

Stock Code 2615



ANNUAL REPORT

2021



WAN HAI LINES LTD.

WE CARRY, WE CARE.

| Published Date | March 29, 2022

| Company Website | <https://tw.wanhai.com/>

| Website of Annual Report | <https://mops.twse.com.tw/mops/web/index>

2021

ANNUAL REPORT

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Basic Information of ECB

None

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WAN HAI HISTORY

- 1965
 FEB ▶ WAN HAI Steamship Co., LTD. was established on Feb 24th.
 AUG ▶ Bought a "LIBERTY" type bulk vessel christened "FOSMAR" and deployed between Japan and America for transporting steel.
- 1966
 Bought the first log vessel with 5,000 DWT from Japan christened "WAN SHOU".
- 1969
 MAR ▶ Ordered a log vessel M.V. CHANG CHUN from Japan and deployed to Japan / Taiwan and Southeast Asia service.
 JUN ▶ Ordered a 6,000 DWT log vessel christened "YI CHUN" which also deployed to Japan / Taiwan and Southeast Asia service.
- 1976
 JUL ▶ The first Full-container vessel M.V. MING CHUN was deployed to Taiwan / Japan service which initiated WAN HAI's full container liner service.
- 1978
 DEC ▶ WAN HAI Kaohsiung office was founded.
- 1982
 APR ▶ The first batch of new 20ft container 1,300 units were procured.
 JUN ▶ WAN HAI's computerization era began with installation of the HP 3000/42 system.
 OCT ▶ Act as Taiwan agent for Hoegh-Ugland Auto Liners , A/S.
- 1983
 MAY ▶ The first carrier to split Taiwan/Japan service into Kanto and Kansai independently.
 JUN ▶ Commenced Hong Kong service.
 AUG ▶ Established a Liaison Office in Taichung.
 AUG ▶ Act as agent for HUAL in Taiwan.
- 1985
 JUN ▶ M/V Fu Chun maiden call to Port of Taichung provides first liner service to Taichung.
- 1987
 JUL ▶ Kaohsiung berth #42 was leased as WanHai's dedicated terminal.
- 1988
 OCT ▶ Commenced Taiwan / Korea service.
- 1989
 JUN ▶ Commenced Singapore / Malaysia service.
 OCT ▶ Commenced Thailand service.
- 1990
 MAY ▶ Commenced Indonesia service.
 JUL ▶ Commenced Philippines service.
- 1991
 MAR ▶ Entered into a tonnage sharing agreement with HMM for Thailand and Southeast Asia Service.
 APR ▶ Cross-charter arrangement with MAIN GROUP for Japan / Taiwan and Taiwan / Southeast Asia service.
- 1992
 OCT ▶ Established WAN HAI Thailand branch office.
 ▶ Commenced Manila, Thailand and Indonesia service with YML.
- 1993
 MAR ▶ BUL joined Java service.
 JUN ▶ Commenced Vietnam service.
- 1993
 SEP ▶ Appointed as the general agency in Taiwan of Clan S.A.
 NOV ▶ Appointed as general agent for World Logistics Service (U.S.A) Inc.
- 1994
 MAR ▶ Obtained the management right of the National Shipping Corporation of the Philippines.
 AUG ▶ WAN HAI's private berth in Kaohsiung shifted from Pier 42 to Pier 63.
- 1995
 FEB ▶ Held the 30th Anniversary Party at Taipei's Grand Hotel on Feb. 24 and awarded an honorable tablet by the President of R.O.C. Mr.Teng-Hui Lee.
 JUL ▶ Commenced Korea / Java service with HMM.
 OCT ▶ Commenced Tianjin / Busan / Hong Kong / Southeast Asia service with Tientsin Marine Shipping Company.
 ▶ The Storage yard of Pier 17 West, Port of Keelung, was leased as an exclusive container yard of WAN HAI.
- 1996
 APR ▶ Commenced Vietnam / Haiphong service.
 MAY ▶ WAN HAI listed on the first board to Taiwan Stock Exchange.
 JUN ▶ Commenced India service.
 DEC ▶ Dedicated Terminal at pier 31 Port of Taichung was leased.
- 1997
 MAR ▶ Commenced Japan / Singapore / Malaysia Super Express service with APL and HMM.
 APR ▶ Commenced the Cross Space Charter Agreement with Uniglory Marine Co.
 APR ▶ Obtained permission to run the Xiamen / Kaohsiung "Offshore Shipping Centers" business.
 AUG ▶ Commenced Taiwan / Hong Kong / Xiamen service.
 DEC ▶ WAN HAI Taichung was upgraded from liaison office to branch.
- 1998
 APR ▶ Commenced Middle East service with HMM.
 NOV ▶ Inaugurated Middle East II service.
- 1999
 JUL ▶ Commenced China / Middle East service with OOCL.
 AUG ▶ Commenced Haiphong II service.
- 2000
 MAY ▶ Commenced American West Coast service.
- 2001
 MAY ▶ Commenced China / Southeast Asia service.
 JUN ▶ Commenced China / American West Coast service.
- 2002
 SEP ▶ Set up India subsidiary company .
- 2003
 MAR ▶ Start Japan dedicated terminal at Ohi pier #5, Port of Tokyo.
 AUG ▶ Established WAN HAI Charity Foundation.
- 2004
 APR ▶ Commenced Far East / Europe service with PIL.
 MAY ▶ Established subsidiary company in Germany.
 JUL ▶ Ordered four 4,252 TEU vessels (PANAMAX vessel) & four 6,039 TEU vessels (POST-PANAMAX vessel) from CSBC.

