

Stock Code: 2615

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WAN HAI LINES LTD.
2021 Annual General Shareholders' Meeting

Time: June 28, 2021

Venue: 2F, No.16, Section 4, Jhongshan North Road, Taipei City
Jing-Guo Memorial Hall, China Youth Corps Chientan
Youth Activity Center, Auditorium

Market Observation Post System <http://mops.twse.com.tw>

Website of the company <http://www.wanhai.com>

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WAN HAI LINES LTD.

2021 Annual General Shareholders' Meeting Procedures

1. Commence Meeting

2. Chairman's Speech

3. Reports

4. Acknowledgements

5. Discussions

6. Special Motions

7. Dismissal

WAN HAI LINES LTD.

2021 Annual General Shareholders' Meeting Agenda

- (1) Time: 9:00 a.m. Monday, June 28, 2021
- (2) Venue: 2F, No.16, Section 4, Jhongshan North Road, Taipei City Jing-Guo Memorial Hall, China Youth Corps Chientan Youth Activity Center, Auditorium
- (3) Commence Meeting
- (4) Chairman's Speech
- (5) Reports
 1. 2020 Annual Employees' Remuneration and Directors' Remuneration Report
 2. 2020 Business Report
 3. Audit Committee's Review Report on the 2020 Financial Statements
 4. Matters related to the issue of domestic unsecured corporate bonds in 2020 report for acknowledgments.
- (6) Acknowledgements
 1. Presenting the 2020 Financial Statements and Business Report
 2. Presenting the 2020 Earnings Appropriation
- (7) Discussions
 1. Proposal for a new share issue through capitalization of earnings
 2. Amendment to the Procedures for Loaning of Funds by Wan Hai Lines Ltd. and its Subsidiaries
 3. Amendment to the Procedures for Endorsement and Guarantees by Wan Hai Lines Ltd. and its Subsidiaries
 4. Amendment to the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its Subsidiaries
 5. Amendment to the Articles of Incorporation
 6. Amendment to the Rules and Procedures of Shareholders Meeting
- (8) Special Motions
- (9) Dismissal

【 Reports 】

(1) Please examine the 2020 Annual Employees' Remuneration and Directors' Remuneration Report.

Explanatory Notes: The Company's 2020 annual profit was NT\$14,361,671,257 (pre-tax benefit before the deduction of employees' remuneration and directors' remuneration), with a provision of 1% for employees' remuneration as NT\$143,616,713 and 1% for Directors' remuneration as NT\$143,616,713. The employees' remuneration and directors' remuneration are to be distributed in cash.

(2) Please examine the 2020 Business Report.

Explanatory Notes: Please refer to Attachment 1. (Page 9~14)

(3) Please examine the Audit Committee's Review Report on the 2020 Financial Statements.

Explanatory Notes: Please refer to Attachment 3. (Page 30~31)

(4) Please examine 2020 Domestic Unsecured Corporate Bonds Issuance.

Explanatory Notes:

1. In accordance with Article 246 of the Company Act.
2. The related items are as follows:

Bond Name	2020 1 st Domestic Unsecured Corporate Bonds
Total issuance	NT\$ 2,500,000,000
Tenor	5 years term
Coupon rate	Fixed annual interest rate : 0.97%
Method of Repayment	Principal: Repay in one lump sum upon maturity Interest: One simple interest annual payment
Approval Letter	Approved by Taipei Exchange as per letter numbered Zheng Gui Zhai Zi 10900120551, dated October 15,2020
Reason	Repay loans and to strengthen financial structure
Note	Fundraising was completed on Oct 23, 2020

【Acknowledgements】

1st Motion:

Subject: Presenting the 2020 Financial Statements and Business Report for acknowledgements. (Proposed by Board of Directors)

Explanatory Notes:

1. The Company's 2020 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows (including Consolidated Financial Statements) have been audited by independent Auditors. The Financial Statements and Business Report have also been sent to the Audit Committee, and the Audit Committee has completed the examination. An Independent Auditor's Report has been included on the record.
2. For the Business Report and Financial Statements mentioned above, please refer to Attachment 1 and Attachment 2. (Pages 9~29)
3. Please proceed to acknowledge.

Resolution:

2nd Motion:

Subject: Presenting the 2020 Earnings Appropriation for acknowledgements.
(Proposed by Board of Directors)

Explanatory Notes:

1. The Company's 2020 net income after tax was NT\$11,316,980,783. In accordance with relevant laws and the Memorandum of Association, 10% of net income which equates to the amount of NT\$1,129,278,620 was appropriated as legal reserve and also the provision of special reserve of NT\$1,719,920,547. After the addition of beginning period undistributed earnings of NT\$3,649,102,331 and the other comprehensive income of NT\$24,194,586 (the 2020 annual remeasurement of defined benefit obligation), the available undistributed earnings was NT\$12,092,689,361.
2. In accordance with relevant laws and the Memorandum of Association, the 2020 annual earnings appropriation was NT\$ 4,436,594,926, for distribution to shareholders are as follows :
 - (1) Cash dividend of NT\$1 per share, NT\$ 2,218,297,466 as total amount.
 - (2) Stock dividend of NT\$1 per share, NT\$ 2,218,297,460 as total amount.
3. In accordance with the Ministry of Finance's Regulatory Letter No. 871941343, a company shall first determine the year to which earning dividends or surpluses belong. The Company's earnings appropriation principle has allocated the undistributed earnings to 2020.
4. Cash dividends which are listed in the shareholders' ledger on the ex-dividend date will be proportionally calculated to the nearest NT Dollar. Any amount less than NT\$1 will be forfeited. Less than a dollar fractional totals are adjusted in

- order from large to small decimal points and shareholders numbers are ordered from first to last to meet the distribution of the cash dividend total.
5. The shareholders meeting is requested to ratify authorization for the Board of Directors to make all necessary adjustments if changes in share capital impact volume of shares in circulation and subsequently affect the dividend yield.
 6. For the company's 2020 Earnings Appropriation table, please refer to Attachment 4 (Page 32).
 7. Please proceed to acknowledge.

Resolution:

【Discussions】

1st Motion:

Subject: A proposal for capital increase by earnings to issue new shares is hereby submitted for discussion. (Proposed by the Board of Directors)

Explanatory Notes:

1. In consideration of the needs of future business developments of Wan Hai Lines, we intend to appropriate the N.T. \$ 2,218,297,460 shareholders' stock dividend from the distributable earnings of 2020 to issue 221,829,746 shares with a par value of N.T. \$10. The new shares shall have the same rights and obligations of the original shares. The paid-in capital shall be N.T. \$ 24,401,272,120 after the capital increase.
2. 100 bonus shares will be issued for every 1,000 shares held by shareholders as listed in the shareholders register on the ex-dividend date. If fractional shares are issued, shareholders may register with Wan Hai Lines' agent for stock affairs for consolidation of them within 5 days of ex-rights date. If not consolidated or if still short of 1 share after consolidation, a cash payment will be made in accordance with Article 204 of the Company Law. It will be calculated to 1 N.T. dollar (less will be discarded).The chairman of the board is authorized to negotiate with specific parties for them to purchase such shares at par value. If shareholders are using the book entry-transfer method, proceeds from their fractional shares will be used to cover book entry-transfer fees.
3. If share capital changes after appropriation of dividend affect the number of outstanding shares and thus causing changes in the dividend rate, it is proposed that the board of directors shall be fully authorized by the shareholders meeting to handle the matter in accordance with relevant rules and regulations.
4. Upon approval of this case by the shareholders meeting and competent authorities, the board of directors shall be authorized to set base dates for issuing new shares and other relevant matters.
5. Please proceed to discuss.

Resolution:

2nd Motion:

Agenda: Amendment to 「 the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its Subsidiaries 」 for discussion

Explanatory Notes:

1. According to the amendment of 「 Regulations Governing the Acquisition and Disposal of Assets by Public Companies 」 and 「 Regulations Governing the Acquisition and Disposal of Assets by Public Companies: Q&A 」 by the Securities and Futures Commission, the Company shall amend 「 the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its Subsidiaries 」
2. Please refer to attachment 5 for Comparison Table of Amendments. (Pages 33~36)Please also refer to appendix 1 for amended procedures (Pages 58~61)
3. Please proceed to discuss.

Resolution:

3rd Motion:

Agenda: Amendment to 「 the Procedures for Endorsement and Guarantees by Wan Hai Lines Ltd. and its Subsidiaries 」 for discussion

Explanatory Notes:

1. In consideration of the future scope of operational development of Wan Hai Lines, and to avoid insufficient credit, it is suggested that the endorsement guarantee credit amount extended to any single subsidiary be raised to 200%.
2. For a Comparison Table of procedures before and after the amendment, please refer to Attachment 6 (page 37); for procedures of procedures after the amendment, please refer to Appendix 2 (page 62~69)
3. Please proceed to discuss.

Resolution:

4th Motion:

Agenda: Amendment to 「 the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its Subsidiaries 」 for discussion

Explanatory Notes:

1. According to the amendment of 「 Regulations Governing the Acquisition and Disposal of Assets by Public Companies 」 and 「 Regulations Governing the Acquisition and Disposal of Assets by Public Companies: Q&A 」 by the Securities and Futures Commission, the Company shall amend 「 the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its Subsidiaries 」

2. With regards to the consent of the acquisition or disposal of right-of-use assets of vessel which is subject to the prior consent of the governing authority and the transaction amounts is within TWD 30 billion and have the decisions subsequently submitted to and ratified by the next board of directors meeting.
3. Usage of the terms “paragraph, subsection and item” is amended in accordance with the Central Regulation Standard Act.
4. The comparison table for the amendments is attached hereto as Attachment 7 (page 38~52) and for post-revision procedure please refer to Appendix 3 (page 70~82).
5. Please proceed to discuss.

Resolution:

5th Motion:

Subject: The proposal to amend the Articles of Incorporation of Wan Hai Lines Ltd. is hereby submitted for discussion. (Proposed by the Board of Directors)

Explanatory Notes:

1. In consideration of mid and long term development, and requirements for financial planning of Wan Hai Lines, we intend to amend the Articles of Incorporation to raise the total paid-in capital to 36 billion N.T. dollars.
2. Since our shares are fully book-entry issued, Article 5.1 shall be amended.
3. In accordance with revised Paragraph 10, Article 7 of “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board’s Exercise of Powers”, Wan Han Lines shall take out liability insurance for all directors and independent directors
4. For a Comparison Table listing rules of procedures before and after the amendment, please refer to Attachment 8 (page 53 ~ 54); for rules of procedures before and after the amendment, please refer to Appendix 4 (page 83~88).
5. Please proceed to discuss.

Resolution:

6th Motion:

Subject: The proposal to amend the Rules of Procedures of the Stockholders Meeting of Wan Hai Lines Ltd. is hereby submitted for discussion. (Proposed by the Board of Directors)

Explanatory Notes:

1. We intend to amend the rules regarding the procedures of the stockholders meeting, in response to the amendment of Company Act and to comply with reference examples announced by the competent authorities.
2. The Comparison Table of amendment articles of rules of procedures , please

refer to Attachment 9 (page 55~57); as to rules of procedures before and after the amendment, please refer to Appendix 5 and Appendix 6 (page 89~104).

3. Please proceed to discuss.

Resolution:

【Special Motions】

【Dismissal】

WAN HAI LINES LTD.

Business Report

I. Operating Principles

After January, 2020, Covid-19 became a worldwide pandemic, for the sake of curbing the pandemic many countries announced lockdowns of cities or countries, disrupting many economic activities and global economic growth continued to slump. However global economic activities gradually recovered during the second half of 2020, after many countries took preventive measures and financial stimulus measures. Trading activities restarted and economic growth rebounded from the rock bottom. Facing unprecedented economic and trading changes, Wan Hai Lines responded with an agile and steady business model. With its consistent business philosophy Wan Hai Lines planned prudently, opened new routes, strictly controlled and lowered costs, and responded timely to market demands so as to continue to create business performances, investment values for shareholders and maintain its competitiveness as a leading company in the industry.

On the other hand, Wan Hai Lines has upheld the operational philosophies of “customer first, full participation, environmental protection, and sustainable operation” in providing more convenient global marine transportation services as a shipping company. Wan Hai Lines is also committed to using its corporate influence to promote balanced development for the global community, seek sustainable environment protection, and perform corporate social responsibilities, cut down ship carbon emissions to protect the environment so as not to let down the expectations and support of its shareholders and society.

II. Operation Overview

1. External Environment Changes

(1) Economic prosperity: The covid-19 pandemic spread very fast at the beginning of 2020, governments used city or national shutdowns to restrict people’s activities to reduce infections, but they immediately caused economic activities to stop temporarily and demands slumped resulting in negative economic growth for many countries. According to U.N. investigation and prediction, global trade recession in 2020 reached minus14.6%, far lower than 2019’s growth of 1.3%. IMF estimated that global economic growth in 2020 receded to minus 3.5%, far lower than the 2.8% growth of 2019, but world economic growth will rapidly rebound to 5.5% in 2021. IHS Markit estimated world economic growth for 2020 would recede to minus 4.0%, far lower than the 2.57% growth of 2019.

(2) Bunker Fuel price: The covid-19 pandemic caused demand for oil to fall continuously, and the price of Brent Crude plummeted to 11.33 dollars per barrel on April 21, 2020.

During the second half of the year, governments increased spending to stimulate the economy and eased financial regulations, and oil price gradually rose to 51.15 dollars per barrel at the end of December 2020. It is predicted that in the future, when testing covid-19 becomes more accurate and when vaccines are rolled out, global covid-19 pandemic will be relieved, and demand for oil will increase gradually, pushing up the price of Brent Crude. The U.S. Energy Information Administration (EIA) predicts that the price of Brent Crude in 2021 will be maintained at 52.7 dollars per barrel.

- (3) Charter market: Ship leasing markets were also impacted by lockdowns of cities and countries, and demands in the ship leasing markets fell all the way. According to Alphaliner Charter Rate Index and Freight Rate Indices, Charter Rate Index fell to 47.7 in June 2020, a decrease of approximately 40% compared to the index of 79.2 in January 2020. In the second half of the year governments gradually eased restrictions and rolled out financial stimulus measures, provided relief for corporations and individuals with financial problems, and also encouraged corporations and individuals to expand their investments. That caused global demand to rebound, and demands for leasing container ships also rebounded, which started pushing up charter rates in the ship leasing markets. In December 2020, Charter Rate Index rose to 117, an increase of 145% compared to the Index of July. With regard to leasing large container ships in the market, the daily rent of a 4,200 TEU Panamax rose from 7,000 to 24,000 dollars, a maximum increase of 243%.
- (4) Market competition: According to Alphaliner statistics, 101 container ships were dismantled or lost globally in 2020, decreasing a total capacity of 205,447 TEU. As for new ships launched, 135 new ships with a total capacity of 855,675 TEU were delivered in 2020. Shipbuilding contracts for 114 container ships, with a total capacity of 1,147,669 TEU were signed in 2020. Orders placed in 2020 were for ultra-large container ships. Regional routes keep switching to larger ships, to reduce unit costs. On East-West main routes, or regional routes, ship types keep on getting larger, causing fierce competition. The number of container ships globally rose from 5,337 ships with a total capacity of 23,228,497 TEU at the end of 2019 to 5,371 ships with a total capacity of 23,894,530 TEU, an increase of approximately 2.6%.
- (5) Market Fluctuations: In 2020 when Covid-19 became a worldwide pandemic, activities everywhere were paused, causing a rapid decline in demand and the economic growth of most countries slumped. IHS Markit predicted that U.S. economic growth for 2020 was minus 3.45%, a big decline from the 2.16% growth of 2019. The pandemic was worst in the Euro Zone, many European countries shutdown nationally, it was predicted that their growth rate for 2020 would recede to minus 7.36%, far lower than the growth of 1.3% for 2019.
Japan was also impacted by the pandemic, and they postponed the Tokyo Olympics. Japan's economic growth rate for 2020 receded to minus 5.36%, from 0.28% of 2019.

