the provisions of this Procedures. If the subsidiary was established overseas, then the local registered company seal shall serve as the proper seal for endorsements and guarantees.</p>	<p>Amend Article 12 of the Procedure in accordance with Article 13 and Article 26-1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission, Executive Yuan on July 6, 2012.</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>Article 15: The Procedures were created on 21 May 1991</p> <p>The 1st amendment was made on 7 May 1997</p> <p>The 2nd amendment was made on 27 Sep 2002</p> <p>The 3rd amendment was made on 26 June 2003</p> <p>The 4th amendment was made on 23 June 2005</p> <p>The 5th amendment was made on 23 June 2006</p> <p>The 6th amendment was made on 19 June 2009</p> <p>The 7th amendment was made on 18 June 2010</p> <p>The 8th amendment was made on 27 June 2012</p> <p><u>The 9th amendment was made on 14 June 2013</u></p>	<p>Article 15: The Procedures were created on 21 May 1991</p> <p>The 1st amendment was made on 7 May 1997</p> <p>The 2nd amendment was made on 27 Sep 2002</p> <p>The 3rd amendment was made on 26 June 2003</p> <p>The 4th amendment was made on 23 June 2005</p> <p>The 5th amendment was made on 23 June 2006</p> <p>The 6th amendment was made on 19 June 2009</p> <p>The 7th amendment was made on 18 June 2010</p> <p>The 8th amendment was made on 27 June 2012</p>	<p>The date of amendment was revised.</p>

Comparative Table: Procedure of Loaning of Funds for WAN HAI LINES LTD. and its Subsidiaries

Clause after amendment	Clause before amendment	Reason for amendment
<p>Article 3: The total funds loaned by the Company shall not exceed 40% of the Company's net worth, and shall have the following limits:</p> <ol style="list-style-type: none"> 1. For companies or firms which have business transactions with the Company, the loaned funds shall not exceed the total transaction amount between both parties for the latest one year; 2. For any company or firm which requires short-term financing with the Company, the individual loaned funds shall not be the lower of 20% of the Company's net worth or 40% of the net worth of the company or firm. 3. Financing among the foreign companies wholly owned by the Company, directly or indirectly, the Company's financing to any subsidiary, and the financing of the Company's subsidiary to the Company shall be exempted from the restrictions defined in the subparagraphs 1 and 2 herein. <p><u>The restriction in subparagraphs 1 and 2 herein shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. However, it is still necessary to define the aggregate amount of loans and maximum amount permitted to a single borrower and also expressly state the time limit of financing and method of interest accrual.</u></p>	<p>Article 3: The total funds loaned by the Company shall not exceed 40% of the Company's net worth, and shall have the following limits:</p> <ol style="list-style-type: none"> 1. For companies or firms which have business transactions with the Company, the loaned funds shall not exceed the total transaction amount between both parties for the latest one year; 2. For any company or firm which requires short-term financing with the Company, the individual loaned funds shall not be the lower of 20% of the Company's net worth or 40% of the net worth of the company or firm. 3. Financing among the foreign companies wholly owned by the Company, directly or indirectly, the Company's financing to any subsidiary, and the financing of the Company's subsidiary to the Company shall be exempted from the restrictions defined in the subparagraphs 1 and 2 herein. 	<p>Amend Article 3 of the Procedure in accordance with Article 3 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by the Financial Supervisory Commission, Executive Yuan on July 6, 2012.