2005	FEB ▶ Implemented ISO 14001 Environmental Management System (EMS).	JUN ▶ Award "Best Green Shipping Line" from 2016 AFLAS. ▶ Launch Mindanao / Malaysia / Belawan (MMS) Service.
2006	APR ▶ Commenced China / HK / Singapore / Port Kelang (CIX) service with EMC and Hapag-Lloyd.	SEP ▶ Awarded "Container Shipping Line of The Year India-Far East Trade Lane" from 2016 MALA.
2007	FEB ▶ Commenced China / Red Sea service. JUN ▶ Ordered six 4,252 TEU vessels from CSBC. NOV ▶ Commenced China / Black Sea service.	2017
2008	JAN ▶ Four 4,252 TEU and 6,039 TEU vessels previously ordered from CSBC were all delivered and deployed to service. MAR ▶ Six 2,646 TEU vessels previously ordered from Jurong Shipyard., Singapore were all delivered and deployed to service. JUL ▶ Commenced the first feeder service in the Middle East.	FEB ▶ Again tops the "Container Shipping Line of The Year - Far East Trade Lane" Award from Gujarat Junction 2017. JUL ▶ Bought two 1,805 TEU vessels and were deployed in the same year. AUG ▶ Tops container shipping schedule reliability in Q2. ▶ Launched Independent Cambodia Service.
2009	FEB ▶ Invested and operated a new container terminal in Cai-Mep area, Vietnam with HANJIN , MOL and SNP.	2018
2010	FEB ▶ Commenced Asia / South America East Coast service with CCNI, HANJIN, Hapag-Lloyd and ZIM. MAR ▶ Commenced East Africa Joint service with EMC and Simatech Shipping.	FEB ▶ Ranked No.1 in schedule reliability for the 2nd consecutive year 2016 & 2017 / Launched Far East – Red Sea (AR1) Service. MAR ▶ Launched New China to Vietnam Service. APR ▶ Launched Japan –Korea-Haiphong (JKH) Service/Indonesia to Singapore-Malaysia Service/NS 1 Service Kicks off. MAY ▶ Grand Opening of Wan Hai Invested Hai Phong International Container Terminal. NOV ▶ Confirmed Orders For 20 New Vessels.
2011	APR ▶ Commenced new WSA service with EMC, COSCON and PIL. OCT ▶ Ordered four 1,871 TEU vessels from CSBC.	2019
2012	OCT ▶ Awarded "Most Admired Company in Taiwan" 2012 in the shipping category " by Commonwealth Magazine.	MAR ▶ Launched Independent Subic Express Service (SES) ▶ Awarded "Container Shipping Line of The Year -Far East Trade Lane" APR ▶ Transpacific Service Enhancement /Launched Independent China-Philippines Express Service (CPX) / Enhance China to Vietnam and Cambodia Services Coverage (CVK) SEP ▶ Awarded "Hall of Fame-Container Shipping Line of the year : India-Far East Trade Lane" OCT ▶ Launched Korea- China- Indonesia- Vietnam "CKI" service NOV ▶ Expanded Vietnam-Transpacific Direct Service.
2013	MAY ▶ Commenced Asia / South America West Coast (ASA) service with PIL, EMC and COSCON.	2020
2014	MAR ▶ Launched Independent Mindanao Service. OCT ▶ Awarded " Most Admired Company in Taiwan" 2014 in the shipping category " by Commonwealth Magazine. DEC ▶ Awarded OHSAS 18001 Certificate at Taichung / Kaohsiung terminal.	FEB ▶ Launched New China to Vietnam/Thailand Service (CV6). APR ▶ Launched New China to Thailand/Vietnam Service (CTV). JUN ▶ Launched Taiwan to Vietnam and Thailand Services Coverage. OCT ▶ Launched China – India Service VI (CI6) Service / South China to Indonesia/Malaysia (KCS2) Service/ Straits – Bangladesh Express (SBX). NOV ▶ Enhanced China to Vietnam Services Coverage (CV8)/Pakistan – United Arab Emirates (PS2) Service/New China to Cambodia/Thailand (CT5) Service/ China – East India V (CI5) Service.
2015	FEB ▶ Awarded of "Best Shipping Agent, Customer Service for Colombo - Intra Asia Sector". MAR ▶ Launched Independent South China / Vietnam / Malaysia Service. APR ▶ Operated Transpacific service from South PRC & Central PRC to the U. S. Pacific South West. JUN ▶ Wins the Award of "Asian Freight, Logistics and Supply Chain Awards 2015". AUG ▶ Established subsidiary Joint Venture company in Peru. SEP ▶ Award "Container Shipping Line of The Year India-Far East Trade Lane" from 2015 MALA.	2021
2016	JAN ▶ Award "Container Shipping Line of The Year - Far East Trade Lane" from Gujarat Junction 2016. ▶ Launched China – India Service II (CI2) jointly with IAL, PIL and MOL. MAY ▶ Launch Japan / India Service (CHS3) jointly with MOL.	JAN ▶ Launched Independent CV7 Express Service. ▶ Confirmed Orders For 12 New Vessels. FEB ▶ Launched Independent AA1/AA2/AA3/AA5 Service. MAR ▶ Confirmed Orders For 5 New Vessels. APR ▶ Launched Independent CI8 Express Service/ Independent TVT2 Service. MAY ▶ Established Maritime Express Service Zone at Port of Kaohsiung/Launched Independent AS1 Service/ Confirmed Orders For 4 New Vessels. ▶ Donate NT\$160 million for COVID-19 prevention. JUN ▶ Launch Independent Asia to US East Coast Service (AA7)/Confirmed Orders For 12 New Vessels. NOV ▶ The 8th time awarded "Container Shipping Line of The Year India-Far East Trade Lane."