Mainland China was the first country locked down due to Covid-19, but after bringing the pandemic under control, their economic activities recovered rapidly, and their growth for 2020 was 2.1%, down from the 6.14% for 2019. HIS Markit predicted that global economic growth was impacted by the global covid-19 pandemic in 2020, daily lives and economic and trading activities were restricted and consumer and industrial demands slumped, so developed countries and emerging economies alike all suffered a recession in economic growth.

2. Countermeasures

The unprecedented worldwide covid-19 pandemic impacted global economic activities, trading and transactions. However as researchers all over the world are trying to find better testing techniques for covid-19, means to control and treat it, and vaccines for it, the world is gradually coming back to normal, and economic and trading activities are slowly recovering. As the world is cooperating to fight the covid-19 pandemic, it is estimated the future will gradually return to normal, and economic growth will hopefully rebound. Although impacted by the pandemic during the first half of 2020, but as economic and trading activities resumed between many places, Wan Hai Lines actively deployed shipping routes according to market demands, strengthened its operational performances and increased its competitiveness by optimizing freight spaces and deploying most suitable ship types. It also entered into joint ventures and exchange freight spaces with major shipping companies all over the world, so as to spread risks and to maintain competition advantages. With regard to route configuration, It will continue its policy of focusing on near-sea shipping routes while appropriately developing mid and long distance routes to expand the scope of business in a timely manner. Wan Hai Lines will also lease ships to flexibly adjust its fleet. It will swiftly adjust the shipping routes it operates to respond to market changes, adopt interim cancellations or mergers of scheduled voyages to flexibly adjust freight spaces in order to cut costs. When the economy improves, it can also deploy swiftly to increase its market share.

III. Results of Implementing the Business Plans:

1. Main regions serviced by Wan Hai Lines and analyses of the markets.

Our main business is scheduled voyages of full container ships, our scope of service covers Northeast Asia, China, Southeast Asia, Middle East, India, Pakistan, U.S. West Coast and West Coast of South America. They are respectively explained as follows:

(1) Northeast Asia:

Wan Hai Lines has cultivated deeply in Japan, South Korea and Inter-Asian markets for a long time, enjoys good relations with customers and a good reputation and occupies an important place in the market. To increase business competitiveness and to maintain the current high quality, reliable shipping services, Wan Hai Lines continues to improve its

shipping route configurations, and continues to provide more frequent scheduled voyages and freight spaces between Northeast Asia and Singapore and Malaysia. It will also increase freight space usage and lower operational costs through strategic cooperation with other shipping companies.

(2) Southeast Asia:

Although economic activities in Southeast Asia were deeply impacted by the covid-19 pandemic, but they recovered and rebounded since mid-year of 2020. The Southeast Asian markets recovered the fastest and the steadiest. To strengthen the Southeast regional shipping routes, Wan Hai Lines opened the China/Vietnam/Thailand route (CV6) in March, increasing shipping services between China, Vietnam and Thailand. It opened the China/Thailand/Vietnam route (CTV) in May, increasing shipping services between China, Vietnam and Thailand, and added the Taiwan/Vietnam/Thailand route (TVT) in July, increasing direct shipping services and freight space between Taiwan, Vietnam and Thailand. In November it opened the South China/Indonesia/Malaysia route (CS2), to provide direct shipping services from China to Malaysia and Indonesia. China/Cambodia/Thailand route (CT5), and China/Vietnam route (CV8) were added in December, to provide direct shipping services between China, Cambodia and Thailand and between China and Vietnam. And through joint ventures and freight space exchanges, Wan Hai Lines is able to reduce costs and provide denser service networks, and maintains its competitive edge and market shares in the Southeast Asian markets.

(3) Middle-East, India and Pakistan:

Wan Hai Lines continues to deep cultivate and develop the Mid-East, Indian and Pakistan markets, to strengthen services in the region. In October it added the Persian Gulf/Pakistan route (PS2), to strengthen direct shipping services in the Persian Gulf region. In November it added the China/India route (CI6) to strengthen direct shipping services between China and India. In November it added ships to run the Singapore/Malaysia/Chittagong route (SBX) to strengthen direct shipping services between the countries. In December, it again added the China/India route (CI5) to strengthen direct shipping services between China and India. In 2020 it continued to strengthen joint ventures with major global shipping companies and made flexible adjustments in response to market changes, to provide more competitive services.

(4) West Coast of South America:

Wan Hai Lines maintains direct shipping services between major Asian ports and the west coast of South America, at the same time to respond to market demands, it invests in more ship types and in accordance with high or low seasons, it adjusts freight space by

flexibly canceling scheduled voyages etc., to meet market needs. It also exchanged freight spaces with other shipping companies and acquired two other South American West Coast routes (WSA Service and WSA3 Service), to provide a choice of three voyages a week, to maintain its competitive advantages in the South American direct shipping market.

(5) West America region:

The United States was impacted by the covid-19 pandemic in 2020, but since the peak season began in September, American retailers found that their inventories were low and started importing large quantities of goods from Asia, creating large demands for freight spaces. Wan Hai Lines flexibly adjusted its Pan Pacific routes according to market demands and made them more competitive to increase profitability. In September, according to market needs, it adjusted the China-U.S. West Coast route originally jointly operated with China's COSCO Shipping Lines and Pacific International Lines, and instead added extra ships to its own U.S. routes, to flexibly adjust freight services and added shipping products to meet market demands.

2. Future Market Outlook:

All activities globally were impacted by the covid-19 pandemic in 2020, and due to lockdowns of cities and countries, developed countries, developing countries and countries in the emerging markets all suffered slow or negative economic growth.

IMF predicted that global economic activities which were hard hit by the covid-19 pandemic in 2020 would hopefully recover and rebound in 2021. The container shipping market, experienced unprecedented market demands fluctuations in 2020.

In the beginning of the year shipping companies operated their shipping routes by canceling scheduled voyages to cut losses, but after mid-year market demands rebounded sharply, and shipping companies swiftly expanded their fleets and routes.

Future market conditions will improve rapidly when the covid-19 pandemic gets under control, and so amidst rapid market changes, Wan Hai Lines will uphold its policy of "customer first, full participation, environmental protection, and sustainable operation", and will strive to operate its routes with sound and prudent planning, and integrated evaluation to face the serious challenges of the rapidly changing markets.

It will also strictly control and cut costs to increase operational efficiency, and to maintain Wan Hai Lines' steady and sustainable corporate brand name.

IV. Revenue and Expenditure

1. Operating Income

Consolidated Income for 2020 was N.T.\$ 81,880,180,000, an increase of N.T.\$ 8,929,000,000 over 2019's N.T.\$ 72,951,180,000.

2. Operating Expense

Consolidated business for 2020 was N.T.\$ 64,298,810,000, a decrease of N.T.\$1,422,350,000 from 2019's N.T.\$ 65,721,160,000, main reasons are as follows:

- (1) Stevedorage was influenced by the average New Taiwan dollar appreciation.
- (2) The price of ship fuel was influenced by the slump of the average unit price.

V. Analysis of Profitability

Consolidated net profit after tax was N.T.\$11,316,980,000, and earnings per share was N.T.\$ 5.10.

VI. Research and Development

To face the future challenges of changing economic environments and fierce competition in the shipping industry, Wan Hai Lines will continue to review the current shipping route planning and organizing functions, and will strive to become a world class excellent corporation, and plans to move towards the following directions.

1. Develop human resources with emphasis on world view. Strengthen organizing, managing, integrating and execution abilities, to provide good and complete services to customers.
2. Develop emerging markets when opportunities arrive, prudently increase deployment of shipping routes to meet the needs of customers.
3. Strictly control the cost of fuel oil and relevant transportation costs, flexibly adjust containers and fleet, promote energy saving and carbon emission reduction, install fuel saving equipment on ships to effectively decrease fuel consumption and lower waste gas emissions.
4. Prudently and comprehensively plan all business policies, and all employees shall, with their consistently high standards of duty, honor, unity and cooperation, create better business results.

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Wan Hai Lines Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to Note(4)(p) " Revenue" , Note (5)(b) " Uncertainty associated with the assumptions and estimations for revenue recognition" and Note(6)(u) "Revenue disclosures" of the financial statements.

How the matter was addressed in our audit

The freight revenue is recognized in proportion to the stage of completion of the voyage measured by reference to the proportion of the actual shipping days incurred in balance sheet date. The voyage days is estimated depending on historical experience which involved high uncertainty. Consequently, this is one of the key areas our audit focused on.

Our principal audit procedures included:

Understanding how the management estimates the voyage days of each route including its method and source; sampling the source data from the system and obtaining the method on how the system compute the voyage days to evaluate the reasonableness of the estimated voyage days of each route from the management.

2. Impairment of Property, plant and equipment

Please refer to note(4)(l) “Property, plant and equipment” , note(4)(o) “Impairment – non -financial assets” , note(5)(a) “Impairment of property, plant and equipment, and intangible assets” , and note(6)(i) “Property, plant and equipment” .

How the matter was addressed in our audit

The total amount of the Group’ s Property, plant and equipment exceeds half of the total assets, and the vessels constituted a considerable proportion. The risk of impairment of the assets may exist due to the highly changeable industry. Consequently, this is one of the key areas our audit focused on.

Our principal audit procedures included:

Understanding the cash generating units included in the Group’ s impairment test; understanding the impairment indicators in light of the performance of each asset. The indicators include internal and external factors such as the carrying value exceeding its market capitalization, significant adverse changes in the technological, market, economic or legal environment in which the entity operates, evidence of obsolescence or physical damage to the asset. Evaluate the reasonableness of the future cash flow predicted by Wan Hai Group and review the reasonableness of the discount rate used while the sign of impairment is found.

Other Matter

Wan Hai Lines Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’ s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’ s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Rou-Lan Kuo and Chung-Yi Chiang.

KPMG

Taipei, Taiwan (Republic of China)

March 22, 2021

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WAN HAI LINES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

Assets	2020.12.31		2019.12.31			Liabilities and Equity	2020.12.31		2019.12.31	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:				
1100 Cash and cash equivalents	\$ 15,765,903	15	15,479,460	18	2100	Short-term borrowings	\$ 50,000	-	70,000	-
1110 Current financial assets at fair value through profit or loss	4,844,840	5	4,125,184	5	2126	Current financial liabilities for hedging	818,459	1	534,197	1
1150 Notes receivable, net	52,358	-	39,735	-	2170	Accounts payable	8,386,638	8	8,124,379	9
1170 Accounts receivable, net	3,589,346	3	2,206,775	3	2200	Other payables	2,994,247	3	2,536,977	3
1140 Current contract assets	1,530,849	1	733,689	1	2230	Current tax liabilities	1,221,166	1	84,397	-
1200 Other receivables, net	1,425,327	1	1,197,291	1	2280	Current lease liabilities	1,202,970	1	382,244	-
1330 Inventories	1,887,030	2	1,996,453	2	2320	Current portion of long-term loans	7,445,416	7	3,356,533	4
1475 Receivables from agents	1,213,957	1	939,080	1	2350	Payables to agents	127,385	-	12,563	-
1479 Other current assets	1,026,960	1	797,195	1	2300	Other current liabilities	2,502,981	2	1,620,905	2
	<u>31,336,570</u>	<u>29</u>	<u>27,514,862</u>	<u>32</u>			<u>24,749,262</u>	<u>23</u>	<u>16,722,195</u>	<u>19</u>
Non-current assets:						Non-Current liabilities:				
1517 Non-current financial assets at fair value through other comprehensive income	4,487,899	4	3,696,383	4	2511	Non-current financial liabilities for hedging	2,855,649	3	2,026,200	2
1550 Investments accounted for using equity method, net	1,178,944	1	1,161,390	1	2530	Bonds payable	12,600,000	11	13,900,000	16
1600 Property, plant and equipment	54,166,521	50	43,728,724	50	2540	Long-term borrowings	15,785,110	14	12,374,200	14
1755 Right-of-use assets	7,727,240	7	5,097,810	6	2570	Deferred tax liabilities	4,157,326	4	2,735,115	3
1760 Investment property	3,770,753	4	1,740,224	2	2580	Non-current lease liabilities	2,854,667	2	2,186,345	2
1780 Intangible assets	81,857	-	77,322	-	2640	Accrued pension liabilities non-current	687,775	1	703,424	1
1900 Other non-current assets	5,847,834	5	4,587,537	5	2645	Guarantee deposits received	735,487	1	608,308	1
	<u>77,261,048</u>	<u>71</u>	<u>60,089,390</u>	<u>68</u>			<u>39,676,014</u>	<u>36</u>	<u>34,533,592</u>	<u>39</u>
							<u>64,425,276</u>	<u>59</u>	<u>51,255,787</u>	<u>58</u>
						Total liabilities				
						Equity attributable to owners of parent:				
					3100	Common stock	22,182,975	21	22,182,975	26
					3200	Capital surplus	1,271,775	1	1,271,775	2
						Retained earnings:				
					3310	Legal reserve	7,225,691	7	6,869,483	8
					3320	Special reserve	1,519,682	1	810,700	1
					3350	Retained earnings-unappropriated	14,941,889	14	6,488,930	7
							<u>23,687,262</u>	<u>22</u>	<u>14,169,113</u>	<u>16</u>
						Other equity interest:				
					3411	Exchange differences on translation of foreign financial statements	(3,465,395)	(3)	(1,352,809)	(2)
					3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	75,448	-	(200,376)	-
					3450	Gains (losses) on hedging instruments	150,344	-	33,504	-
							<u>(3,239,603)</u>	<u>(3)</u>	<u>(1,519,681)</u>	<u>(2)</u>
						Total equity attributable to owners of parent:	<u>43,902,409</u>	<u>41</u>	<u>36,104,182</u>	<u>42</u>
					36XX	Non-controlling interests	269,933	-	244,283	-
						Total equity	<u>44,172,342</u>	<u>41</u>	<u>36,348,465</u>	<u>42</u>
Total assets	\$ 108,597,618	100	87,604,252	100		Total liabilities and equity	\$ 108,597,618	100	87,604,252	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