</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>Article 9: The Company shall input the loaned funds and balance thereof of the Company and its subsidiaries for the previous month to the M.O.P.S designated by the <u>competent authority</u> before the 10th day of each month.</p> <p>If the loaned funds and balance thereof of the Company meet any of the following circumstances, it shall input the same into the M.O.P.S. and report the same on the M.O.P.S. within two days <u>commencing immediately from the date of occurrence</u>:</p> <ol style="list-style-type: none"> 1. The aggregate balance of funds loaned to others by the Company and its subsidiaries reaches 20% or more of the Company's net worth as stated in its latest financial statement. 2. The balance of funds loaned by the Company and its subsidiaries for a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement. 3. The amount of new loans of funds by the Company or its subsidiaries reaches TWD \$10 million or more, and reaches 2% or more of the Company's net worth as stated in its latest financial statement. <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.</p>	<p>Article 9: The Company shall input the loaned funds and balance thereof of the Company and its subsidiaries for the previous month to the M.O.P.S designated by the Financial Supervisory Commission, Executive Yuan before the 10th day of each month.</p> <p>If the loaned funds and balance thereof of the Company meet any of the following circumstances, it shall input the same into the M.O.P.S. and report the same on the M.O.P.S. within two days commencing from the date of occurrence:</p> <ol style="list-style-type: none"> 1. The aggregate balance of funds loaned to others by the Company and its subsidiaries reaches 20% or more of the Company's net worth as stated in its latest financial statement. 2. The balance of funds loaned by the Company and its subsidiaries for a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement. 3. The amount of new loans of funds by the Company or its subsidiaries reaches TWD \$10 million or more, and reaches 2% or more of the Company's net worth as stated in its latest financial statement. <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.</p>	<p>Amend Article 9 of the Procedure in accordance with Article 7 and Article 22 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission, Executive Yuan on July 6, 2012.</p>
<p>Article 10: If the Company’s subsidiaries wish to loan funds to others to meet business needs, they shall conform to the operating procedure for loaning funds defined in accordance with the “<u>Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies</u>”, or follow the Procedure if no such operating procedure is defined.</p>	<p>Article 10: If the Company’s subsidiaries wish to loan funds to others to meet business needs, they shall conform to the operating procedure for loaning funds defined in accordance with the the Procedure.</p>	<p>Amend Article 10 of the Procedure in accordance with Article 10 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission, Executive Yuan on July 6, 2012.</p>
<p>Article 13: The Procedure were created on 29 May 1995 The 1st amendment was made on 29 June 2002. The 2nd amendment was made on 26 June 2003. The 3rd amendment was made on 23 June 2006. The 4th amendment was made on 18 June 2008. The 5th amendment was made on 19 June 2009. The 6th amendment was made on 18 June 2010. The <u>7th amendment was made on 14 June 2013.</u></p>	<p>Article 13: The Procedure were created on 29 May 1995 The 1st amendment was made on 29 June 2002. The 2nd amendment was made on 26 June 2003. The 3rd amendment was made on 23 June 2006. The 4th amendment was made on 18 June 2008. The 5th amendment was made on 19 June 2009. The 6th amendment was made on 18 June 2010.</p>	<p>The date of amendment was revised.</p>