10 must-know core values of Wan Hai branding for us & our customers

SERVICE IS OUR MISSION ;
STABILITY IS OUR STRENGTH

1 TOP THE GLOBAL LINER SCHEDULE RELIABILITY SURVEY

Real-time quality response with service commitments

2 THE 8TH TIME WINNER OF [CONTAINER SHIPPING LINE OF THE YEAR-FAR EAST TRADE LANE] & AWARDED [HALL OF FAME-CONTAINER SHIPPING LINE OF THE YEAR] IN 2019

No occasional but trust-worthy is the key to win the laurel year after year

3 FOUR-TIME WINNER OF [CONTAINER SHIPPING LINE OF THE YEAR] FROM LLOYD'S LIST MARITIME ASIA AWARD

A well-deserved honor granted by readers of the power and prestigious maritime magazine

4 WINNER OF [BEST SHIPPING LINE-INTRA ASIA] IN 2015 AND [BEST GREEN SHIPPING LINE] IN 2016 FROM ASIA CARGO NEWS, AFLAS

Honored by both operational efficiency and environmentally friendly

5 TWO-TIME WINNER OF [MOST ADMIRABLE COMPANY] IN MARITIME SHIPPING CATEGORY FROM COMMONWEALTH MAGAZINE

All-round business performance recognized by local influential publication

6 FIVE-TIME WINNER OF [GREEN FLAG] FROM PORT OF LONG BEACH, CA

Sparing no effort to achieve environmental sustainability

7 YOUNGER AVERAGE CONTAINER AGE(3.6 YEARS) THAN THAT OF THE INDUSTRY (6.9 YEARS) FROM DREWRY 2020

Our specialization is made by continuous improvements

8 WIDELY-RECOGNIZED WITH MOST COMPREHENSIVE SERVICE NETWORK IN INTRA-ASIA

Fast, convenient and far-reaching service

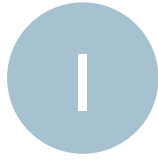
9 BALANCED FINANCIAL STRUCTURE AND STEADY OPERATING STATUS

Rest assured delivery

10 INTEGRITY AND PEOPLE-ORIENTED SERVICE

We fuse traditional principles with current practices as a way to achieve better developments





Letter to Shareholders

Dear Shareholders,

Following the trend of gradual global economic recovery in the second half of 2021, the shipping market was booming in 2022. Consumer demands, which used to be restrained by the Covid-19 pandemic, strongly rebounded and retailers kept restocking inventory. Shipping companies, although eager to meet the rising demands, faced numerous challenges. Operations at major ports were inefficient due to labor shortage and the pandemic. Particularly, ports on the U.S. West Coast were heavily congested, and thus many ships and containers were stuck. The low turnover exacerbated shortages of vessels and containers, and resulted in sharp rises in cost for building ships and containers as well as charter fees. Although shipping companies are dedicated to increasing capacities, demand still exceeds supply in the overall shipping market. This imbalance causes a rarely seen steep hike in freight rates, in contrast to low rates for a long time before. Wan Hai Lines responded promptly and nimbly to the changing market, and used its resources efficiently to meet customers' requirements and created maximum profitability. The hard work of the management team and all our colleagues for the past year proved fruitful. Wan Hai Lines performed brilliantly in 2021, and achieved the following:

Expanding the American routes to enhance the shipping network

Wan Hai Lines provides diverse and frequent shipping services in the Asian regional markets, and has long been an industry leader in this region. With its solid foundation on the Asian markets, Wan Hai Lines further launched North and South American routes to meet our customers' growing demands for trans-Pacific shipping. This evidently increased the market share of our Americas routes. In the fourth quarter of 2021, as Asian routes entered the usual high-season and as port congestion on the U.S. West Coast showed no sign of easing, we redeployed some of our vessels to the Asian routes to grasp the business opportunities of the market booming in India and Vietnam. In the face of rapidly changing business situations, Wan Hai Lines responded timely and flexibly and used its fleet effectively to provide comprehensive and convenient services to its customers. In line with fleet and route expansion, our operational volume reached a record high, with 4.79 million TEU in 2021, an increase of 6.21% over 2020. The scale of operations grew steadily.

Ordering 37 new ships to expand our shipping capacity

To enhance service quality and shipping route operations, Wan Hai Lines previously ordered 20 intelligent ships, and in 2021 ordered 37 more new ships. Apart from twenty-four 3,000 TEU ships ordered from NSY (Nihon Shipyard) and JMU (Japan Marine United Corporation), Wan Hai Lines had, for the first time, ordered thirteen 13,000 TEU Panamax ships from HHI (Hyundai Heavy Industries and SHI (Samsung Heavy Industries). Diverse ship types are helpful in future market expansions and increasing opportunities for joint ventures. At the same time, Wan Han purchased second-hand ships to provide instant capacities for our routes. As the scale of our self-owned fleet increases, and as new ships are gradually delivered, Wan Han Lines will have more flexibility in deploying its fleet to offer more comprehensive services to its customers.



Optimizing, Innovation, and Intelligence Upgrade

During the last year, Wan Hai Lines not only expanded its service network, but it also continually strive to improve quality. The newly delivered intelligent ships are equipped with monitoring and communication systems, to gather real-time navigation data and the workings of ship facilities, so as to effectively increase risk management abilities, and also to increase fuel efficiency, reduce emissions and be more eco-friendly. Wan Hai Lines' efforts in ESG sustainability has also won recognition from the world renowned index organization, and was awarded the Taiwan Sustainability Index component stock for a fourth consecutive year, highlighting Wan Hai Lines' performance in sustainability.

2021 was a challenging year, with global port congestion and shortages of ships and containers, therefore efficient usage of resources was of utmost importance. In view of market demands and port congestions, Wan Hai Lines promptly and nimbly redeployed its fleet, and also initiated a reservation platform for receiving and returning containers at its dedicated wharfs, to efficiently use the containers. Furthermore, for providing quality containers to customers, Wan Hai Lines ordered 170,000 TEU new containers in 2021, and they amount to about 27% of self-owned containers, lowering the average age of our containers to 3.6 years, as compared to the industry average of 6.9 years according to Drewry's statistics for 2020. Also, through cooperation projects with academic institutions, Wan Hai Lines employed updated know-how and technology to keep on upgrading our cold-chain logistics, so that our customers can entrust their cargoes to us. Wan Hai Lines followed its motto, "Customer First" and "Sustainable Operation", and kept striving for excellence and kept optimizing efficiency and quality, to offer our customers the best shipping services.

Financial Performance

In 2021, Covid-19 vaccines became more available, and governments continued to maintain loose monetary policies to stimulate the economy. Consumer expenditure rose along with the booming e-commerce. Demands for goods, which were hindered during the pandemic, were surging, resulting in a strong rebound of the shipping market. Alphaliner estimated that in 2021 the global throughput increased by 6.7% and shipping capacity increased by 4.5%. An imbalance in demand and supply of shipping drove up freight rates, and the price hike effects spread from trans-Pacific trade to intra-Asia trade. Wan Hai Lines grasped the market trends, promptly adjusted sailing routes and redeployed ships and containers, and transformed the crisis of the pandemic into opportunities for Wan Hai Lines to expand its services, thus creating a new-high for profitability in 2021.

Consolidated annual operating income of Wan Hai Lines was TWD 228.00 billion in 2021 for an increase of TWD 146.12 billion over 2020. Consolidated net profit after tax was TWD 103.34 billion, about TWD 92.02 billion more than in 2020. In terms of profitability, shareholders' return on equity in 2021 was 109.58%, with a net profit ratio of 45.36%, and earnings per share of TWD 42.35.