WAN HAI LINES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2020		2019		
	Amount	%	Amount	%	
4000	Operating revenue	\$ 81,880,182	100	72,951,183	100
5000	Operating costs	64,298,815	78	65,721,165	90
	Gross profit	17,581,367	22	7,230,018	10
6000	Operating expenses	4,799,709	6	4,378,732	6
	Income from operations	12,781,658	16	2,851,286	4
	Non-operating income and expenses				
7100	Interest income	71,877	-	186,199	-
7010	Other income	320,420	-	210,980	1
7020	Other gains and losses	1,399,993	2	1,831,735	2
7050	Finance costs	(527,398)	-	(692,460)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	203,445	-	167,453	-
	Total non-operating income and expenses	1,468,337	2	1,703,907	2
7900	Profit before tax	14,249,995	18	4,555,193	6
7950	Less: Income tax expenses	2,892,507	4	967,487	1
	Net Profit	11,357,488	14	3,587,706	5
	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit and loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(31,848)	-	(19,358)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	275,824	-	5,613	-
8349	Less: Income tax related to components of other comprehensive income that may not be reclassified subsequently	7,654	-	7,739	-
	Total items that may not be reclassified subsequently to profit and loss	251,630	-	(6,006)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation	(2,128,947)	(2)	(738,820)	(1)
8368	Gains (losses) on hedging instrument	116,840	-	33,504	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	11,916	-	5,222	-
	Total items that may be reclassified subsequently to profit and loss	(2,000,191)	(2)	(700,094)	(1)
	Other comprehensive income (net of tax)	(1,748,561)	(2)	(706,100)	(1)
8500	Total comprehensive income	\$ 9,608,927	12	2,881,606	4
	Profit (loss), attributable to:				
8610	Owners of the parent company	\$ 11,316,981	14	3,573,703	5
8620	Non-controlling interests	40,507	-	14,003	-
		\$ 11,357,488	14	3,587,706	5
	Comprehensive income attributable to:				
8710	Owners of the parent company	9,572,865	12	2,863,197	4
8720	Non-controlling interests	36,062	-	18,409	-
		9,608,927	12	2,881,606	4
9750	Basic earnings per share (New Taiwan Dollars)	\$ 5.10		1.61	
9850	Diluted earnings per share (New Taiwan Dollars)	\$ 5.09		1.61	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS
WAN HAI LINES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Non-controlling Interests	Total	
	Stock					Retained Earnings			Other Equity Items				Total Equity Attributable to Owners of Parent
	Common Stock	Capital Surplus	Legal reserve	Special reserve	Retained Earnings - Unappropriated	Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax	Unrealized Gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments					
Balance at January 1, 2019	\$ 22,182,975	1,261,681	6,757,693	1,127,482	4,065,321	(604,711)	(205,989)	-	34,584,452	232,953	34,817,405		
Net income	-	-	-	-	3,573,703	-	-	-	3,573,703	14,003	3,587,706		
Other comprehensive income (loss)	-	-	-	-	(11,619)	(738,004)	5,613	33,504	(710,506)	4,406	(706,100)		
Total comprehensive income (loss)	-	-	-	-	3,562,084	(738,004)	5,613	33,504	2,863,197	18,409	2,881,606		
Appropriation of retained earnings:													
Legal reserve	-	-	111,790	-	(111,790)	-	-	-	-	-	-		
Cash dividends	-	-	-	-	(1,343,467)	-	-	-	(1,343,467)	-	(1,343,467)		
Reversal of special reserve	-	-	-	(316,782)	316,782	-	-	-	-	-	-		
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	10,094	-	-	-	(10,094)	-	-	-	-	-		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(7,079)	(7,079)		
Balance at 2019.12.31	22,182,975	1,271,775	6,869,483	810,700	6,488,930	(1,352,809)	(200,376)	33,504	36,104,182	244,283	36,348,465		
Net income	-	-	-	-	11,316,981	-	-	-	11,316,981	40,507	11,357,488		
Other comprehensive income (loss)	-	-	-	-	(24,194)	(2,112,586)	275,824	116,840	(1,744,116)	(4,445)	(1,748,561)		
Total comprehensive income (loss)	-	-	-	-	11,292,787	(2,112,586)	275,824	116,840	9,572,865	36,062	9,608,927		
Appropriation of retained earnings:													
Legal reserve	-	-	356,208	-	(356,208)	-	-	-	-	-	-		
Special reserve appropriated	-	-	-	708,982	(708,982)	-	-	-	-	-	-		
Cash dividends	-	-	-	-	(1,774,638)	-	-	-	(1,774,638)	-	(1,774,638)		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(10,412)	(10,412)		
Balance at December 31, 2020	\$ 22,182,975	1,271,775	7,225,691	1,519,682	14,941,889	(3,465,395)	75,448	150,344	43,902,409	269,933	44,172,342		

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WAN HAI LINES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 14,249,995	4,555,193
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	5,768,605	5,283,403
Amortization expense	67,986	55,031
Net (gain) loss on financial assets at fair value through profit or loss	(783,642)	(365,273)
Interest expense	527,398	692,460
Interest revenue	(71,877)	(186,199)
Dividend income	(320,420)	(210,980)
Share of income of associates and joint ventures accounted for using equity method	(203,445)	(167,453)
Gain on disposal of property, plant and equipment	(208,852)	(1,119,393)
Impairment loss on property, plant and equipment	-	19,016
Unrealized foreign exchange gain	(403,295)	(157,316)
Others	(1,269)	55
Total adjustments to reconcile profit (loss)	<u>4,371,189</u>	<u>3,843,351</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	8,039	(313,980)
Contract assets	(797,160)	17,395
Notes receivable	(12,623)	(10,099)
Accounts receivable (including related parties)	(1,382,571)	672,724
Other receivables	(243,992)	87,120
Inventories	109,423	(654,809)
Receivables from agents	(274,877)	(105,012)
Other current assets	(222,886)	(103,250)
Total changes in operating assets, net	<u>(2,816,647)</u>	<u>(409,911)</u>
Changes in operating liabilities, net:		
Accounts payable (including related parties)	262,259	440,452
Other payables	781,973	252,181
Payables to agents	114,822	2,090
Other current liabilities	858,825	(387,438)
Accrued pension liabilities	(47,497)	(83,869)
Total changes in operating liabilities, net	<u>1,970,382</u>	<u>223,416</u>
Total changes in operating assets and liabilities	<u>(846,265)</u>	<u>(186,495)</u>
Total adjustments	<u>3,524,924</u>	<u>3,656,856</u>
Cash inflow generated from operations	17,774,919	8,212,049
Income taxes paid	(207,890)	(191,023)
Net cash provided by operating activities	<u>17,567,029</u>	<u>8,021,026</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(548,058)	(654,760)
Acquisition of investments accounted for using equity method	(385)	(8,817)
Net cash flow from acquisition of subsidiaries	-	29,883
Acquisition of property, plant and equipment	(17,235,041)	(5,628,755)
Proceeds from disposal of property, plant and equipment	342,340	1,466,041
Acquisition of intangible assets	(22,888)	(31,401)
Acquisition of investment property	(2,071,850)	(1,442,746)
Other non-current assets	(1,626,584)	(778,618)
Interest received	77,575	194,767
Dividends received	439,723	332,840
Net cash used in investing activities	<u>(20,645,168)</u>	<u>(6,521,566)</u>
Cash flows from financing activities:		
Increase in short-term loans	(20,000)	10,000
Proceeds from issuing bonds	2,500,000	8,000,000
Repayments of bonds	-	(1,000,000)
Proceeds from long-term loans	12,463,723	9,222,250
Repayment of long-term loans	(8,027,117)	(12,667,734)
Guarantee deposits	150,430	2,267
Payments of lease liabilities	(998,801)	(827,245)
Cash dividends paid	(1,774,638)	(1,343,467)
Interest paid	(557,631)	(682,044)
Change in non-controlling interests	(10,412)	(7,079)
Net cash used in financing activities	<u>3,725,554</u>	<u>706,948</u>
Foreign exchange rate effects	<u>(360,972)</u>	<u>(145,530)</u>
Net increase in cash and cash equivalents	<u>286,443</u>	<u>2,060,878</u>
Cash and cash equivalents, beginning of period	<u>15,479,460</u>	<u>13,418,582</u>
Cash and cash equivalents, end of period	<u>\$ 15,765,903</u>	<u>15,479,460</u>

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Wan Hai Lines Ltd.(“the Company”), which comprise the statement of financial position as of December 31, 2020 and 2019, and the statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the year ended December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to Note(4)(o) “ Revenue” , Note (5)(a) “ Uncertainty associated with the assumptions and estimations for revenue recognition” and Note(6)(u) “Revenue disclosures” of the financial statements.

How the matter was addressed in our audit

The freight revenue is recognized in proportion to the stage of completion of the voyage measured by reference to the proportion of the actual shipping days incurred in balance sheet date. The voyage days is estimated depending on historical experience which involved high uncertainty. Consequently, this is one of the key areas our audit focused on.

Our principal audit procedures included:

Understanding how the management estimates the voyage days of each route including its method and source; sampling the source data from the system and obtaining the method on how the system compute the voyage days to evaluate the reasonableness of the estimated voyage days of each route from the management.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Rou-Lan Kuo and Chung-Yi Chiang.

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2021

(English Translation of Financial Statements Originally Issued in Chinese)
WAN HAI LINES LTD.

BALANCE SHEETS

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets		2020.12.31		2019.12.31		Liabilities and Equity		2020.12.31		2019.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 8,553,009	5	10,326,321	7	2100	Short-term borrowings (note (6)(m))	\$ -	-	-	-
1110	Current financial assets at fair value through profit or loss (note (6)(b))	4,844,840	3	4,125,184	3	2126	Current financial liabilities for hedging (notes (6)(d) and (p))	818,459	-	534,197	-
1150	Notes receivable, net (notes (6)(e) and 6(u))	49,698	-	39,456	-	2170	Accounts payable (note (7))	7,605,831	5	6,447,879	4
1170	Accounts receivable, net (notes (6)(e), (6)(u) and (7))	1,316,196	1	674,229	-	2200	Other payables (note (7))	1,439,458	1	1,341,339	1
1140	Current contract assets (note (6)(u))	1,530,849	1	733,689	-	2230	Current tax liabilities (note (6)(r))	1,087,909	1	-	-
1200	Other receivables, net (note (7))	5,542,057	3	815,080	1	2280	Current lease liabilities (notes (6)(p) and (7))	6,972,488	4	7,527,026	4
1330	Inventories, net (note (6)(f))	1,160,891	1	1,406,894	1	2320	Current portion of long-term loans (notes (6)(n), (6)(o) and (8))	6,547,118	4	2,563,977	2
1475	Receivables from agents (note (7))	3,073,816	2	2,144,272	1	2350	Payables to agents (note(7))	1,259,893	1	1,079,343	1
1479	Other current assets, others (note (8) and (9))	438,754	-	443,825	-	2300	Other current liabilities (notes (u) and (7))	178,708	-	201,874	-
		26,510,110	16	20,708,950	13			25,909,864	16	19,695,635	12
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	3,827,784	2	3,182,812	2	2511	Non-current financial liabilities for hedging (notes (6)(d) and (p))	2,855,649	2	2,026,200	1
1550	Investments accounted for using equity method, net (note (6)(g))	36,937,983	22	31,711,924	19	2530	Bonds payable (note (6)(o))	12,600,000	8	13,900,000	9
1600	Property, plant and equipment (notes (6)(i), (8) and (9))	20,976,137	13	17,953,542	11	2540	Long-term borrowings (notes (6)(n) and (8))	12,256,982	7	10,495,861	7
1755	Right-of-use assets (note (6)(j))	74,302,608	45	85,001,414	53	2570	Deferred tax liabilities (note (6)(r))	4,130,138	2	2,709,262	2
1760	Investment property, net (notes (6)(k) and (8))	3,472,681	2	1,419,389	1	2580	Non-current lease liabilities (notes (6)(p) and (7))	64,825,024	39	75,619,329	47
1780	Intangible assets (note (6)(l))	80,514	-	76,285	-	2640	Accrued pension liabilities-non current (note(6)(q))	416,815	-	442,660	-
1900	Other non-current assets (notes (8) and (9))	809,177	-	944,367	1	2645	Guarantee deposits received	20,113	-	5,554	-
		140,406,884	84	140,289,733	87			97,104,721	58	105,198,866	66
								123,014,585	74	124,894,501	78
							Total liabilities				
							Equity (notes (6)(s) and (t)):				
						3100	Common stock	22,182,975	13	22,182,975	14
						3200	Capital surplus	1,271,775	1	1,271,775	1
							Retained earnings:				
						3310	Legal reserve	7,225,691	4	6,869,483	4
						3320	Special reserve	1,519,682	1	810,700	-
						3350	Retained earnings-unappropriated	14,941,889	9	6,488,930	4
								23,687,262	14	14,169,113	8
							Other equity interest:				
						3411	Exchange differences on translation of foreign financial statements	(3,465,395)	(2)	(1,352,809)	(1)
						3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	75,448	-	(200,376)	-
						3450	Gains (losses) on hedging instruments (note(6)(d))	150,344	-	33,504	-
								(3,239,603)	(2)	(1,519,681)	(1)
							Total equity	43,902,409	26	36,104,182	22
Total assets		\$ 166,916,994	100	160,998,683	100		Total liabilities and equity	\$ 166,916,994	100	160,998,683	100

(English Translation of Financial Statements Originally Issued in Chinese)
WAN HAI LINES LTD.

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2020		2019	
	Amount	%	Amount	%
4000 Operating revenue (notes (6)(u) and (7))	\$ 61,915,516	100	59,102,119	100
5000 Operating costs (notes (6)(f) and (7))	52,728,111	85	55,724,042	94
Gross profit	9,187,405	15	3,378,077	6
6000 Operating expenses	2,653,366	4	2,230,329	4
Income from operations	6,534,039	11	1,147,748	2
Non-operating income and expenses (notes (6)(g) and (6)(x)):				
7100 Interest income	73,000	-	107,727	-
7010 Other income	284,984	-	200,327	-
7020 Other gains and losses	1,527,174	2	1,877,565	3
7050 Finance costs	(1,601,126)	(2)	(1,771,749)	(3)
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method	7,256,367	12	2,879,313	5
Total non-operating income and expenses	7,540,399	12	3,293,183	5
7900 Profit before tax	14,074,438	23	4,440,931	7
7950 Less: Income tax expenses	2,757,457	5	867,228	1
Net Profit	11,316,981	18	3,573,703	6
8300 Other comprehensive income (loss):				
8310 Items that may not be reclassified subsequently to profit and loss				
8311 Gains (losses) on remeasurements of defined benefit plans	(38,268)	-	(38,697)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	98,056	-	10,060	-
8331 Gains (losses) on the remeasurements of defined benefit plans, subsidiaries, associates and joint ventures accounted for using equity method	6,420	-	19,339	-
8336 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income, subsidiaries, associates and joint ventures accounted for using equity method	177,768	-	(4,447)	-
8349 Less: Income tax related to components of other comprehensive income that may not be reclassified subsequently	7,654	-	7,739	-
Total items that may not be reclassified subsequently to profit and loss	251,630	-	(6,006)	-
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation	(2,124,502)	(3)	(743,226)	(1)
8368 Gains (losses) on hedging instrument	116,840	-	33,504	-
8399 Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	11,916	-	5,222	-
Total items that may be reclassified subsequently to profit and loss	(1,995,746)	(3)	(704,500)	(1)
8300 Other comprehensive income (net of tax)	(1,744,116)	(3)	(710,506)	(1)
Total comprehensive income	\$ 9,572,865	15	2,863,197	5
Basic earnings per share (New Taiwan Dollars) (note (6)(t))	\$ 5.10		1.61	
Diluted earnings per share (New Taiwan Dollars) (note (6)(t))	\$ 5.09		1.61	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

WAN HAI LINES LTD.

STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Stock		Retained Earnings			Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax	Other Equity Items		Total
	Common Stock	Capital Surplus	Legal reserve	Special reserve	Retained Earnings - Unappropriated		Unrealized Gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	
Balance at January 1, 2019	\$ 22,182,975	1,261,681	6,757,693	1,127,482	4,065,321	(604,711)	(205,989)	-	34,584,452
Net profit	-	-	-	-	3,573,703	-	-	-	3,573,703
Other comprehensive income	-	-	-	-	(11,619)	(738,004)	5,613	33,504	(710,506)
Total comprehensive income (loss)	-	-	-	-	3,562,084	(738,004)	5,613	33,504	2,863,197
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	111,790	-	(111,790)	-	-	-	-
Cash dividends	-	-	-	-	(1,343,467)	-	-	-	(1,343,467)
Reversal of special reserve	-	-	-	(316,782)	316,782	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	10,094	-	-	-	(10,094)	-	-	-
Balance at 2019.12.31	22,182,975	1,271,775	6,869,483	810,700	6,488,930	(1,352,809)	(200,376)	33,504	36,104,182
Net profit	-	-	-	-	11,316,981	-	-	-	11,316,981
Other comprehensive income	-	-	-	-	(24,194)	(2,112,586)	275,824	116,840	(1,744,116)
Total comprehensive income (loss)	-	-	-	-	11,292,787	(2,112,586)	275,824	116,840	9,572,865
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	356,208	-	(356,208)	-	-	-	-
Special reserve appropriated	-	-	-	708,982	(708,982)	-	-	-	-
Cash dividends	-	-	-	-	(1,774,638)	-	-	-	(1,774,638)
Balance at December 31, 2020	\$ 22,182,975	1,271,775	7,225,691	1,519,682	14,941,889	(3,465,395)	75,448	150,344	43,902,409

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
WAN HAI LINES LTD.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 14,074,438	4,440,931
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	8,134,102	7,971,701
Amortization expense	67,247	54,093
Net (gain) loss on financial assets at fair value through profit or loss	(783,642)	(365,273)
Interest expense	1,601,126	1,771,749
Interest revenue	(73,000)	(107,727)
Dividend income	(284,984)	(200,327)
Investment income under the equity method	(7,256,367)	(2,879,313)
Gain on disposal of property, plant and equipment	(139,379)	(1,014,281)
Gain on unrealized foreign exchange	(403,295)	(157,077)
Gain on lease modification	(196,596)	(4,593)
Others	5,093	5,671
Total adjustments to reconcile profit (loss)	<u>670,305</u>	<u>5,074,623</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in contract assets	(797,160)	17,395
Notes receivable	(10,242)	(12,838)
Accounts receivable (including related parties)	(641,967)	529,265
Other receivables	(112,564)	136,877
Inventories	246,003	(416,799)
Receivables from agents	(929,544)	(8,154)
Other current assets	5,071	290,413
Financial assets at fair value through profit or loss, mandatorily measured at fair value	8,039	(313,980)
Total changes in operating assets, net	<u>(2,232,364)</u>	<u>222,179</u>
Changes in operating liabilities, net:		
Accounts payable (including related parties)	1,157,952	517,373
Other payables	414,224	123,733
Payables to agents	180,550	370,514
Other current liabilities	(22,705)	(426,514)
Accrued pension liabilities	(64,113)	(113,016)
Total changes in operating liabilities, net	<u>1,665,908</u>	<u>472,090</u>
Total changes in operating assets and liabilities	<u>(566,456)</u>	<u>694,269</u>
Total adjustments	<u>103,849</u>	<u>5,768,892</u>
Cash inflow generated from operations	14,178,287	10,209,823
Income taxes paid	(116,407)	(107,188)
Net cash provided by operating activities	<u>14,061,880</u>	<u>10,102,635</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(546,916)	(136,742)
Acquisition of property, plant and equipment	(5,022,920)	(5,170,405)
Proceeds from disposal of property, plant and equipment	194,288	1,215,291
Decrease in other receivables due from related parties	(4,636,500)	-
Acquisition of intangible assets	(21,757)	(31,007)
Acquisition of investment property	(2,068,722)	(1,423,384)
Other non-current assets	(230,904)	(267,829)
Interest received	77,968	114,819
Dividends received	371,999	272,445
Net cash used in investing activities	<u>(11,883,464)</u>	<u>(5,426,812)</u>
Cash flows from financing activities:		
Proceeds from issuing bonds	2,500,000	8,000,000
Repayments of bonds	-	(1,000,000)
Proceeds from long-term loans	9,650,640	8,913,800
Repayment of long-term loans	(7,250,083)	(9,416,039)
Guarantee deposit	14,098	4,627
Cash dividends paid	(1,774,638)	(1,343,467)
Lease repayments- principal portions	(5,468,600)	(5,604,094)
Interest paid	(1,623,145)	(1,738,491)
Net cash used in financing activities	<u>(3,951,728)</u>	<u>(2,183,664)</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,773,312)</u>	<u>2,492,159</u>
Cash and cash equivalents at beginning of period	<u>10,326,321</u>	<u>7,834,162</u>
Cash and cash equivalents at end of period	<u>\$ 8,553,009</u>	<u>10,326,321</u>

Audit Committee's Review Report (Consolidated)

The Board of Directors has prepared the Company's consolidated financial statements and consolidated business report for year of 2020. Of which, the Company's consolidated financial statements for 2020 have been audited by the CPA firm of KPMG through entrustment by the Board of Directors- an audit report with unqualified opinion was issued. Pursuant to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, the Audit Committee completed the examination without discoveries of noncompliance. Hence, we make a report hereby.

To the general shareholders' meeting of 2021

WAN HAI LINES LTD.

Chairman of the Audit Committee: RUNG-NIAN LAI

March 22, 2021

Audit Committee's Review Report

The Board of Directors has prepared the Company's financial statements, business report, and earnings distribution for the year of 2020. Of which, the Company's financial statements for 2020 have been audited by the CPA firm of KPMG through entrustment by the Board of Directors- an audit report with unqualified opinion was issued. Pursuant to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, the Audit Committee completed the examination without discoveries of noncompliance. Hence, we make a report hereby.

To the general shareholders' meeting of 2021

WAN HAI LINES LTD.

Chairman of the Audit Committee: RUNG-NIAN LAI

March 22, 2021

Attachment 4

WAN HAI LINES LTD.
2020 Earnings Appropriation

Unit: NTD

Item	Total
Undistributed earnings for beginning of period	3,649,102,331
Added : Post-tax net income	11,316,980,783
Subtracted:	
Other consolidated income (the re-measurement of defined benefit obligation, 2019)	(24,194,586)
Subtracted: Provided for legal reserve	(1,129,278,620)
Subtracted : In accordance with legal provisions special reserve	(1,719,920,547)
Earnings available for distribution	12,092,689,361
Subtracted: items to be appropriated (Note 1)	
Cash dividends to shareholders (NT\$1 per share)	(2,218,297,466)
Stock dividends to shareholders (NT\$1 per share)	(2,218,297,460)
Undistributed earnings for end of period	7,656,094,435

Notes 1: In accordance with the Ministry of Finance's Regulatory Letter No. 871941343, a company shall first determine the year to which earning dividends or surpluses belong. The Company's earnings appropriation principle is allocated from earnings in 2020 available for distribution in 2020.

Comparison Table of Amendments to the Procedures for Loaning of Funds by WAN HAI LINES LTD. and its Subsidiaries

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p>Article 2: The Company and its subsidiaries shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <ol style="list-style-type: none"> Any company which has a business relationship with the Company or its subsidiaries. Any company which requires short-term financing with the Company or its subsidiaries. <u>The financing amount shall not exceed 40% of the loan and the company's net worth</u> <p>The term "short-term" in the preceding paragraph refers to a period of one year, or where the company's operating cycle exceeds one year, one operating cycle.</p> <p>Inter-company between overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares may loan funds to each other, <u>the Company's capital loans are not subject to the restrictions of the first paragraph of the second paragraph.</u></p>	<p>Article 2: The Company and its subsidiaries shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <ol style="list-style-type: none"> Any company which has a business relationship with the Company or its subsidiaries. Any company which requires short-term financing with the Company or its subsidiaries. <p>The term "short-term" in the preceding paragraph refers to a period of one year, or where the company's operating cycle exceeds one year, one operating cycle.</p> <p>Inter-company between overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares may loan funds to each other.</p>	<p>Amended in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.</p>
<p>Article 3: The Company and its subsidiaries shall specify the duration of loans, <u>limit</u> and calculation of interest while loaning funds to others. The aggregate amount of loaned funds of a lending company (namely the company to lend funds) shall not exceed 40 percent of the lending company's net worth, and may not exceed the limits as below:</p> <ol style="list-style-type: none"> 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; <u>The business transaction amount is based on the actual purchase or sales amount in the most recent year, or the signed purchase or sales contract amount, whichever is higher, the loan period of funds shall not exceed one year.</u> For any company or firm which requires short-term financing with the Company, the individual loaned funds shall not be the lower of <u>40 percent</u> of the Company's net worth of the company or firm. <u>The loan period of funds shall not exceed one year.</u> An individual loaned amount between overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares, or overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares to the Company shall not exceed 40 percent of the lending company's net value. The board of 	<p>Article 3: The Company and its subsidiaries shall specify the duration of loans and calculation of interest while loaning funds to others. The aggregate amount of loaned funds of a lending company (namely the company to lend funds) shall not exceed 40 percent of the lending company's net worth, and may not exceed the limits as below:</p> <ol style="list-style-type: none"> 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; For any company or firm which requires short-term financing with the Company, the individual loaned funds shall not be the lower of 40 percent of the Company's net worth or 50 percent of the net worth of the company or firm. An individual loaned amount between overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares, or overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares to the Company shall not exceed 40 percent of the lending company's net value. The board of directors shall refer to the purpose of financing and the market situation to set the duration of loans and calculation of interest. 	<p>Amended in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.</p>

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p>directors shall refer to the purpose of financing and the market situation to set the duration of loans and calculation of interest.</p> <p><u>The maximum loan period of funds shall not exceed five years. The borrowing interest rate is negotiated by both the borrower and the lender in accordance with market conditions, and the interest rate is calculated at least once a quarter.</u></p>		
<p>Article 4: -----omitted-----</p> <p>2. Before loaning funds to others, the Company shall evaluate carefully whether it conforms to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the Procedures. After undergoing analysis using these regulations, such examination and evaluation results shall be submitted to the Chairman for approval, forwarded to the Audit Committee in order to obtain the consent, and then proposed to the board of directors for a resolution, without delegating any others to make decision <u>unless otherwise stipulated by laws or this procedure.</u></p> <p>-----omitted-----</p> <p>5. Subsidiaries lending funds to others and should be submitted to the board of directors for resolution in accordance with the law or according to this procedure may be replaced by submitting to the company's board of directors.</p>	<p>Article 4: -----omitted-----</p> <p>2. Before loaning funds to others, the Company shall evaluate carefully whether it conforms to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the Procedures. Evaluation results shall be submitted to the Chairman for approval, forwarded to the Audit Committee in order to obtain the consent, and then proposed to the board of directors for a resolution without delegating any others to make decision.</p> <p>-----omitted-----</p>	<p>Amended in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.</p>
<p>Article 5: A borrowing counter-party must fill out the "Application Form of Loan Request" to make an application <u>to the lending company.</u> It shall also hand over a promissory note with blank due day to be safeguarded by the lending company.</p>	<p>Article 5: A borrowing counter-party must fill out the "Application Form of Loan Request" to make an application to the lending company before the lending company appropriates funds. It shall also hand over a promissory note with blank due day to be safeguarded by the lending company.</p>	<p>Wording adjustment.</p>
<p>Article 6: -----omitted-----</p> <p>The borrower shall repay the principal and interest prior to expiration of the loan.</p> <p>If the borrowing counter-party fails to make the repayment, <u>the Company may penalize and charge the collateral or guarantor provided by the borrower.</u></p>	<p>Article 6: -----omitted-----</p> <p>The borrower shall repay the principal and interest prior to expiration of the loan.</p> <p>If the borrowing counter-party 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.</p>	<p>Amended in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.</p>
<p>Article 8:</p>		<p>Amended in accordance with the</p>

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p><u>The company should assess the capital loan and the situation and make adequate allowances for bad debts, and disclose relevant information in the financial report appropriately, and provide relevant information to the certified accountant to perform the necessary verification procedures.</u></p> <p><u>If there is one of the following circumstances, it should be reported to the Audit Committee at least quarterly, and the board of directors should be asked to decide whether it is a fund loan or not:</u></p> <p><u>1. Accounts receivable (including related parties and non-related parties) if they have not been recovered for three months beyond the normal credit extension period and have a significant amount.</u></p> <p><u>2. Amounts other than accounts receivable, such as "other receivables", "prepayments", "deposited margin" and other subjects, such as large amounts or special nature, and the payment amount does not have a contractual relationship, the payment amount and the contract If the contract performance obligations are not met or the reason for payment disappears, etc., the payment has not been recovered for more than three months.</u></p> <p><u>The principle of setting the materiality standard is based on the audit bulletin to determine the basis for the overall materiality of financial statements, including a certain percentage or fixed amount of net value, paid-in capital, operating income, accounts receivable, etc. The materiality standard of the subsidiary should be Return to the establishment of internal control of subsidiaries. The responsible unit shall regularly consider the size of the group companies and appropriately refer to the opinions of accountants, and then set the materiality standard for approval by the general manager.</u></p> <p><u>Those who are determined to be of the nature of fund loans under the second paragraph shall be announced in accordance with Article 9 from the date of the resolution of the board of directors, and appropriate accounting items (such as other receivables) shall be listed.</u></p> <p><u>When the second item is determined to be a capital loan and the balance exceeds the limit, an improvement plan should be formulated and implemented, and the improvement plan should be submitted to the audit committee for a report.</u></p>		<p>Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies and Q&A revision</p>
<p>Article <u>9~12</u>: -----omitted-----</p>	<p>Article <u>8~11</u>: -----omitted-----</p>	<p>Change the sequential numbers of the Articles.</p>
<p>Article <u>13</u>: The Procedures were created on 29 May 1995. The 1st amendment was made on 29 June 2002. The 2nd amendment was made on 26 June 2003.</p>	<p>Article <u>12</u>: The Procedures were created on 29 May 1995. The 1st amendment was made on 29 June 2002. The 2nd amendment was made on 26 June 2003.</p>	<p>Update the date of the amendment.</p>

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p>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. The 8th amendment was made on 22 June 2017. The 9th amendment was made on 18 June 2019. <u>The 10th amendment will subject to the date of approval of the actual shareholders meeting.</u></p>	<p>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. The 8th amendment was made on 22 June 2017. The 9th amendment was made on 18 June 2019.</p>	

Attachment 6

Comparison Table of Amendments to the Procedure for Endorsement and Guarantees by WAN HAI LINES LTD. and Its Subsidiaries