Comparative Table: Amendments to Memorandum of Association

Clause after amendment	Clause before amendment	Reason for amendment
<p>Article 6: Shareholders Meeting</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>5. Each share of the Company held by a shareholder counts as one vote.</p>	<p>Article 6: Shareholders Meeting</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>5. Each share of the Company held by a shareholder counts as one vote.</p>	<p>1. Amend the text about extraordinary shareholders meeting.</p> <p>2. If the Chairman is unable to perform his or her duties due to leave of absence or other reason at a shareholders' meeting, his proxy shall be appointed in accordance with Article 208 of the Company Act, which provides that "If there is no Vice Chairman or the Vice Chairman is unable to perform his or her duties due to leave of absence or other reason, the Chairman may appoint a managing director to act on his behalf. If no one is appointed, the remaining directors may choose a director to perform the Chairman's duties, or where there are no managing directors, one of the directors shall be appointed to act on his behalf; in the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting on behalf of the Chairman.</p>
<p>Article 7: The Board of Directors</p> <p>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.</p> <p>2. <u>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.</u></p> <p>3. With two-thirds or more of the directors present,</p>	<p>Article 7: The Board of Directors</p> <p>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.</p> <p>2. 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.</p> <p>3. Article 208 of the Company Act shall apply when the directors' meeting is suspended.</p> <p>4. 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</p>	<p>1. According to the FSC's official letter decree No. 1000010723 made by the Financial Supervisory Commission on March 22, 2011, the Company may elect two independent directors, or the independent directors may comprise no less than one-fifths of the directors upon expiration of the current directors' terms of office. The independent directors shall be nominated and elected by shareholders from the name list of independent directors.</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>one chairman of the board, and one vice chairman of the board may be elected by consent of over half of the present directors.</p> <p>4. Article 208 of the Company Act shall apply when the directors' meeting is suspended.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p><u>7. A directors' meeting may be convened via fax or email.</u></p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>5. 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.</p> <p>6. 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, <u>Executive Yuan.</u></p> <p>7. 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.</p>	<p>2. According to the letter decree No. 10002422930 made by the Ministry of Economic Affairs, R.O.C. on August 9, 2011, a directors' meeting may be convened via fax or email.</p> <p>3. As of July 1, 2012, Financial Supervisory Commission, Executive Yuan, was renamed the "Financial Supervisory Commission" officially.</p> <p>4. The article number is amended.</p>
<p>Article 8: Supervisor</p> <p>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.</p> <p><u>The Company's supervisors shall be nominated and elected from the name list of supervisors.</u></p> <p>2. Supervisors conduct independent supervision in accordance to the law, and must attend the board of directors meeting as a nonvoting delegate.</p>	<p>Article 8: Supervisor</p> <p>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.</p> <p>2. Supervisors conduct independent supervision in accordance to the law, and must attend the board of directors meeting as a nonvoting delegate.</p> <p>3. Supervisors may not concurrently hold the position of director, manager, or other position</p>	<p>1. The supervisors shall be nominated and elected from the name list of supervisors.</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>3. Supervisors may not concurrently hold the position of director, manager, or other position at the company.</p> <p>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.</p> <p>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.</p>	<p>at the company.</p> <p>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, <u>Executive Yuan</u>.</p> <p>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.</p>	<p>2. As of July 1, 2012, Financial Supervisory Commission, Executive Yuan, was renamed the “Financial Supervisory Commission” officially.</p>
<p>Article 11: The industry in which the Company operates is changeable, and is capital-intensive. In times of stable growth, the Company considers future capital needs, and long-term financial plans, as well as satisfying shareholder needs pertaining to cash inflows. The <u>current income</u> after the Company's final accounting shall reimburse losses made in previous years as well as 10% of the remainder to be provided for a legal earnings reserve. The Company must also take into account events during the current years' shareholders' equity, and any special earnings reserves that are required or <u>reversed</u> by regulations. 50% or more of the remaining balance, plus any <u>Unappropriated earnings accumulated at the beginning of the period and any undistributed earnings adjustment in the current year</u>, shall be distributed. The Board of Directors is responsible for planning the earnings appropriation, and these may be distributed after adoption by the shareholders meeting. Appropriation must include:</p> <p>1. Employees' bonuses of <u>no less</u> than 1%.</p> <p>2. Directors' and Supervisors' remuneration, totaling 1%.</p> <p>3. <u>The remainder after deducting amounts in subparagraphs 1 and 2 shall be shareholders' dividends.</u></p> <p>4. <u>Independent directors shall not take part in the allocation of earnings, whose remuneration shall be decided upon resolution of a directors' meeting.</u></p> <p>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</p>	<p>Article 11: The industry in which the Company operates in changes, and is capital-intensive. In times of stable growth, The Company considers future capital needs, and long-term financial plans, as well as satisfying the shareholders' needs pertaining to cash inflows. A surplus after the Company's final accounting is first subject to payment of the business income tax in accordance with law, and reimbursing losses made in previous years as well as 10% of the remainder to be provided for legal earnings reserve. The Company must also take into account events during the current years' shareholders' equity, and any special earnings reserves that are required by regulations. 50% or more of the remaining balance, plus any undistributed earnings carried from previous years, shall be distributed. The Board of Directors is responsible for planning the earnings appropriation, and may be distributed after adoption by the shareholders meeting. Appropriation must include:</p> <p>1. Employees' bonuses, totaling 1%.</p> <p>2. Directors' and Supervisors' remuneration, totaling 1%.</p> <p>3. Cash dividends to shareholders totaling 98%.</p> <p>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.</p>	<p>1. Upon adoption of IFRS, the income statement became the consolidated income statement. The earnings means the current income, exclusive of other consolidated income. This shall be stated expressly.</p> <p>2. Profit-making business income tax comes under the auspices of current income tax, instead of deferred income tax. In addition, current income means profit after tax.</p> <p>3. If other consolidated loss as realized is re-translated into accumulated loss, it must be made up. In addition, according to the Company Act, it is only necessary to state that the loss is reimbursed.</p> <p>4. If the deduction under shareholders' equity is reversed, the special reserve equivalent to the reversal of deduction may be reversed to undistributed earnings.</p> <p>5. The other consolidated earning reversed to undistributed earnings upon realization is allocable.</p> <p>6. Amend the stock dividend policy by changing the ratio into a non-fixed ratio, in order to make the stock dividend policy more flexible.</p>