Operation Plans for 2022

IMF predicted that global economic growth will fall from 5.9% in 2021 to 4.9% in 2022.

Central Banks recently mentioned about raising interest rates, which means that previous measures of loose monetary policies for stimulus might be tightened gradually, and the overly strong global economy may weaken. Alphaliner predicted that global throughput growth will slump from 6.9% in 2021 to 5.9% in 2022, it can be seen that growth is gradually slowing down. As for supply of shipping capacity, Alphaliner predicted a growth of 4.1% in 2022, a slight decrease from 4.5% of 2021. The market remains in a demand exceeds supply situation. However, it is still unclear when the port congestion problems will be solved. Apart from the effects of changes in the Covid-19 pandemic on port operations, longshoremen unions on the U.S. West Coast will be renegotiating their contracts in 2022, and it is feared that labor disputes may arise. If they cause longshoremen to go on strike, the port congestion problem may be exacerbated. If the supply chain bottlenecks cannot be resolved, supply chains may be restructured in the long run. In the future, shipping companies will have to be more flexible in designing their shipping routes and to react market situations more nimbly. Moreover, U.S.-China relationship, changes in international economic and political situations, fluctuations in oil prices, climate change and trends in zero carbon emission will also bear on the challenges faced by shipping companies.

In the face of ever changing situation, as a responsible corporate citizen, Wan Hai Lines will uphold its operational philosophies of "customer first, full participation, environmental protection, and sustainable operation" to provide quality services, enhance service networks, optimize cost-benefit efficiency, strengthen risk management and to keep on upgrading ship performance to ensure shipping safety and to increase energy efficiency and reduce emissions. We will not be complacent with short-term results, but will continue to optimize and renovate, to plan for a stable and long-term development and continue to share our growth and excellent results with our shareholders, customers, investors and the society.

Sincerely yours,

Chairman
Jiufu Garden Co., Ltd.



Representative
Po-Ting Chen



2022/03/29



Company Profile

Date of Establishment February 24, 1965

Main Activities

- Marine transportation
- Shipping agency
- Purchasing & selling of vessels and containers
- Container Freight Station Business
- Leasing of vessels and containers

Major Event of Corporate History

Founded on February 24, 1965, Wan Hai started as a log carrier servicing Taiwan, Japan, and Southeast Asia. Recognizing the coming trend of containerization, Wan Hai purchased its very first full container ship “明春輪” in July 1976 and began the container shipping service to Japan. The Company had since grown into a fully containerized shipping company.

As more international services are gradually opening in the Far East, Wan Hai provides the most comprehensive network of services in Asia region, and thus establishes itself in a leading position in near-sea shipping line. By opening up services throughout the Middle East and India, the scope of operations was expanded into farther regions. Subsequently launching up services from the Far East to the West Coast of United States and from the Far East to the West Coast of South America, Wan Hai became a global shipping company as it extended the territory it covered around the world.

With regards to container yards and wharfs, the first liaison office was established in Kaohsiung in 1979. Until today, it had been in operation as a business base and direct port for thirty-three countries. In 1987, at the Kaohsiung Port, the first wharf was leased, later to be followed by wharfs or container storage and transportation investment in Keelung Port, Taipei Port, Taichung Port, and overseas in Japan, Malaysia, China, and Vietnam; providing customers with consistent quality service.

In addition to its commitment in providing superior and comprehensive services, Wan Hai also dedicates itself to environmental protection and is recognized by the government, domestic and abroad, for its collaborative endeavor. In recent years, Wan Hai won the “Best Shipping Agent, Customer Service for Colombo - Intra Asia Sector” award from ICS, “Best Shipping Line - Intra-Asia” award from AFLAS (Asian Freight, Logistics and Supply Chain Awards), awarded “India-Far East shipping line Hall of Fame”; and it was honored by MALA (Maritime And Logistics Awards) for the eighth consecutive year. As such, Wan Hai becomes a recognized corporate brand in shipping industry.