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p>Article 4: 6. Endorsements/guarantees made by the Company, or subsidiaries to the Company, or endorsements/guarantees mentioned in Item 2 of Article 2, are not subject to the restrictions of rules contained in the Article's second, third, or fifth item. However, the aggregate amount of endorsements/guarantees that the Company or its subsidiaries make for a single company may not exceed 200 percent of the net worth of the company providing guarantees.</p>	<p>Article 4: 6. Endorsements/guarantees made by the Company, or subsidiaries to the Company, or endorsements/guarantees mentioned in Item 2 of Article 2, are not subject to the restrictions of rules contained in the Article's second, third, or fifth item. However, the aggregate amount of endorsements/guarantees that the Company or its subsidiaries make for a single company may not exceed 80 percent of the net worth of the company providing guarantees.</p>	<p>According to the company's business needs to modify</p>
<p>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. The 10th amendment was made on 22 June 2017. The 11th amendment was made on 18 June 2019. <u>The 12th amendment will subject to the date of approval of the actual shareholders meeting.</u></p>	<p>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. The 10th amendment was made on 22 June 2017. The 11th amendment was made on 18 June 2019.</p>	<p>Update the date of the amendment.</p>

Comparison Table of Amendments to the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its Subsidiaries

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p>Article 2: The scope of the assets mentioned in these regulations is listed as follows:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Right-of-use assets. 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 8. Other major assets. 	<p>Article 2: The scope of the assets mentioned in these regulations is listed as follows:</p> <ol style="list-style-type: none"> (1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. (2) Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. (3) Memberships. (4) Patents, copyrights, trademarks, franchise rights, and other intangible assets. (5) Right-of-use assets. (6) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). (7) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. (8) Other major assets. 	<ol style="list-style-type: none"> 1. Change the format of sequential numbers.
<p>Article 4: <u>The procedures for acquisition or disposal of assets by the Company from or to a related party should follow below provisions:</u> -----omitted-----</p>	<p>Article 4: <u>The process for handling the procurement or disposal of assets as listed in Article 2 is as follows:</u> -----omitted-----</p>	<ol style="list-style-type: none"> 1. Wording adjustment.
<p>Article 5: <u>In addition to legal orders or the special provisions, the procedures for acquisition or disposal of assets by the Company from or to a related party shall be conducted in accordance with following procedures:</u></p> <ol style="list-style-type: none"> 1. -----omitted----- (1) -----omitted----- (2) -----omitted----- (3)Where any one of the following circumstances applies with respect to the appraisal results of professional appraisal reports, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than 	<p>Article 6: <u>For all assets conforming to the standards outlined in Article 2 of these procedures, the acquisition or disposal of said assets in addition to Article 4, should also be conducted in accordance with these procedures as follows:</u></p> <ol style="list-style-type: none"> 1. -----omitted----- (1) -----omitted----- (2) -----omitted----- (3)Where any one of the following circumstances applies with respect to the appraisal results of professional appraisal reports, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than 	<ol style="list-style-type: none"> 1. Change the sequential numbers of the Articles. 2. Related party transaction processing procedure is moved to Article 6 3. The processing procedure of conducts a merger, demerger, acquisition, or transfer of

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p>the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. <u>71</u> published by the ROC Accounting Research and Development Foundation (hereinafter abbreviated as "ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.</p> <p>(4) -----omitted-----</p> <p>2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. <u>71</u> published by the ARDF. However, the provisions shall not apply if there are publicly quoted prices of such securities in an active market or where otherwise provided by regulations of the Financial Supervisory Commission ("FSC").</p> <p>3. Except for transactions with domestic government institutions, if the Company's acquisition or disposal of intangible assets, right-of-use assets or membership reaches 20 percent of the Company's paid-in capital or NT\$300 million, prior to the date of the event, the opinion of a rational transaction price shall be sought from a Certified Public Accountant; this Certified Public Accountant shall handle the matter in accordance with the provision of Auditing Standard No. <u>71</u> published by the ARDF.</p> <p>4. -----omitted-----</p>	<p>the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. <u>20</u> published by the ROC Accounting Research and Development Foundation (hereinafter abbreviated as "ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.</p> <p>(4) -----omitted-----</p> <p>2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. <u>20</u> published by the ARDF. However, the provisions shall not apply if there are publicly quoted prices of such securities in an active market or where otherwise provided by regulations of the Financial Supervisory Commission ("FSC").</p> <p>3. Except for transactions with domestic government institutions, if the Company's acquisition or disposal of intangible assets, right-of-use assets or membership reaches 20 percent of the Company's paid-in capital or NT\$300 million, prior to the date of the event, the opinion of a rational transaction price shall be sought from a Certified Public Accountant; this Certified Public Accountant shall handle the matter in accordance with the provision of Auditing Standard No. <u>20</u> published by the ARDF.</p> <p>4. -----omitted-----</p> <p>5. <u>When the Company engages in any acquisition or disposal of assets from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the Company shall</u></p>	<p>shares is moved to Article 7.</p> <p>4. Revise SASs in accordance with the reference template of the "Sample Template for XXX Co., Ltd. Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" and proceed in accordance with No. 71.</p>

Clause after Amendments	Clause before Amendments	Reason for Amendments
	<p><u>also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the regulations of the preceding 4 Subparagraphs.</u></p> <p>6. <u>When the Company intends to acquire or dispose of real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of total assets, or NT\$300 million or more, except for trading domestic government bonds or bonds with repurchase or reverse repurchase agreement, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved with the consent of one-half or more of the entire membership of the Audit Committee, and submitted to and resolved by the board of directors. Any matter that has not been approved with the consent of one-half or more of the entire membership of the Audit Committee may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes. The calculation of the transaction amounts shall be made in accordance with Article 5, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors need not be counted toward the transaction amount.</u></p> <p>(1) <u>An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</u></p> <p>(2) <u>The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</u></p> <p>(3) <u>The reason for choosing the related party as a trading counterparty.</u></p> <p>(4) <u>With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms.</u></p> <p>(5) <u>The date and price at which the related</u></p>	

Clause after Amendments	Clause before Amendments	Reason for Amendments
	<p><u>party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</u></p> <p>(6) <u>Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</u></p> <p>(7) <u>Restrictive covenants and other important stipulations associated with the transaction.</u></p> <p><u>With respect to the types of transactions listed below, when to be conducted between a the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may delegate the board chairman to decide such matters when the transaction is within NT\$ 6 billion and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</u></p> <ol style="list-style-type: none"> 1. <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u> 2. <u>Acquisition or disposal of real property right-of-use assets held for business use.</u> <p><u>When the sum of a real property or right-of-use assets transaction carried out between the Company and its subsidiaries is higher than the estimate for the acquisition of real property, and objective evidence, a professional appraisal, or a substantive and reasonable opinion from a CPA explaining the discrepancy cannot be obtained, the board of directors shall thoroughly assess whether the transaction violates the rights of the Company or shareholders. When necessary, the board shall reject the transaction. If the board approves such a transaction, the Company must conduct the following items:</u></p> <ol style="list-style-type: none"> 1. <u>The difference between the price of the transaction and the estimated cost must be placed in special reserve, and may not be apportioned or converted to dividends.</u> 2. <u>The members of independent directors of the Audit Committee shall comply with Article 218 of the Company Act.</u> 3. <u>The processing of the above two items should be proposed to the shareholders meeting, and the details of the transaction should be</u> 	

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	<p><u>disclosed in the annual report and prospectus. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</u></p> <p><u>When the following circumstances is present in a transaction with a related parties, after passage by the board of directors, the matter shall also be submitted to the shareholders meeting for passage of a resolution, and neither the related parties nor any persons connected with the related parties may participate in the voting:</u></p> <ol style="list-style-type: none"> <u>1. There is a discrepancy of 20 percent or more between the amount of the transaction and the appraised amount.</u> <u>2. The amount or the terms of the transaction will have a material effect on the Company's operations.</u> <u>3. The transaction will have a material effect on shareholder equity.</u> <u>4. Other circumstances in which the board of directors deems that the matter should be submitted for a resolution by a shareholders meeting.</u> <p><u>The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</u></p> <p><u>The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the</u></p>	

Clause after Amendments	Clause before Amendments	Reason for Amendments
	<p><u>merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. Additionally, related material as regulated by Article 25 of “the Regulations Governing the Acquisition and Disposal of Assets by Public Companies” should be prepared as a full written record, and retained for 5 years for reference. Within 2 days counting inclusively from the date of passage of a resolution by the board of directors, basic identification data for personnel and dates of material events must be submitted in the prescribed format to the FSC via the Internet-based information system for reference. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</u></p> <ol style="list-style-type: none"> 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. 	
<p><u>Article 6:</u> <u>The Company engages in any acquisition or disposal of assets from or to a related party, shall be conducted in accordance with following procedures:</u></p> <ol style="list-style-type: none"> 1. <u>When the Company engages in any acquisition or disposal of assets from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the regulations of the preceding 4</u> 		<ol style="list-style-type: none"> 1. This Article is new. 2. Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. Related party transaction processing procedure is

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p><u>Subparagraphs.</u></p> <p>2. <u>When the Company intends to acquire or dispose of real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of total assets, or NT\$300 million or more, except for trading domestic government bonds or bonds with repurchase or reverse repurchase agreement, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved with the consent of one-half or more of the entire membership of the Audit Committee, and submitted to and resolved by the board of directors. Any matter that has not been approved with the consent of one-half or more of the entire membership of the Audit Committee may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes. The calculation of the transaction amounts shall be made in accordance with Article 5, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors need not be counted toward the transaction amount.</u></p> <p><u>(1) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</u></p> <p><u>(2) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</u></p> <p><u>(3) The reason for choosing the related party as a trading counterparty.</u></p> <p><u>(4) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms.</u></p> <p><u>(5) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</u></p> <p><u>(6) Monthly cash flow forecasts for the year</u></p>		<p>defined in Article 6.</p>

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p><u>commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</u></p> <p><u>(7) Restrictive covenants and other important stipulations associated with the transaction.</u></p> <p><u>With respect to the types of transactions listed below, when to be conducted between a the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may delegate the board chairman to decide such matters when the transaction is within NT\$ 6 billion and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</u></p> <ol style="list-style-type: none"> <u>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u> <u>2. Acquisition or disposal of real property right-of-use assets held for business use.</u> <p><u>When the sum of a real property or right-of-use assets transaction carried out between the Company and its subsidiaries is higher than the estimate for the acquisition of real property, and objective evidence, a professional appraisal, or a substantive and reasonable opinion from a CPA explaining the discrepancy cannot be obtained, the board of directors shall thoroughly assess whether the transaction violates the rights of the Company or shareholders. When necessary, the board shall reject the transaction. If the board approves such a transaction, the Company must conduct the following items:</u></p> <ol style="list-style-type: none"> <u>1. The difference between the price of the transaction and the estimated cost must be placed in special reserve, and may not be apportioned or converted to dividends.</u> <u>2. The members of independent directors of the Audit Committee shall comply with Article 218 of the Company Act.</u> <u>3. The processing of the above two items should be proposed to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and prospectus.</u> <p><u>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been</u></p>		

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p><u>made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</u></p> <p><u>When the following circumstances is present in a transaction with a related parties, after passage by the board of directors, the matter shall also be submitted to the shareholders meeting for passage of a resolution, and neither the related parties nor any persons connected with the related parties may participate in the voting:</u></p> <ol style="list-style-type: none"> <u>1. There is a discrepancy of 20 percent or more between the amount of the transaction and the appraised amount.</u> <u>2. The amount or the terms of the transaction will have a material effect on the Company's operations.</u> <u>3. The transaction will have a material effect on shareholder equity.</u> <u>4. Other circumstances in which the board of directors deems that the matter should be submitted for a resolution by a shareholders meeting.</u> 		
<p><u>Article 7:</u></p> <p><u>The Company that conducts a merger, demerger, acquisition, or transfer of shares shall be conducted in accordance with following procedures:</u></p> <ol style="list-style-type: none"> <u>1. The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</u> <u>2. Shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding</u> 		<ol style="list-style-type: none"> 1. This Article is new. 2. Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. The processing procedure of conducts a merger, demerger, acquisition, or transfer of shares is defined in Article 7.

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p><u>Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</u></p> <p>3. <u>Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</u></p> <p>4. <u>A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</u></p> <p>5. <u>A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</u></p> <p>6. <u>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</u></p> <p>(1) <u>Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</u></p> <p>(2) <u>Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the</u></p>		

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p><u>execution of a contract, and the convening of a board of directors meeting.</u></p> <p>(3) <u>Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</u></p> <p>7. <u>Within 2 days counting inclusively from the date of passage of a resolution by the board of directors, basic identification data for personnel and dates of material events must be submitted in the prescribed format to the FSC via the Internet-based information system for reference.</u></p> <p>8. <u>Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of preceding two article.</u></p> <p>9. <u>Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</u></p> <p>10. <u>Public companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</u></p> <p>(1) <u>Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</u></p> <p>(2) <u>An action, such as a disposal of major assets, that affects the company's financial operations.</u></p> <p>(3) <u>An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.</u></p>		

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p>(4) <u>An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</u></p> <p>(5) <u>An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</u></p> <p>(6) <u>Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</u></p> <p>11. <u>The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</u></p> <p>(1) <u>Handling of breach of contract.</u></p> <p>(2) <u>Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</u></p> <p>(3) <u>The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.</u></p> <p>(4) <u>The manner of handling changes in the number of participating entities or companies.</u></p> <p>(5) <u>Preliminary progress schedule for plan execution, and anticipated completion date.</u></p> <p>(6) <u>Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</u></p> <p>12. <u>After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating</u></p>		

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p><u>company may be exempted from calling another shareholders meeting to resolve on the matter anew.</u></p> <p>13. <u>Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the articles of 4 to 9, and the preceding article.</u></p>		
<p><u>Article 8:</u> <u>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</u></p> <ol style="list-style-type: none"> <u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u> <u>2. May not be a related party or de facto related party of any party to the transaction.</u> <u>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <ol style="list-style-type: none"> <u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u> <u>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u> <u>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy,</u> 		<ol style="list-style-type: none"> 1. This Article is new. 2. Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. Regulations of obtain an appraisal report or external opinion letter is defined in Article 8.