Clause after amendment	Clause before amendment	Reason for amendment
should be used to provide for an identical special earnings reserve, which must first be deducted before being apportioned.		
<p>Article 14: This Memorandum of Association was created on 6 January 1965.</p> <p>The 1st Amendment was made on 31 March 1966</p> <p>The 2nd Amendment was made on 10 Sep 1966</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>The 34th Amendment was made on 18 June 2010</p> <p>The 35th Amendment was made on 27 June 2012</p> <p><u>The 36th Amendment was made on 14 June 2013</u></p>	<p>Article 14: This Memorandum of Association was created on 6 January 1965.</p> <p>The 1st Amendment was made on 31 March 1966</p> <p>The 2nd Amendment was made on 10 Sep 1966</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>The 34th Amendment was made on 18 June 2010</p> <p>The 35th Amendment was made on 27 June 2012</p>	<p>The date of amendment was revised.</p>

Comparative Table: Amendments to Procedures for the Election of Directors and Supervisors

Clause after amendment	Clause before amendment	Reason for amendment
<p>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. <u>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.</u> <u>Independent and non-independent directors shall be elected concurrently, and the number of the elected shall be calculated separately.</u></p>	<p>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.</p>	<ol style="list-style-type: none"> 1. The Company adopts the candidate nomination system to elect its directors, independent directors and supervisors. 2. Independent and non-independent directors shall be elected concurrently, and the number of the elected shall be calculated separately. 3. According to Article 192-1 of the Company Act, in case a candidate nomination system is adopted by a company offering its shares to the public for election of the directors of the company, the adoption of such system shall be expressly stipulated in the Articles of Incorporation of the company; and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. Article 216-1 of the same Act states that where the candidate nomination system is adopted by a company which has issued shares to the public in its Articles of Incorporation for election of supervisors, the provisions set out in Article 192-1 of this Act shall apply mutatis mutandis.
<p>Article 5: The Directors <u>Independent Directors</u> 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.</p>	<p>Article 5: The 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. <u>If an elected Director or Supervisor, prior to registration with the competent authority, makes clear the intention to forgo appointment, the vacancy will be filled by the candidate with the second most number of votes.</u> If two candidate 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.</p>	<p>According to the official letter under Ching-Shangt-Tze No. 09002286520 dated January 10, 2002, after the amendments to the Company Act, the directors shall not be assumed to be the originally elected who won the majority votes in accordance with the Articles of Incorporation and resolved by the shareholders' meeting. Article 206 of the Company Act before the amendments to the Act made on November 12, 2001, stated that where the number of vacancies of directors attained one-thirds of the whole directors, an extraordinary shareholders' meeting shall be held to elect new directors; where the number of vacancies of directors does not attain said quorum but it is necessary to elect new directors, the vacancies may be filled by the originally elected who won the majority votes. The amended and also current provision states that where the vacancies of directors attains one-thirds of the whole directors, the Board of Directors shall hold an extraordinary shareholders meeting within 30 days to elect new directors, provided that the Board of Directors of a company offering its shares to the public may hold the extraordinary shareholders meeting within 60 days to elect new directors.</p>

Clause after amendment	Clause before amendment	Reason for amendment
Article 13: These procedures and subsequent amendments were <u>same applies</u> implemented after adoption by the shareholders meeting.	Article 13: These procedures and subsequent amendments were implemented after adoption by the shareholders meeting.	Amend the wording.
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 <u>The 3rd amendment was made on 14 June 2013</u>	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 date of amendment was revised.

Attachment 9

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

Objective: Release the Non-Compete restriction for the corporate Director Blue Moon Investment Company's representative, Mr. Fu-Lung Hsieh.