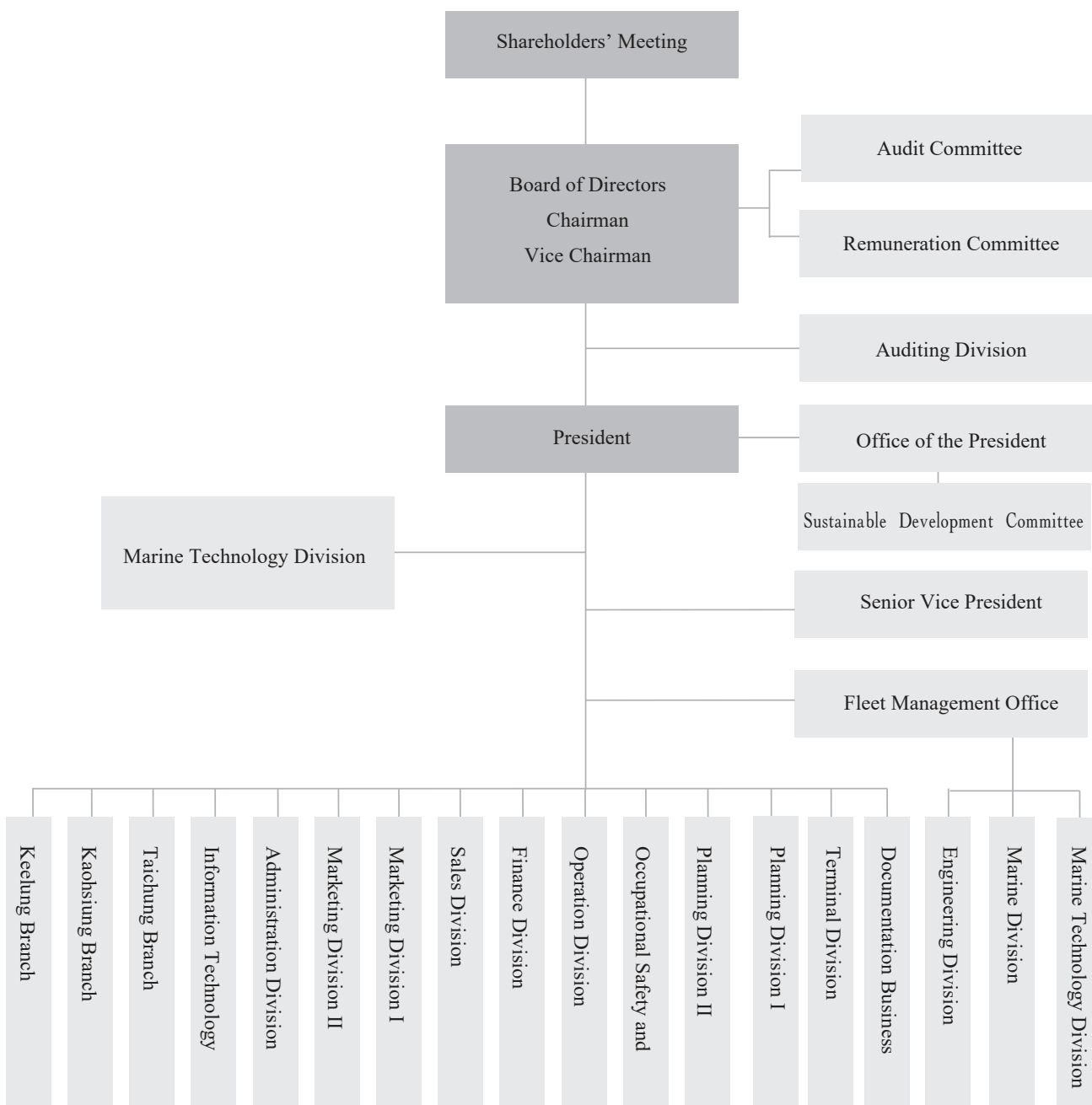
Driven by the corporate culture of “Quality Service, Team Work, and Growth” and the philosophy of “Customer First, Full Participation, Environmental Protection, and Business Continuity,” Wan Hai continues to provide a comprehensive service network, and continues to enhance service quality and business performance. Adhering to stable and pragmatic business practices, and by building strong bonds and trust with vast numbers of manufacturers, Wan Hai keeps operating sustainably and pursuing further growth.