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p><u>and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p>4. <u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>		
<p><u>Article 9:</u> For the calculation of 10 percent of total assets under these regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>-----omitted-----</p>	<p><u>Article 7:</u> For the calculation of 10 percent of total assets under these regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>-----omitted-----</p>	<p>1. Change the sequential numbers of the Articles.</p>
<p><u>Article 10:</u> Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>-----omitted-----</p>	<p><u>Article 5:</u> <u>Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the Financial Supervisory Commission's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</u></p> <p>-----omitted-----</p>	<p>1. Change the sequential numbers of the Articles. 2. Wording adjustment.</p>
<p><u>Article 11:</u> When the company's managers and sponsors violate this handling procedure, they shall follow the company's personnel management methods and employee handbooks to submit for assessment, according to the severity of the circumstances.</p>	<p><u>Article 8:</u> When the company's managers and sponsors violate this handling procedure, they shall follow the company's personnel management methods and employee handbooks to submit for assessment, according to the severity of the circumstances.</p>	<p>1. Change the sequential numbers of the Articles.</p>
<p><u>Article 12:</u> If a manager or organizer of the company violates the Procedures, an assessment must be carried out according to the personnel administration rules and the employee handbook. The severity of the punishment will be based on the circumstances.</p> <p>-----omitted-----</p>	<p><u>Article 9:</u> If a manager or organizer of the company violates the Procedures, an assessment must be carried out according to the personnel administration rules and the employee handbook. The severity of the punishment will be based on the circumstances.</p> <p>-----omitted-----</p>	<p>1. Change the sequential numbers of the Articles.</p>
<p><u>Article 13:</u> These regulations were created on 18 May 1990. The 1st amendment was made on 1 May 1992.</p>	<p><u>Article 10:</u> These regulations were created on 18 May 1990. The 1st amendment was made on 1 May 1992.</p>	<p>1. Change the sequential numbers of the</p>

Clause after Amendments	Clause before Amendments	Reason for Amendments
<p>The 2nd amendment was made on 29 May 1995. The 3rd amendment was made on 24 May 2000. The 4th amendment was made on 26 June 2003. The 5th amendment was made on 27 June 2007. The 6th amendment was made on 27 June 2012. The 7th amendment was made on 18 June 2014. The 8th amendment was made on 12 June 2015. The 9th amendment was made on 22 June 2017. The 10th amendment was made on 18 June 2019. <u>The 11th amendment will subject to the date of approval of the actual shareholders meeting.</u></p>	<p>The 2nd amendment was made on 29 May 1995. The 3rd amendment was made on 24 May 2000. The 4th amendment was made on 26 June 2003. The 5th amendment was made on 27 June 2007. The 6th amendment was made on 27 June 2012. The 7th amendment was made on 18 June 2014. The 8th amendment was made on 12 June 2015. The 9th amendment was made on 22 June 2017. The 10th amendment was made on 18 June 2019.</p>	<p>Articles. 2. Update the date of the amendment.</p>

Attachment 8

Comparison Table: Amendments to Memorandum of Association

Clause after amendment	Clause before amendment	Reason for amendment
<p>Article 5: The total capital stock of the Company shall be in the amount of <u>NTD 36 billion</u>, divided into <u>3.6</u> billion shares, at NTD 10 each, and may be paid-up in installments.</p>	<p>Article 5: The total capital stock of the Company shall be in the amount of <u>NTD 25 billion</u>, divided into <u>2.5</u> billion shares, at NTD 10 each, and may be paid-up in installments.</p>	<p>In order to enrich the capital, in order to meet the company's future business development needs, increase the total capital.</p>
<p>Article 5-1: The Company is exempt from printing certificates for its issued shares. Shares should be registered with the governing centralized securities depository organization.</p>	<p>Article 5-1: <u>The Company's Stock should be numbered, with the signature or authorized seal of three or more directors before issuing stock, subject to validation by the competent authority or any of its approved institutes.</u> The Company is exempt from printing certificates for its issued shares. Shares should be registered with the governing centralized securities depository organization.</p>	<p>In conjunction with the company's shares, the company has adopted a non-physical issuance to amend this article.</p>
<p>Article 7: The Board of Directors -----omitted----- <u>X. The company shall purchase liability insurance for all directors and independent directors during their term of office for the execution of the scope of business and their legal liability for compensation.</u></p>	<p>Article 7: The Board of Directors -----omitted-----</p>	<p>The tenth item was added in accordance with the "Key Points of Matters to be Followed by the Board of Directors of Companies Listed on the Taiwan Stock Exchange Co., Ltd. in the establishment and exercise of powers."</p>
<p>Article 14: This Memorandum of Association was created on 6 January 1965. The 1st amendment was made on 31 Mar. 1966. -----omitted----- The 3rd amendment was made on 25 May 1967. -----omitted----- The 7th amendment was made on 31 Jan. 1978. -----omitted----- The 11th amendment was made on 29 Dec. 1983. -----omitted----- The 18th amendment was made on 23 May 1989. -----omitted----- The 29th amendment was made on 24 May 2000. -----omitted----- 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. -----omitted-----</p>	<p>Article 14: This Memorandum of Association was created on 6 January 1965. The 1st amendment was made on 31 Mar. 1966. -----omitted----- The 3rd amendment was made on 25 May 1967. -----omitted----- The 7th amendment was made on 31 Jan. 1978. -----omitted----- The 11th amendment was made on 29 Dec. 1983. -----omitted----- The 18th amendment was made on 23 May 1989. -----omitted----- The 29th amendment was made on 24 May 2000. -----omitted----- 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. -----omitted-----</p>	<p>The date of amendment was revised.</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>The 35th amendment was made on 27 June 2012. -----omitted----- The 38th Amendment was made on 29 June 2016. The 39th Amendment was made on 22 June 2017. The 40th Amendment was made on 23 June 2020. <u>The 41st amendment will subject to the date of approval of the actual shareholders meeting.</u></p>	<p>The 35th amendment was made on 27 June 2012. -----omitted----- The 38th Amendment was made on 29 June 2016. The 39th Amendment was made on 22 June 2017. The 40th Amendment was made on 23 June 2020.</p>	

Comparison Table of Amendments to the Rules and Procedures of Shareholders Meeting by WAN HAI LINES LTD.

After amendment	Before amendment	Reason for Amendment
<p>Article 3: Unless otherwise specified by law, the Company's shareholders meetings are convened by the board of directors. When a general meeting is convened, a meeting agenda shall be provided, and notification shall be sent to each shareholder 30 days prior to the general meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 30 days prior to the general meeting. When an extraordinary meeting is convened, notification shall be sent to each shareholder 15 days prior to the extraordinary meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 15 days prior to the general meeting. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any items contained in Article 185 Paragraph I <u>matters</u> of the Company Act, Article 26-1, Article 43-6 of the Securities and Exchange Act, <u>Article 56-1 of Issuers' Raising and Issuing of Marketable Securities Handling Guidelines and Article 60-2 matters</u> shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in a meeting agenda. <u>Shareholders may submit proposed proposals to urge the company to promote the public interest or fulfill its social responsibilities. The procedures shall be limited to one item in accordance with the relevant provisions of Article 172-1 of the</u></p>	<p>Article 3: Unless otherwise specified by law, the Company's shareholders meetings are convened by the board of directors. When a general meeting is convened, a meeting agenda shall be provided, and notification shall be sent to each shareholder 30 days prior to the general meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 30 days prior to the general meeting. When an extraordinary meeting is convened, notification shall be sent to each shareholder 15 days prior to the extraordinary meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 15 days prior to the general meeting. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any items contained in Article 185 Paragraph I of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; <u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u> A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in a meeting agenda. Additionally, unless any of Article 172-1 Paragraph 4 of the Company Act is satisfied, the board of directors of the Company shall include the proposal submitted by a shareholder in the</p>	<p>Amended section 4 and 5 in compliance with references of the Competent Authority and a letter from the Ministry of Economic Affairs with serial number Shang Zi 10700105410</p>

After amendment	Before amendment	Reason for Amendment
<p>Company Law. If there is more than one proposal, all proposals Not included in a meeting agenda. Additionally, unless any of Article 172-1 Paragraph 4 of the Company Act is satisfied, the board of directors of the Company shall include the proposal submitted by a shareholder in the list of proposals to be discussed at a general meeting.</p> <p>Prior to the book closure date before a general meeting is convened, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words. The shareholder making the proposal shall be present in person or by proxy at the general meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	<p>list of proposals to be discussed at a general meeting.</p> <p>Prior to the book closure date before a general meeting is convened, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words. The shareholder making the proposal shall be present in person or by proxy at the general meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	
<p>Article 9:</p> <p>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.</p> <p>The Chairman should announce the commencement of the meeting as soon as it is due. <u>At the same time, relevant information such as the number of non-voting rights and the number of shares present will be announced.</u> However, if the number of shares held by those in attendance number less than 50 percent 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.</p> <p>If, after two postponements, the number of shares represented still does not exceed 50 percent, but exceeds one-third of all outstanding shares, the Company may proceed according to Paragraph 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</p>	<p>Article 9:</p> <p>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.</p> <p>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 percent 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.</p> <p>If, after two postponements, the number of shares represented still does not exceed 50 percent, but exceeds one-third of all outstanding shares, the Company may proceed according to Paragraph 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</p>	<p>Amended in accordance with references of the Competent Authority</p>

After amendment	Before amendment	Reason for Amendment
<p>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.</p>	<p>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.</p>	
<p>Article 14: Election of directors must be conducted in accordance to the Company's relevant election procedures. The results of the election shall be announced at the shareholders' meeting, <u>including the calculated number of voting rights, the list of directors who lose the election and the number of voting rights obtained.</u> The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least a year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p>	<p>Article 14: Election of directors 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 ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least a year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p>	<p>Amended in accordance with references of the Competent Authority</p>
<p>Article 20: These Rules and Procedures 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. The 6th amendment was made on 22 June 2017. The 7th amendment was made on 18 June 2019. The 8th amendment was made on 23 June 2020. <u>The 9th amendment will subject to the date of approval of the actual shareholders meeting.</u></p>	<p>Article 20: These Rules and Procedures 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. The 6th amendment was made on 22 June 2017. The 7th amendment was made on 18 June 2019. The 8th amendment was made on 23 June 2020.</p>	<p>Update the date of the amendment.</p>

Procedures 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 the Procedures 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 and its subsidiaries shall not loan funds to any of its shareholders or any other person except under the following circumstances:

1. Any company which has a business relationship with the Company or its subsidiaries.
2. Any company which requires short-term financing with the Company or its subsidiaries. The financing amount shall not exceed 40% of the loan and the company's net worth.

The term "short-term" in the preceding paragraph refers to a period of one year, or where the company's operating cycle exceeds one year, one operating cycle.

Inter-company between overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares may loan funds to each other, the Company's capital loans are not subject to the restrictions of the first paragraph of the second paragraph.

Article 3: The Company and its subsidiaries shall specify the duration of loans, limit and calculation of interest while loaning funds to others. The aggregate amount of loaned funds of a lending company (namely the company to lend funds) shall not exceed 40 percent of the lending company's net worth, and may not exceed the limits as below:

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. The business transaction amount is based on the actual purchase or sales amount in the most recent year, or the signed purchase or sales contract amount, whichever is higher, the loan period of funds shall not exceed 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 40 percent of the Company's net worth or 40 percent of the net worth of the company or firm. The loan period of funds shall not exceed one year.
3. An individual loaned amount between overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares, or overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares to the Company shall not exceed 40 percent of the lending company's net value. The board of directors shall refer to the purpose of financing and the market situation to set the duration of loans and calculation of interest. The maximum loan period of funds shall not exceed five years. The borrowing interest rate is negotiated by both the borrower and the lender in accordance with market conditions, and the interest rate is calculated at least once a quarter.

Article 4: The Procedures for loaning of funds for the Company and its subsidiaries to others is specified as following:

1. The company requesting for a loan must make an application to the lending company.

2. Before loaning funds to others, the Company shall evaluate carefully whether it conforms to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the Procedures. After undergoing analysis using these regulations, such examination and evaluation results shall be submitted to the Chairman for approval, forwarded to the Audit Committee in order to obtain the consent, and then proposed to the board of directors for a resolution without delegating any others to make decision unless otherwise stipulated by laws or this procedure. 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 its subsidiaries, or between the Company's subsidiaries shall be subject to the provisions in the preceding subparagraph and be submitted to the Chairman for approval, forwarded to the Audit Committee in order to obtain the consent, and then proposed to the board of directors for a resolution.
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.
5. Subsidiaries lending funds to others and should be submitted to the board of directors for resolution in accordance with the law or according to this procedure may be replaced by submitting to the company's board of directors.

Article 5: A borrowing counter-party must fill out the "Application Form of Loan

Request" to make an application to the lending company. It shall also hand over a promissory note with blank due day to be safeguarded by the lending company.

Article 6: Upon allocation of the funds, it is necessary to take note of the borrowing counter-party's finance, business and credit rating, and the change in the value of the collateral, if any, from time to time. If, as a result of a change in circumstances, a counter-party for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee and all independent directors, and shall complete the rectification according to the timeframe set out in the plan.

The borrowing counter-party 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 borrowing counter-party or the mortgage may be cancelled.

The borrower shall repay the principal and interest prior to expiration of the loan.

If the borrowing counter-party fails to make the repayment, the Company may penalize and charge the collateral or guarantor provided by the borrower.

Article 7: The lending company shall prepare a memorandum book on a monthly basis to truthfully record the borrowing counter-party's name, amount, and date of approval by the board of directors, lending/borrowing date, scheduled date of collection, the balance as of the end of the current

month and matters to be carefully evaluated under Item 2 of Article 4 herein.

The Company's internal auditors shall audit the operational procedures for loaning funds to others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee and all independent directors in writing of any material violation found.

Article 8: The Company should assess the capital loan and the situation and make adequate allowances for bad debts, and disclose relevant information in the financial report appropriately, and provide relevant information to the certified accountant to perform the necessary verification procedures.

If there is one of the following circumstances, it should be reported to the Audit Committee at least quarterly, and the board of directors should be asked to decide whether it is a fund loan or not:

1. Accounts receivable (including related parties and non-related parties) if they have not been recovered for three months beyond the normal credit extension period and have a significant amount.

2. Amounts other than accounts receivable, such as "other receivables", "prepayments", "deposited margin" and other subjects, such as large amounts or special nature, and the payment amount does not have a contractual relationship, the payment amount and the contract. If the contract performance obligations are not met or the reason for payment disappears, etc., the payment has not been recovered for more than three months.

The principle of setting the materiality standard is based on the audit bulletin to determine the basis for the overall materiality of financial statements, including a certain percentage or fixed amount of net value, paid-in capital, operating income, accounts receivable, etc. The materiality standard of the subsidiary should be Return to the establishment of internal control of subsidiaries. The responsible unit shall regularly consider the size of the group companies and appropriately refer to the opinions of accountants, and then set the materiality standard for approval by the general manager.

Those who are determined to be of the nature of fund loans under the second paragraph shall be announced in accordance with Article 9 from the date of the resolution of the board of directors, and appropriate accounting items (such as other receivables) shall be listed.

When the second item is determined to be a capital loan and the balance exceeds the limit, an improvement plan should be formulated and implemented, and the improvement plan should be submitted to the audit committee for a report.

Article 9: If the Company's subsidiaries wish to loan funds to others to meet business needs, they shall conform to the operating procedures for loaning funds defined in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, or follow the Procedures if no such operating procedure is defined.

Article 10: If managers or personnel in charge of the Company and its subsidiaries violate the Procedures, an assessment must be carried out according to the Company's personnel administration rules and employee handbook. The severity of the penalty will be based on the circumstances.

Article 11: The Procedures shall be approved by more than half of all Audit Committee members, submitted to the board of directors for a resolution, and reported to a shareholders meeting before they are implemented; the same applies when the procedures are amended.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.

Article 12: The Procedures 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.

The 8th amendment was made on 22 June 2017.

The 9th amendment was made on 18 June 2019.

The 10th amendment will be subject to the date of approval of the actual shareholders meeting.

Procedures for Endorsement and Guarantees by 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. Matters not provided for herein shall be governed by other applicable statutes.

Article 2:

The Company and its subsidiaries' counterpart for endorsements and guarantees are limited to those circumstances listed below:

1. Any company which has a business relationship with the Company or its subsidiaries.
2. Any company in which the Company or its subsidiaries holds more than 50 percent of the shares with direct or indirect voting rights.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company or its subsidiaries.