Scope of Release the Non-Compete:

WAN HAI LINES THAILAND LTD. Director

TK LOGISTICS INTERNATIONAL CO., LTD. Representative Supervisor

BAO SHENG SHIPPING AGENCY CO., LTD. Representative Supervisor

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 in which the Company operates is changeable, and is capital-intensive. In times of stable growth, the Company considers future capital needs, and long-term financial plans, as well as satisfying shareholder needs pertaining to cash inflows. The current income after the Company's final accounting shall reimburse losses made in previous years as well as 10% of the remainder to be provided for a legal earnings reserve. The Company must also take into account events during the current years' shareholders' equity, and any special earnings reserves that are required or reversed by regulations. 50% or more of the remaining balance, plus any Unappropriated earnings accumulated at the beginning of the period and any undistributed earnings adjustment in the current year, shall be distributed. The Board of Directors is responsible for planning the earnings appropriation, and these may be distributed after adoption by the shareholders meeting. Appropriation must include:

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, than 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

Procedure of Endorsement and Guarantees for WAN HAI LINES LTD. And Its Subsidiaries

Article 1: For all matters pertaining to endorsements and guarantees, the Company and its subsidiaries complies with this set of procedures for implementation, unless otherwise provided for in laws.

Article 2: The Company's counterpart for endorsements and guarantees are limited to those circumstances listed below:

1. Any company which has a business relationship with the Company;
2. Any company in which the Company holds more than 50% of the shares with direct or indirect voting rights
3. Any company which holds more than 50% of the Company's shares with direct or indirect voting rights

Subsidiaries in which the Company holds, directly and indirectly, 90% or more of the voting shares may provide mutual endorsements or guarantees. The total amount of endorsements or guarantees which may be provided must not exceed 10% of the net value of the Company. However, such limitation of the amount shall not be applicable to subsidiaries in which the Company holds, directly and indirectly, 100% of the voting shares.

Mutual guarantees in the same trade required by construction cooperating contractors' contract or endorsements/guarantees made by all capital-contributing shareholders of the joint venture subject to their shareholding for investees, or joint guarantee of performance bond for the pre-sale housing contract in the same trade as governed by the Consumer Protection Act, shall be free from the restrictions referred to in the preceding two paragraphs. The above-mentioned capital contribution refers to an investment made by the Company directly, or via any company in which the Company holds 100% of the shares with voting right.

Article 3: The endorsements and guarantees referred to in this procedure include:

1. Financial endorsements and guarantees, refers to tickets discounted financing, endorsements and guarantees for the purpose of other company's corporate financing, and receipts created for guarantees for the Company's

financing apart from those in the financial business.

2. Customs endorsements and guarantees, refers to endorsements and guarantees made by the Company or other companies that are related to customs items.
3. Other endorsements and guarantees, refers to endorsements and guarantees which cannot be included in the two preceding items.

Movable property or real estate used by the Company or other companies for the purpose of loan guarantee pledges, and mortgage rights should be handled according to the main points of these regulations.

Article 4: Amount limitations of Endorsements and Guarantees

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

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

1. Before endorsing others or providing guarantees, a careful evaluation of

whether or not it conforms to the regulations of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, as well as these operating procedures. After undergoing analysis using these regulations, the results should be submitted to the Board of Directors for a resolution, and only then enacted. When necessary, it should first be approved by Chairman, and be retroactively recognized by the Board of Directors after it has been enacted.

Subsidiaries where the Company directly or indirectly controls 90% of voting rights making endorsements and guarantees under Item 2 of Article 2 must first submit a proposal to the Board of Directors and receive approval before implementation. Endorsements and guarantees of companies who directly or indirectly control 100% of voting rights are not subject to these restrictions.

2. If there are independent Directors, ample consideration of the opinions of all independent directors is necessary. The explicit agreement or opposition of the independent directors, as well as their reasons for opposition, must be recorded in the minutes of the Board of Directors.
3. When a guaranteed company requests an endorsement or guarantee, an official statement containing its uses, sum total of the endorsement and guarantee, and other relevant information should be provided. The promissory note should be provided at the same time. These restrictions do not apply to endorsements and guarantees made to subsidiaries, or endorsements and guarantees made by subsidiaries to the Company, or endorsements and guarantees falling under the circumstances as listed in Item 2 of Article 2.
4. The official statement described above, as well as the promissory note, should first undergo examination by the financial department. The main points of examination are listed as follows:
 - (1) Whether or not ample reason is provided for the request of endorsements and guarantees. Whether or not the endorsement and guarantee is necessary and reasonable.
 - (2) Credit and risk assessment of the guaranteed company, and an assessment by the company's financial department regarding the necessity of the sum of the endorsement.