Corporate Governance

3.1 Organization Structure

3.1.1 Organization Chart



3.1.2 Description of each division's operation under the company

Division	Responsibilities
Auditing Division	Auditing the operational, financial, and accounting matters of every division of the company, as well as domestic and overseas branch offices and agents, and implementing effective corporate legal compliance programs.
Office of the President	Transfer of investments, risk management, coordinate ESG operation, cost management, financial market analysis and recommendations, public relations, management of corporate identity, global customer strategy management, shipping line management, project research and corporate governance affairs.
Fleet Management Office	In charge of safety control and efficiency evaluation of fleet management.
Marine Technology Division	In charge of maritime safety control measures and fleet navigation efficiency.
Marine Division	Supervision of crew, and the evaluation, purchase of fuel, other matters relevant to marine operation.
Engineering Division	Planning and supervision of new ship construction, routine and annual maintenance of vessel fleet.
Documentation Business Division	Issuance and payment of shipping documents, collections of shipping tariffs and service fees.
Terminal Division	Supervision and management of the operation of domestic and overseas terminals, container yards, and warehouses, evaluation of investment results of terminals, business solicitation and promotion, maintaining customer relations, establishing proposals and plans for terminal construction.
Planning Division I	In Charge of research and construction of business strategies and mid to long-term business operations of business cooperation and electronic business.
Planning Division II	In Charge of research and construction of business strategies and mid to long-term business operations of service development and chartering.
Occupational Safety and Health/Risk Management Division	Compliance with all relevant occupational safety and health laws and regulations and in charge of relevant legal affairs, litigation cases, reviewing agreements/contracts and handling the issue of cargo claim etc.
Operation Division	Domestic and international allocation, deployment, and management of cargo containers, design, construction, and maintenance of cargo containers, management of loading and unloading cargo containers, planning and management of shipping schedules.
Finance Division	Planning and execution of domestic and overseas financial forecasts and budgets, record-keeping of accounting matters, review of billing documentation, allocation of capital, foreign exchange, stock services, and other matters pertaining to finance.
Sales Division	Solicitation of domestic cargo shipments, creation of relevant sales plans.
Marketing Division I	Promotion and marketing of core services, management of overseas marketing, including North-east Asia, Hong Kong, South China, North America, Southeast Asia service.
Marketing Division II	Promotion and marketing of core services, management of overseas and special equipment marketing, including Central North China, Southeast Asia, Middle East, India, Central and North America service.
Administration Division	Management of domestic and overseas human resources matters and general affairs.
Information Technology Division	Promotion of the wider use of technology company-wide, maintenance of the domestic and overseas information systems. Carries out operation of computers, programming and planning of computer systems, design of computer programs, management and use of computer-related resources, plan and monitor information security system, implement information security management operation.
Branch Offices	Responsible for local shipping business, issuance of shipping documents, arrangement of vessels and containers.

3.2 Information of Directors, President, Executive Vice President, Vice President, and the Chiefs of all the company Divisions and Branches

3.2.1 Director

1. The list of Directors

(1) The 21th Board of Directors (2020/06/23~)

2022/03/28

Title		Chairman		Vice Chairman		Director	
Nationality		R.O.C.	R.O.C.	R.O.C.	U.S.A.	R.O.C.	R.O.C.
Name		Jiufu Garden Co., Ltd.	Representative: Po-Ting Chen	Taili Corporation	Representative: Randy Chen	Chen-Yung Foundation	Representative: Chih-Chao Chen
Gender & Age		Male	51~60	Male	41~50	Male	51~60
Date elected		Jun 23, 2020		Jun 23, 2020		Jun 23, 2020	
Tenure		3 years		3 years		3 years	
Date first elected		Jun 23, 2020		Jun 24, 2011		Jun 24, 2011	
Shareholding on date elected	No. of shares	373,000 0		5,469,256 0		31,902,176 0	
	Holding Ratio	0.02% 0.00%		0.25% 0.00%		1.44% 0.00%	
Current Shareholding	No. of shares	3,300,000 10,563,902		6,016,181 0		35,092,393 8,470,311	
	Holding Ratio	0.14% 0.43%		0.25% 0.00%		1.44% 0.34%	
Current shareholding of Spouse and Minor Children	No. of shares	2,669,647		0		0	
	Holding Ratio	0.11%		0.00%		0.00%	
Shareholding under other names	No. of shares	0		0		0	
	Holding Ratio	0.00%		0.00%		0.00%	
Major Academic qualification and professional experience		Master of Business Administration, University of San Francisco		Master of Business Administration, MIT SLOAN School of Management		City University of New York	
Positions held in the company and other companies		FORMOSA WONDERWORLD Co., Ltd. Director Shihlin Paper Co., Ltd. Representative Director for legal entity/ Chairman SUNSHINE SHIH LIN DEVELOPMENT Co., Ltd. Representative Director for legal entity/ Vice Chairman ASIA PACIFIC LOGISTICS INTERNATIONAL Co., Ltd. Consultant TAI-CHUAN Investment CO.,Ltd. Director. WAN HAI LINES (UAE) L.L.C Representative Director for legal entity		EVERVALIANT CORP. Director WAN HAI LINES (PHILS) INC. Representative Director for legal entity/ Chairman WAN HAI LINES (SINGAPORE) PTE. LTD. Representative Director for legal entity WAN HAI LINES PERU S.A.C. Representative Director for legal entity WANHAI LINES ECUADOR S.A. Representative Director for legal entity WAN HAI LINES (ARIZONA) L.L.C. Representative Director for legal entity WAN HAI LINES (USA) LTD Representative Director for legal entity		EXPRESS CONTAINER TERMINAL CORP. Chairman YI CHAO CORP. Chairman BAO SHENG SHIPPING AGENCY Co., Ltd. Representative Director for legal entity/ Chairman WAN HAI LINES (H.K.) LTD. Representative Director for legal entity DAWIN LOGISTIC (INTERNATIONAL) LTD. Representative Director for legal entity WAN HANG TOURISM (SHANGHAI) Co., Ltd. Representative Director for legal entity/ Chairman WAN HAI LINES (ARIZONA) L.L.C. Representative Director for legal entity WAN HAI LINES (USA) LTD Representative Director for legal entity	
Officer, director, or held by spouse or relatives within two levels of blood relations	Title	-		-		-	
	Name	-		-		-	
	Relation	-		-		-	
Remark (Note 1)		N/A		N/A		N/A	