Companies in which the Company holds, directly or indirectly, 90 percent or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10 percent of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100 percent of the voting shares.

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100 percent of the voting shares.

Article 3:

The term "endorsements/guarantees" as used in the Procedures refers to the following:

1. Financing endorsements/guarantees, refers to bill discount financing, endorsement or guarantee made to meet the financing needs of another

company, and issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company and its subsidiaries.

2. Customs duty endorsement/guarantee, refers to an endorsement or guarantee for the Company and its subsidiaries or another company with respect to customs duty matters.
3. Other endorsements/guarantees, refers to endorsements or guarantees beyond the scope of the above two preceding items.

Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the Procedures.

Article 4: Amount limitations of Endorsements/Guarantees

1. External endorsements/guarantees made by the Company may not exceed 200 percent of the Company's net worth.
2. Endorsements/guarantees made to a single enterprise may not exceed 40 percent of the Company or its subsidiaries' 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. Endorsements/guarantees of the Company and its subsidiaries 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 purchase amount or sales amount of the goods between the parties, whichever is higher.
4. The total amount of endorsements/guarantees of the Company and its subsidiaries as a whole total may not exceed 250 percent of the Company's net worth.
5. Endorsements/guarantees made by the Company and its subsidiaries to a single enterprise may not exceed 50 percent of the Company's net worth.
6. Endorsements/guarantees made by the Company, or subsidiaries to the Company, or endorsements/guarantees mentioned in Item 2 of Article 2, are not subject to the restrictions of rules contained in the Article's second, third, or fifth item. However, the aggregate amount of endorsements/guarantees that the Company or its subsidiaries make for a single company may not exceed 200 percent of the net worth of the company providing guarantees.

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

1. Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the Procedures.

The Company may make an endorsement/guarantee only after the evaluation results have been submitted to and resolved upon by the board of directors.

When necessary, it shall be first approved by the Chairman of the board, where empowered by the board of directors to grant endorsements/guarantees within a specific limit, for subsequent submission to and ratification by the next board of directors' meeting.

Before making any endorsement/guarantee pursuant to Paragraph 2 of Article 2, a subsidiary in which the Company holds, directly or indirectly, 90 percent or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100 percent of the voting shares.

2. When making endorsements/guarantees for others, 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 Paragraph 2 of Article 2.
4. The aforementioned official letters and promissory notes shall be provided for examination by the company providing guarantees. The key points of such examination are listed as below:
 - (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 company providing guarantees 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. For the promissory notes that are rejected for endorsement or guarantees that are rejected, the company providing guarantees shall prepare a written description about the reasons for no endorsements/guarantees and then return such along with the promissory notes to the guaranteed company.
 8. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the amount exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee and all independent directors, and shall complete the rectification according to the timeframe set out in the plan.
 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 Company or its subsidiaries 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 finance division of the company providing guarantees, with a "nullified" stamp. The received document will be filed for future reference.
2. The finance division of the company must update the record in the "reference system," reducing the total of endorsement sum. 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 of the company providing guarantees must prepare and follow up with minutes, and take the nullified promissory note back as quickly as possible.

Article 7:

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors and may be used to seal or issue negotiable instruments only in the Company's procedures 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 shall 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 auditors shall audit the procedures for endorsements and guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee and all independent directors in writing of any material violation found.

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 by the 10th day of each month.
2. The Company whose balance of endorsements and guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:
 - (1) The aggregate balance of endorsements and guarantees by the Company and its subsidiaries reaches 50 percent 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 percent 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 million or more and the aggregate amount of all endorsements and guarantees for, the carrying amount of investment under equity method and balance of loans to, such enterprise reaches 30 percent 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 million or more, and reaches 5 percent 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 million or exceeded 5 percent 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 illustrate 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 to reduce the total.

Article 12:

If any subsidiary of the Company intends to make endorsement/guarantee for others, it shall set up the procedures for making endorsement/guarantee in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," and follow the procedures set up by itself. Before setting up its procedures, a subsidiary shall comply with the Procedures herein when making loans to and endorsements/guarantees for others. If the subsidiary was established overseas, then the local registered corporate chop shall serve as the proper chop for endorsements and guarantees, provided that if it is not necessary to register the chop pursuant to the local laws, the requirements about the chop defined herein shall not apply.

Article 13:

If managers or personnel in charge of the Company violate 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 shall be approved by more than half of all Audit Committee members, submitted to the board of directors for a resolution, and reported to a shareholders meeting before they are implemented; the same applies when the procedures are amended.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit

Committee shall be recorded in the minutes of the board of directors 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.

The 10th amendment was made on 22 June 2017.

The 11st amendment was made on 18 June 2019.

The 12nd amendment will subject to the date of approval of the actual shareholders meeting.

Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and Its Subsidiaries

Article 1: The Company shall handle the acquisition or disposal of assets in compliance with these Regulations. Any matters not subject these procedures, shall be handled in accordance with the relevant laws and regulations.

The Company that engages in derivatives trading, in addition to conducting such matters in compliance with the Regulations Governing the Acquisition and Disposal of Derivatives, shall also adopt the Procedures.

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

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

Article 3: Terms used in these regulations are defined as follows:

1. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
3. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
4. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for

Investment or Technical Cooperation in the Mainland Area.

5. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
6. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4: The procedures for acquisition or disposal of assets by the Company from or to a related party should follow below provisions:

1. The acquisition or disposal of property, equipment used, memberships, intangible assets, other important assets and right-of-use assets for business operation should be handled according to the Procedures and the Company's "Rules for Property Procurement and Sale of Scrapped Equipment".
2. The sale and purchase of securities shall be subject to Company approval in accordance with the Securities Accounting Transaction Processing Procedures by the Chief Financial Officer in accordance with the capital situation and market conditions, as presented to the General Manager, or Upper Management, or an authorized agent.
3. Fixed Quota:
 - (1) The sum of non-business operation related procurement of immovable property and the right-of-use assets by the Company or its subsidiaries shall not exceed 120 percent of the Company's shareholder equity.
 - (2) The sum of investments by the Company or its subsidiaries containing negotiable securities shall not exceed 100 percent of the Company's shareholder equity.
 - (3) The sum of investments by the Company or its subsidiaries in individual securities shall not exceed 50 percent of the Company's shareholder equity; however those cases gaining approval by the Board of Directors are not restricted.
4. A transaction of major assets shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all Audit Committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.

Article 5: In addition to legal orders or the special provisions, the procedures for acquisition or disposal of assets by the Company from or to a related party shall be conducted in accordance with following procedures:

1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - (1) The range of the appraised value should use the regular price as reference. In the case of fixed prices, specific prices, or special prices, it must be indicated whether or not it conforms with the rules in Article 10 and 11 of the Land Appraisal Technical Specifications. If for a particular reason fixed prices, specific prices, or special prices must be used as the basis for consideration that transaction should be first presented to the board of directors for approval. The same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - (2) If the transaction amount is over NT\$ 1 billion, two or more professional appraisal reports must be obtained.
 - (3) Where any one of the following circumstances applies with respect to the appraisal results of professional appraisal reports, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 71 published by the ROC Accounting Research and Development Foundation (hereinafter abbreviated as "ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount reaches 20% or more of the transaction amount.
 - B. The discrepancy between the appraisal results by at least 2 professional appraisers reaches 10% or more of the transaction amount.
 - (4) The date of the completion of a professional appraisal report and the date of the establishment of the contract may not exceed three months. However, a second appraisal which does not exceed six months from the time of the announced

value, a written report must be submitted using the original professional appraiser.

2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 71 published by the ARDF. However, the provisions shall not apply if there are publicly quoted prices of such securities in an active market or where otherwise provided by regulations of the Financial Supervisory Commission ("FSC").
3. Except for transactions with domestic government institutions, if the Company's acquisition or disposal of intangible assets, right-of-use assets or membership reaches 20 percent of the Company's paid-in capital or NT\$300 million, prior to the date of the event, the opinion of a rational transaction price shall be sought from a Certified Public Accountant; this Certified Public Accountant shall handle the matter in accordance with the provision of Auditing Standard No. 71 published by the ARDF.
4. For those assets acquired or disposed of through the court auction process by the Company, credentials provided by the court must replace the appraisal report, or a notarized CPA opinion.

Article 6: The Company engages in any acquisition or disposal of assets from or to a related party, shall be conducted in accordance with following procedures:

1. When the Company engages in any acquisition or disposal of assets from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the regulations of the preceding 4 Subparagraphs.
2. When the Company intends to acquire or dispose of real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of total assets, or NT\$300 million or more, except for trading domestic government bonds or bonds with repurchase or reverse repurchase agreement, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a

transaction contract or make a payment until the following matters have been approved with the consent of one-half or more of the entire membership of the Audit Committee, and submitted to and resolved by the board of directors. Any matter that has not been approved with the consent of one-half or more of the entire membership of the Audit Committee may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes. The calculation of the transaction amounts shall be made in accordance with Article 5, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors need not be counted toward the transaction amount.

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

With respect to the types of transactions listed below, when to be conducted between a the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may delegate the board chairman to decide such matters when the transaction is within NT\$ 6 billion and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

When the sum of a real property or right-of-use assets transaction carried out between the Company and its subsidiaries is higher than the estimate for the acquisition of real property, and objective evidence, a professional appraisal, or a substantive and reasonable opinion from a CPA explaining the discrepancy cannot be obtained, the board

of directors shall thoroughly assess whether the transaction violates the rights of the Company or shareholders. When necessary, the board shall reject the transaction. If the board approves such a transaction, the Company must conduct the following items:

1. The difference between the price of the transaction and the estimated cost must be placed in special reserve, and may not be apportioned or converted to dividends.
2. The members of independent directors of the Audit Committee shall comply with Article 218 of the Company Act.
3. The processing of the above two items should be proposed to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the following circumstances is present in a transaction with a related parties, after passage by the board of directors, the matter shall also be submitted to the shareholders meeting for passage of a resolution, and neither the related parties nor any persons connected with the related parties may participate in the voting:

1. There is a discrepancy of 20 percent or more between the amount of the transaction and the appraised amount.
2. The amount or the terms of the transaction will have a material effect on the Company's operations.
3. The transaction will have a material effect on shareholder equity.
4. Other circumstances in which the board of directors deems that the matter should be submitted for a resolution by a shareholders meeting.

Article 7: The Company that conducts a merger, demerger, acquisition, or transfer of shares shall be conducted in accordance with following procedures:

1. The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the

Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

2. Shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.
3. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.
4. A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
5. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
6. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
 - (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
 - (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

7. Within 2 days counting inclusively from the date of passage of a resolution by the board of directors, basic identification data for personnel and dates of material events must be submitted in the prescribed format to the FSC via the Internet-based information system for reference.
8. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of preceding two article.
9. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
10. Public companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
 - (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - (2) An action, such as a disposal of major assets, that affects the company's financial operations.
 - (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
11. The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
 - (1) Handling of breach of contract.
 - (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that

is demerged.

(3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

(4) The manner of handling changes in the number of participating entities or companies.

(5) Preliminary progress schedule for plan execution, and anticipated completion date.

(6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

12. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
13. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the articles of 4 to 9, and the preceding article.

Article 8: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be

related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 9: For the calculation of 10 percent of total assets under these regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Information required to be publicly announced and reported on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.

The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing.

The paid-in capital or total assets of a subsidiary shall be the standard applicable to it in determining whether, relative to 20 percent of paid-in capital or 10 percent of total assets of the company, it shall apply to obtain the report of an expert and perform the procedures for transactions with a related party.

In the case where a subsidiary has non-par-value stock or the price per stock is not equivalent to NT\$ 10, the amount of the paid-in capital shall be provided as 20 percent of the transaction regulation amount, where the affiliated parent company owners amount is 10 percent.

Article 10: Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated

website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$1 billion or more.
4. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
5. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (1) Trading of domestic government bonds.
 - (2) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year

preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

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

Article 11: 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 12: The Regulations and any amendments thereto, shall be approved with the consent of half or more of the entire membership of the Audit Committee, submitted to the board of directors for a resolution, and approved by the shareholders' meeting before becoming effective.

Any matter in the preceding paragraph that has not been approved with the consent of one-half or more of the entire membership of the Audit Committee may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes.

When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to subparagraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

The subsidiaries shall also set the "Regulations Governing the Acquisition and Disposal of Assets." Such Regulations, and any amendments thereto, shall be adopted by the boards of directors and then submitted to the Company's board of directors for reference.

Prior to engaging in acquisition or disposal, a subsidiary company should act in accordance with The Asset Acquisition and Disposal Processing Procedures.

Article 13: These regulations were created on 18 May 1990.

The 1st amendment was made on 1 May 1992.

The 2nd amendment was made on 29 May 1995.

The 3rd amendment was made on 24 May 2000.

The 4th amendment was made on 26 June 2003.

The 5th amendment was made on 27 June 2007.

The 6th amendment was made on 27 June 2012.

The 7th amendment was made on 18 June 2014.

The 8th amendment was made on 12 June 2015.

The 9th amendment was made on 22 June 2017.

The 10th amendment was made on 18 June 2019.

The 11st amendment will subject to the date of approval of the actual shareholders meeting.

Articles of Incorporation of WAN HAI LINES LTD.

- Article 1 The Company is incorporated according to the Company Act, and is named WAN HAI LINES LTD.
- Article 2 The scope of business of the Company shall be as follows:
- I. G301011 Ship Transportation
 - II. G401011 Shipping Agency Services
 - III. F199990 Other Wholesale Trade
 - IV. F299990 Retail Sale of Other Retail Trade
 - V. F114060 Wholesale of Ship Machinery and Parts
 - VI. F214060 Retail Sale of Ship Machinery and Parts
 - VII. G404011 Container Distributing Center Business
 - VIII. G403010 Ship Rental and Leasing
 - IX. G405010 Container Rental and Leasing
 - X. G406061 Ship Stevedore Operator
 - XI. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 The Company 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 percent of paid-in capital.
- Article 3 The Company shall have its head office in Taipei City, and shall set up branches or shipping agencies at appropriate locations
- Article 4 Public announcements of the Company shall be made in accordance with the Article 28 of Company Act.

Article 5 The total capital stock of the Company shall be in the amount of NTD 36 billion, divided into 3.6 billion shares, at NTD 10 each, and may be paid-up in installments.

Article 5-1 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 the "Regulations Governing the Administration of Shareholder Services of Public Companies."

Article 6 Shareholders' Meeting

- I The shareholders' meetings are composed of all of the shareholders, and are of two types: general meetings and extraordinary meetings. General meetings shall be convened once a year, within six months of the end of the fiscal year, and in accordance to law by the board of directors. Extraordinary meetings may be convened whenever necessary.
- II The shareholders' meeting shall be presided over 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.
- III 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.
- IV 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 percent of the total of shares issued, shares in excess of 3 percent may not be counted.
- V Each share of the Company held by a shareholder counts as one vote.