- (3) Whether or not the accumulated sum of the endorsement falls within the quota.
 - (4) The effect upon the company's operational risk, financial condition, and shareholders' rights. The possibility of other factors that may pose harm to the Company's rights and interests.
 - (5) Whether or not collateral is required, and the evaluation of the worth of the collateral.
5. The manager of the finance division should submit the audit opinion along with the official statement and promissory note to the Board of Directors or Chairman for consideration.
6. Promissory note that have been approved according to this procedure must first complete the steps listed before being returned to the guaranteed company:
 - (1) Stamped with the Company's official seal
 - (2) A copy of both sides of the promissory note for future reference
 - (3) Entered into the "reference system," so as to control the endorsement amount
7. When the promissory note or guarantee is not approved, the finance division must prepare a statement giving reasons for rejection, and send it to the guaranteed company along with the promissory note.
8. When an endorsed or guaranteed party originally satisfying requirements of Article 2 no longer satisfies these requirements, or the sum of the endorsement and guarantee, due to change in the calculated base quota, exceeds the established quota, a correction must be made to the sum of the endorsement and guarantee or the amount exceeding the quota, within the time period of the contract. Or otherwise completely eliminating the error within a specified time set by the financial division, after passing inspection from the Chairman of the Board, as well as a report made to the Board of Directors and the Supervisors.
9. For circumstances in which an entity for which the company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the monitoring and controlling should be prescribed as follows:

The finance division should, keep monitoring on the basis of the procedures

of the Company's Internal Control System and the regulations of this Procedure. Additionally, a yearly evaluation of the necessity, rationality, risk, and influence upon operational risk, financial risk, and shareholders' rights to the Company and its subsidiaries, should be compiled along with guarantee information and evaluation. A written report should be given to the Chairman of the Board, as well as a report to the Board of Directors if the Chairman deems it necessary.

Article 6: Nullification of the promissory note

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

Article 7: The Company shall apply for a registered company seal for use on endorsements and guarantees from the Ministry of Economic Affairs. The seal used for endorsements and guarantees will be taken care of by a person assigned by the Board of Directors. Materials requiring the seal or signing of invoices should go through the Company's procedure for approval. For guarantees to foreign companies, the letter of guarantee should be signed by Chairman or other personnel who is authorized by the Board of Directors.

Article 8: Items pertaining to endorsements and guarantees made by the Company should be entered into the "reference system" by the finance division. It should include detailed information with regards to items accepted as collateral, name of company receiving endorsements and guarantees, results of risk evaluation, sum of endorsements and guarantees, date and conditions for the collection of

collateral and lifting of guarantee responsibilities, date of approval by the Board of Directors or Chairman, date of endorsement and guarantee, as well as other assessments or cancellations relevant to the endorsement and guarantee.

The Company's internal auditor should keep monitoring and auditing the procedure for endorsements and guarantees and the status of its execution every quarter. A written record of this audit should be created. If a significant transgression of regulations is discovered, a written notification must be given to each Supervisor.

Article 9: The announcement of the balance of endorsements and guarantees should be conducted according to the following procedures:

1. The Company shall announce and report the previous month's balance of endorsements and guarantees of itself and its subsidiaries along with the turnover by the 10th day of each month, which is required by the competent authority.
2. The Company whose balance of endorsements and guarantees reaches one of the following levels shall announce and report such event within two days of its occurrence:
 - (1)The aggregate balance of endorsements and guarantees by the Company and its subsidiaries reaches 50 % or more of The Company's net worth as stated in its latest financial statement.
 - (2)The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches 20 % or more of the Company's net worth as stated in its latest financial statement.
 - (3)The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches TWD 10 millions or more and the aggregate amount of all endorsements and guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30 % or more of The Company's net worth as stated in its latest financial statement.
 - (4)The amount of new endorsements and guarantees made by the Company or its subsidiaries reaches TWD 30 millions or more, and reaches 5 % or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.

If the total sum of an endorsement and guarantee reaches the circumstance mentioned in the first listed item of subsection two of the first item, the following items should be announced:

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

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

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

endorsement and guarantee constitutes up to the date of occurrence.

7. The proportion of the Company's net worth as stated in its latest financial statement that the combined total of long-term investments, endorsements and guarantees, and lending funds constitutes up to the date of occurrence.

Article 10: The Company should provide materials related to endorsements and guarantees to be signed by a CPA, and illustrated in the audit report.

Article 11: Before implementing the Procedures for endorsements or guarantees, recognition by the Board of Directors according to the all of the above articles should be carried out. If there are parts which exceed the provided limit, the difference should be nullified in order to reduce the total.

Article 12: If the Company's subsidiary wishes to make endorsement/guarantee for others, it shall conform to the operating procedure for making endorsement/guarantee defined in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", or follow the SOP if no such operating procedure is defined. If the subsidiary was established overseas, then the local registered company seal shall serve as the proper seal for endorsements and guarantees, provided that if it is not necessary to register the specimen seal pursuant to the local laws, the requirements about the seal defined herein shall not apply.

Article 13: 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 14: 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 approved by the shareholders meeting.

Article 15: The Procedures were created on 21 May 1991
The 1st amendment was made on 7 May 1997

The 2nd amendment was made on 27 Sep 2002

The 3rd amendment was made on 26 June 2003

The 4th amendment was made on 23 June 2005

The 5th amendment was made on 23 June 2006

The 6th amendment was made on 19 June 2009

The 7th amendment was made on 18 June 2010

The 8th amendment was made on 27 June 2012

The 9th amendment was made on 14 June 2013

Procedure of Loaning of Funds for WAN HAI LINES LTD. and its Subsidiaries

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

Article 2: The Company' s counterparts of loan are limited to those circumstances listed below:

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

The foreign companies in which the Company holds 100% of the shares with direct or indirect voting rights may loan funds to each other.

Article 3: The total funds loaned by the Company shall not exceed 40% of the Company' s net worth, and shall have the following limits:

1. For companies or firms which have business transactions with the Company, the loaned funds shall not exceed the total transaction amount between both parties for the latest one year;
2. For any company or firm which requires short-term financing with the Company, the individual loaned funds shall not be the lower of 20% of the Company' s net worth or 40% of the net worth of the company or firm.
3. Financing among the foreign companies wholly owned by the Company, directly or indirectly, the Company's financing to any subsidiary, and the financing of the Company' s subsidiary to the Company shall be exempted from the restrictions defined in the subparagraphs 1 and 2 herein.

The restriction in subparagraphs 1 and 2 herein shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. However, it is still necessary to define the aggregate amount of loans and maximum amount permitted to a single borrower and also expressly state the time limit of financing and method of interest accrual.

Article 4: The Procedure for loaning of funds to others is specified as following:

1. The borrower shall complete the “ Financing Request Form” and submit the same to the finance department.
2. Before loaning funds to others, a careful evaluation of whether or not it conforms to the regulations of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, as well as these operating procedures. After undergoing analysis using these regulations, the results should be submitted to the Board of Directors for resolution without delegating any others to make decision. The evaluation report shall include:
 - (1) Whether the loan of funds to others is necessary and reasonable.
 - (2) Credit investigation and risk assessment of the borrower.
 - (3) The effect upon the Company’ s operating risk, financial condition and shareholders' equity.
 - (4) Whether or not collateral is required, and the evaluation of the worth of the collateral.
3. The financing between the Company and any of the Company’ s subsidiaries, or between the Company’ s subsidiaries shall be subject to the resolution of the Board of Directors in the manner referred to in the preceding paragraph. Meanwhile, the Chairman of the Board may be authorized to agree to the allocation of funds in installments or cycle disbursement to the same borrower under the specific limit resolved by the Board of Directors and within the time limit of no more than one year. The limit of loans granted to a single entity shall be no more than 10% of the net worth identified in the Company’ s latest financial statement, unless Article 2.2 herein is met.
4. If there are independent directors, ample consideration of the opinions of all independent directors is necessary. The explicit agreement or opposition of the independent directors, as well as their reasons for opposition, must be recorded in the minutes of the Board of Directors.