Article 7 The Board of Directors

- I. The Company's Board of Directors consists of seven directors. Directors shall be elected by adopting candidate nomination system. The shareholders shall elect the directors from the list of candidates. The term of office for directors shall be three years, and directors may be reelected to serve another term.
- II. The number of directors set forth in the preceding paragraph shall be not less than three independent directors, and not less than one-fifth of the total number of directors. The professional qualifications, restrictions on shareholdings and concurrent post, identification of independence, nomination and election, 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.
- III. The directors shall elect from among themselves a Chairman and a Vice Chairman of the Board of Directors by a majority in a meeting attended by over two-thirds of the directors.
- IV. Article 208 of the Company Act shall apply when the directors' meeting is suspended.
- V. The board of directors meets once every quarter, and extraordinary meetings 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 the 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.
- VI. 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.
- VII. A directors' meeting may be convened via fax or E-mail.
- VIII. 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.

- IX. 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.
- X. The company shall purchase liability insurance for all directors and independent directors during their term of office for the execution of the scope of business and their legal liability for compensation.

Article 8 Audit Committee

The Company has established an Audit Committee as a substitution for the supervisors, which began since the 20th board of directors. This Committee is comprised of independent directors, and shall consist of no fewer than three in number, one of whom acts as the convener, and at least one of whom is required to have accounting or financial expertise. The exercise of duties by, the organizational procedures for, and other matters that shall be reviewed by the Audit Committee shall be arranged in accordance with relevant laws and regulations or the Articles of Incorporation.

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 following reports shall be prepared by the board of directors, and submitted to general meetings for acceptance:

- I Business Report;
- II Financial Statements;
- III Earnings distribution or loss reimbursement proposal.

Article 11 If there is any annual profit for the Company, not less than 1 percent of the annual profit should be appropriated as remuneration for employees, and not more than 1 percent of the annual profit should be appropriated as remuneration for directors. However, if there are accumulated losses to the company, compensation should be reserved in advance. The remuneration of independent directors shall not be made during the remuneration of the directors, as the remuneration shall be determined by a resolution from the board of directors.

Article 11-1 The industry in which the Company operates is changeable, and is capital-intensive. The Company considers future capital needs, and long-term financial plans, as well

as satisfying shareholder needs pertaining to cash inflows, any surplus earnings after the Company's total annual accounts have been calculated, after tax, and compensation for accumulated losses, the net profit after tax shall be listed as the annual retained earnings, are then carried to the 10 percent legal reserve, and according to the law, set aside or added to the reversal of special reserve. If there is a requirement for the expansion of transportation equipment and an improvement of the financial structure, this shall be made using the surplus within the special reserve, along with undistributed earnings within the same year to complete the amount needed, including 30 percent or more of the undistributed earnings at the beginning of the period will be considered in regards to the Company's capital requirements by the Board of Directors, along with the capital budget and other factors. The interests of shareholders and the company's long-term financial planning will be taken into account, with the proportion of dividends and dividend distribution being assigned after the shareholders' meeting. The cash or shares distribution ratio is subject to the current years' profits, financial conditions, and capital expansion program dividend distribution scheme, where the proportion of cash dividends may not be below 10 percent of total dividends.

Article 12 The organizational rules of the Company shall be determined by the board of directors.

Article 13 Any matters that are not addressed in the Articles of Incorporation shall be governed by the Company Act and other relevant laws and regulations.

Article 14 This Articles of Incorporation 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.
The 37th Amendment was made on 12 June 2015.
The 38th Amendment was made on 29 June 2016.
The 39th Amendment was made on 22 June 2017.
The 40th Amendment was made on 23 June 2020.
The 41st Amendment will subject to the date of approval of the actual shareholders meeting.

Rules and Procedures of Shareholders Meeting by WAN HAI

LINES LTD.

Article 1 To establish strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules and Procedures have been created as a way of complying with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPE Listed Companies.

Article 2 The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules and Procedures.

Article 3 Unless otherwise specified by law, the Company's shareholders meetings are convened by the board of directors.

When a general meeting is convened, a meeting agenda shall be provided, and notification shall be sent to each shareholder 30 days prior to the general meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 30 days prior to the general meeting. When an extraordinary meeting is convened, notification shall be sent to each shareholder 15 days prior to the extraordinary meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 15 days prior to the general meeting.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any items contained in Article 185 Paragraph I of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities

affairs or the company, and such website shall be indicated in the above notice.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in a meeting agenda. Additionally, unless any of Article 172-1 Paragraph 4 of the Company Act is satisfied, the board of directors of the Company shall include the proposal submitted by a shareholder in the list of proposals to be discussed at a general meeting.

Prior to the book closure date before a general meeting is convened, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words. The shareholder making the proposal shall be present in person or by proxy at the general meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company before five days prior to the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form is delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two days before the shareholders' meeting. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The time to start the meeting shall not earlier than 9 a.m. or later than 3 p.m.

- Article 6 The company will provide an attendance log to record the shareholders or proxies of shareholders (collectively, "shareholders") attendance; alternatively, attending shareholders may present their attendance cards to signify their presence. The Company will provide the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials to the attending shareholders. For elections of directors, ballots will be distributed as well.
- Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance; those acting as proxies shall bring their identification cards for verification. Governments or corporations acting as shareholders are not limited to one attending person. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- 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 managing director to act on his behalf. If no one is appointed, the managing directors or the directors shall select from among themselves one person to perform the Chairman's duties.
- For shareholders' meetings convened by the board of directors, the number of participating directors who attend shall 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 percent 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 percent, but exceeds one-third of all outstanding shares, the Company may proceed according to Paragraph 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, the meeting agenda will be set by the board of directors. The meeting shall proceed according to the meeting agenda, and may not be modified without a resolution from the shareholders' meeting.

The preceding paragraph also applies to meetings convened by a party with the power to convene that is not the board of directors.

The Chairman may not dismiss the meeting prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chairman violates meeting rules and dismiss the meeting, the other directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The Chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his or her shareholder account number, and account name. The order of the shareholders' speak will be determined by the chairman. Shareholders who submit

speaker's slip without speaking are considered to have remained silent. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Shareholders cannot speak more than two times, for more than five minutes each, on the same proposal without consent from the Chairman. The 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 Chairman and the speaker. The 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 for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

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 intends 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 Article of Incorporation, 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.

Ballot monitoring and counting personnel for the voting on a proposal shall be appointed by the Chairman, provided that all monitoring personnel shall be shareholders of the Company. Ballot counting will proceed in public at the place of the shareholders' meeting. The results of the vote shall be documented and announced on site.

Article 14 Election of directors 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 ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least a year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 The resolutions passed at the shareholders' meeting must be compiled into meeting minutes, signed or stamped by the Chairman. The meeting minutes must be delivered to

all shareholders within twenty 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 shall accurately record 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 matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

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 bands or identification cards 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 shall 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 Chairman may suspend the meeting and announce the time of continuation of the meeting after examining the situation.

If the meeting venue is no longer available for continued use and not all of the items

(including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. According to 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 and Procedures shall become effective once resolved during the shareholders' meeting; the same applies to all subsequent revisions.

Article 20 These Rules and Procedures were created on 21 May 1991.

The 1st amendment was made on 13 May 1998.

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The 5th amendment was made on 27 June 2012.

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The 7th amendment was made on 18 June 2019.

The 8th amendment was made on 23 June 2020.

Rules and Procedures of Shareholders Meeting by WAN HAI

LINES LTD.

Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules and Procedures have been created as a way of complying with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Article 2 The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules and Procedures.

Article 3 Unless otherwise specified by law, the Company's shareholders meetings are convened by the board of directors.

When a general meeting is convened, a meeting agenda shall be provided, and notification shall be sent to each shareholder 30 days prior to the general meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 30 days prior to the general meeting. When an extraordinary meeting is convened, notification shall be sent to each shareholder 15 days prior to the extraordinary meeting; notification for shareholders holding less than 1,000 shares shall be done by means of a public announcement made through the MOPS 15 days prior to the general meeting.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any items contained in Article 185 Paragraph I matters of the Company Act, Article 26-1, Article 43-6 of the Securities and Exchange Act, Article 56-1 of Issuers' Raising and Issuing of Marketable Securities Handling Guidelines and Article 60-2 matters shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in a meeting agenda. Shareholders may submit proposed proposals to urge the company to promote the public interest or fulfill its social responsibilities. The procedures shall be limited to one item in accordance with the relevant provisions of Article 172-1 of the Company Law. If there is more than one proposal, all proposals Not included in a meeting agenda. Additionally, unless any of Article 172-1 Paragraph 4 of the Company Act is satisfied, the board of directors of the Company shall include the proposal submitted by a shareholder in the list of proposals to be discussed at a general meeting.

Prior to the book closure date before a general meeting is convened, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words. The shareholder making the proposal shall be present in person or by proxy at the general meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company before five days prior to the date of the shareholders meeting when duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form is delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two days before the shareholders' meeting. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

- Article 5 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The time to start the meeting shall not earlier than 9 a.m. or later than 3 p.m.
- Article 6 The company will provide an attendance log to record the shareholders or proxies of shareholders (collectively, "shareholders") attendance; alternatively, attending shareholders may present their attendance cards to signify their presence. The Company will provide the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials to the attending shareholders. For elections of directors, ballots will be distributed as well.
- Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance; those acting as proxies shall bring their identification cards for verification. Governments or corporations acting as shareholders are not limited to one attending person. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- 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 managing director to act on his behalf. If no one is appointed, the managing directors or the directors shall select from among themselves one person to perform the Chairman's duties.
- For shareholders' meetings convened by the board of directors, the number of participating directors who attend shall 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. At the same time, relevant information such as the number of non-voting rights and the number of shares present will be announced. However, if the number of shares held by those in attendance number less than 50 percent 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 percent, but exceeds one-third of all outstanding shares, the Company may proceed according to Paragraph 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, the meeting agenda will be set by the board of directors. The meeting shall proceed according to the meeting agenda, and may not be modified without a resolution from the shareholders' meeting.

The preceding paragraph also applies to meetings convened by a party with the power to convene that is not the board of directors.

The Chairman may not dismiss the meeting prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chairman violates meeting rules and dismiss the meeting, the other directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The Chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for

a vote.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his or her shareholder account number, and account name. The order of the shareholders' speak will be determined by the chairman. Shareholders who submit speaker's slip without speaking are considered to have remained silent. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Shareholders cannot speak more than two times, for more than five minutes each, on the same proposal without consent from the Chairman. The 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 Chairman and the speaker. The 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 for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

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 intends 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 Article of Incorporation, 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.

Ballot monitoring and counting personnel for the voting on a proposal shall be appointed by the Chairman, provided all monitoring personnel shall be shareholders of the Company. Ballot counting will proceed in public at the place of the shareholders' meeting. The results of the vote shall be documented and announced on site.

Article 14 Election of directors must be conducted in accordance to the Company's relevant election procedures. The results of the election shall be announced at the shareholders' meeting, including the calculated number of voting rights, the list of directors who lose the election and the number of voting rights obtained.

The ballots for the election referred to in the preceding paragraph shall be sealed with signatures of the monitoring personnel and kept in proper custody for at least a year. If,

however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 The resolutions passed at the shareholders' meeting must be compiled into meeting minutes, signed or stamped by the Chairman. The meeting minutes must be delivered to all shareholders within twenty 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 shall accurately record 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 matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

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The 9th amendment will subject to the date of approval of the actual shareholders meeting.

Other Information That Should Be Disclosed

I. 2019 Earnings Distribution: Directors Remunerations and Employee Remunerations:

Unit: NTD

Items	Sub-Total	Stock Conversion	Scale of Stock Dilution
Director Remunerations (Cash)	\$45,315,616	-	-
Employee Remunerations (Cash)	\$45,315,616	-	-
Employee Remunerations (Stock)	\$0	-	-
Total	\$90,631,232	-	-
Note: The above distribution matched a Board of Directors resolution reached on Mar 26, 2020.			

II. Dividends Policy

If there is any annual profit for the Company, not less than 1% of the annual profit should be appropriated as remuneration for employees, and not more than 1% of the annual profit should be appropriated as remuneration for Directors. However, if there are accumulated losses to the company, compensation should be reserved in advance. The remuneration of independent directors shall not be made during the remuneration of the Directors, as the remuneration shall be determined by a resolution from the Board of Directors.

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, any surplus earnings after the Company's total annual accounts have been calculated, after tax, and compensation for accumulated losses, are then carried to the 10% legal reserve, and according to the law, set aside or added to the reversal of special reserve. If there is a requirement for the expansion of transportation equipment and an improvement of the financial structure, this shall be made using the surplus within the special reserve, along with undistributed earnings within the same year to complete the amount needed, including 30% or more of the undistributed earnings at the beginning of the period will be considered in regards to the Company's capital requirements by the Board of Directors, along with the capital budget and other factors. The interests of shareholders and the company's long-term financial planning will be taken into account, with the proportion of dividends and dividend distribution being assigned after the shareholders' meeting. The cash or shares distribution ratio, is subject to the current years' profits, financial conditions, and capital expansion program dividend distribution scheme, where the proportion of cash dividends may not be below 10% of total dividends.

III. Proposed distribution of retained earnings of year 2020

- The Company's 2020 net income after tax was NT\$11,316,980,783. In accordance with relevant laws and the Memorandum of Association, 10% of net income which equates to the amount of NT\$1,129,278,620 was appropriated as legal reserve and also the reversal of special reserve of NT\$1,719,920,547. After the addition of beginning period undistributed earnings of NT\$3,649,102,331 and the other comprehensive losses of NT\$

24,194,586 (the 2020 annual remeasurement of defined benefit obligation), the available undistributed earnings was NT\$12,092,689,361. The 2020 annual earnings appropriation was NT\$ 4,436,594,926 for distribution to shareholders as following:

- (1) Cash dividend of NT\$1 per share, NT\$ 2,218,297,466 as total amount.
 - (2) Stock dividend of NT\$1 per share, NT\$ 2,218,297,466 as total amount.
2. The influence of stock dividends toward operating performance, EPS, and ROE of the company: It is not applicable.
 3. Employees' and Directors' remuneration:
The basis for estimating the amount of employee, director remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: the current period estimated employees' remuneration was NT\$143,616,713, and the Directors' remuneration was NT\$143,616,713, as the same figure was allotted by the Board of Directors for both groups.

Status of the Number of Shares Held by Directors

1. Detailed Table of the minimum shares held by directors, 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	53,239,139 Shares	66,859,039 Shares

Note: Book closure date: Apr 30, 2021

2. Detailed Table of amount of shares held by Directors

Until book closure date: Apr 30, 2021

Title	Name	Share Numbers Recorded in the Shareholder Registration Book (shares)	Notation
Chairman	JIUFU GARDEN CO., LTD	3,000,000 Shares	Representative: Po-Ting Chen
Director	TAILI CORPORATION	5,469,256 Shares	Representative: Randy Chen
Director	CHEN-YUNG FOUNDATION	31,902,176 Shares	Representative: Chih-Chao Chen
Director	SUN SHINE CONSTRUCTION CO., LTD	26,487,607 Shares	Representative: Chiu-Ling Wu
Independent Directors	RUNG-NIAN LAI	0 Shares	
Independent Directors	STEPHANIE LIN	0 Shares	
Independent Directors	YI-SHENG TSENG	0 Shares	

Note 1: The Company has a paid-up capital of NT\$22,182,974,660, issued in 2,218,297,466 ordinary shares.

Note 2: The amount of shares held by directors has reached the legal standards.