Article 5: The borrower shall deliver the promissory note bearing an unspecified expiry date before the Company allocates the funds. The promissory note shall be

kept by the finance department.

Article 6: Upon allocation of the funds, it is necessary to take note of the borrowers' finance, business and credit rating, and the change in the value of the collateral, if any, from time to time. Any material change shall be reported to the Chairman of the Board immediately, and sufficient action shall be taken as per the Chairman' s instructions.

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

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

Article 7: For said financing, the finance department shall prepare a subsidiary ledger to truthfully record the borrower' s name, amount, date of approval by the Board of Directors, lending/borrowing date, scheduled date of collection, and matters to be carefully evaluated until the end of the current month and under Article 4.2 herein.

Article 8: The finance department shall prepare the " Statement of Loan of Funds to Others" according to said subsidiary ledger on a monthly basis and report the same to the Board of Directors.

Article 9: The Company shall input the loaned funds and balance thereof of the Company and its subsidiaries for the previous month to the M.O.P.S designated by the competent authority before the 10th day of each month.

If the loaned funds and balance thereof of the Company meet any of the

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

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

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

Article 10: If the Company' s subsidiaries wish to loan funds to others to meet business needs, they shall conform to the operating procedure for loaning funds defined in accordance with the “ Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” , or follow the Procedure if no such operating procedure is defined.

Article 11: If a manager or organizer of the Company violates the Procedure, an assessment must be carried out according to the Company' s personnel administration rules and employee handbook. The severity of the punishment will be based on the circumstances.

Article 12: The Procedure shall be enforced after being submitted to each supervisor and reported to the shareholders' meeting for approval. The same shall apply if the Procedure is amended.

Article 13: The Procedure were created on 29 May 1995

The 1st amendment was made on 29 June 2002.

The 2nd amendment was made on 26 June 2003.

The 3rd amendment was made on 23 June 2006.

The 4th amendment was made on 18 June 2008.

The 5th amendment was made on 19 June 2009.

The 6th amendment was made on 18 June 2010.

The 7th amendment was made on 14 June 2013.

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

Other Information that should be Disclosed

1. There were no earnings distributable after the legal reserve and special reserve were provided from the pre-tax net income 2011. Upon the resolution made by the shareholders' meeting 2012, no employee bonus and remuneration to directors /supervisors would be distributed.

2. Dividend policy

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

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

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

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

3. Proposed distribution of retained earnings of year 2012

- (1) According to the relevant laws and Memorandum of Association, the Company's 2012 earnings are appropriated in the following manners NT\$182,835,494 and NT\$1,055,770,132 is appropriated as special earned surplus, NT\$6,017,850 appropriated as remuneration to directors and supervisors, NT\$6,017,850 appropriated as employee cash bonus, NT\$589,749,310 appropriated as shareholder stock dividend, added to allocate the capital surplus from the share premium account, NT\$1,184,888,663 and NT\$0.8 appropriated as cash dividend per share.(including earnings appropriation NT\$0.26585673, allocation of capital surplus-premium share account NT\$0.53414327)
- (2) The Board proposed to allot the amount of bonuses to employees, directors and supervisors recognized annual cost estimate column amount of difference: N/A
- (3) The influence of Stock dividend toward operating performance, EPS, and ROE of the company: It is not applicable. Our company doesn't publicly disclose financial estimations.

Appendix 7

Status of the Number of Shares Held by Directors and Supervisors

1. Detailed Table of the minimum shares held by the entire body of Directors and 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: 2012/04/16

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

Until book closure date:2012/4/16

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
Director	Ta Hsin Investment Co. , LTD.	38,287,219	Representative: Huey-Jiuan Chen
Director	Blue Moon Investment Co., Ltd.	2,917,325	Representative: Ye-Tsan Lee(note1) Representative: Fu-Tian Huang (note2) Representative: Fu-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: Resigned on 2012/01/31, and holding of shares: 0.

Note 2: Representative appointed on 2012/03/21. Resigned on 2013/03/26, and holding of shares: 0.

Note 3: Representative appointed on 2013/04/02.

Note 4: The Company has a paid-up capital of \$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.