Title		Director		Independent Director	Independent Director	Independent Director
Nationality		R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.
Name		Sunshine Construction Co., Ltd	Representative: Chiu-Ling Wu	Rung-Nian Lai	Stephanie Lin	Yi-Sheng Tseng
Gender & Age		Female	51~60	Male 61~70	Female 31~40	Male 41~50
Date elected		Jun 23, 2020		Jun 23, 2020	Jun 23, 2020	Jun 23, 2020
Tenure		3 years		3 years	3 years	3 years
Date first elected		Jun 22, 2017		Jun 18, 2014	Jun 18, 2019	Jun 23, 2020
Shareholding on date elected	No. of shares	26,487,607 0		0	0	0
	Holding Ratio	1.19% 0.00%		0.00%	0.00%	0.00%
Current Shareholding	No. of shares	29,136,367 16,803,465		0	629,912	0
	Holding Ratio	1.19% 0.69%		0.00%	0.03%	0.00%
Current shareholding of Spouse and Minor Children	No. of shares	0		1,100	629,912	0
	Holding Ratio	0.00%		0.00%	0.03%	0.00%
Shareholding under other names	No. of shares	0		0	0	0
	Holding Ratio	0.00%		0.00%	0.00%	0.00%
Major Academic qualification and professional experience		DE LIN Institute of Technology		National Taiwan University, Ph.D., Occupational Medicine	California State University-Fullerton, Master of Business Administration	Tung Hai University, Master of Law
Positions held in the company and other companies		Shihlin Paper Co., Ltd. Representative Director for legal entity YEE SING CO., LTD. Chairman UNI COOPERATE INTERNATIONAL Co., Ltd. Director YEE TZAO ENTERPRISE CO., TD. Chairman Sunshine Construction Co., Ltd Director		Audit Committee of WAN HAI LINES LTD. Convener/ Member Remuneration Committee of WAN HAI LINES LTD. Convener/ Member College of Chinese Medicine, China Medical University Professor China Medical University Hospital for Integrated Medicine, China Medical Vice Superintendent China Medical University for Integrated Medicine, Integration of Traditional Chinese-Western Medicine Attending Physician, National Health Insurance Dispute Mediation Committee Member	Audit Committee of WAN HAI LINES LTD. Member Remuneration Committee of WAN HAI LINES LTD. Member	Audit Committee of WAN HAI LINES LTD. Member MINGFOREVER LAW FIRM Managing Attorney CHIH LIEN INDUSTRIAL CO., LTD. Director
Officer, director held by spouse or relatives within two levels of blood relations	Title	-		-	-	-
	Name	-		-	-	-
	Relation	-		-	-	-
Remark (Note 1)		N/A		N/A	N/A	N/A

Note 1: If the Chairman and President or holder of an equivalent office (Highest ranking manager) is the same person or they are spouses or first degree relatives of each other; explanation and relevant information should be provided for the reason, justifiability, necessity, and countermeasures (For instance, methods like increasing independent directors, but the majority directors should not be employees or managers of the company etc.).

2. Major shareholders of corporation stockholders

2022/03/28

Corporation shareholders	Major Shareholders and holdings %					
Jiufu Garden Co., Ltd.	Dao Pu Ltd. 16.33%	Dao Qi Ltd. 16.36%	Dao Kuan Ltd. 16.36%	Dao Zhou Ltd. 16.33%	Hui-Ying Chen 0.42%	Po-Ting Chen 0.43%
	Yen-Ju Chen 9.86%	Mei-Ru Chen 13.11%	Chao-Ti Chen 10.80%			
Taili Corporation	An-Chou Lin 0.002%	Evervaliant Corp. 9.116%	Ching-Chih Chen 0.034%	Randy Chen 0.021%	Wen-Tsung Sue 0.002%	Te-Ming Lin 0.002%
	Hsiu-Wen Wang 0.002%	UNIMODE INVESTMENT CO.,LTD 90.821%				
Chen-Yung Foundation	NONE					
Sunshine Construction Co., Ltd	Yu-Hwa, Lin 0.05%	Shih-Teng, Lin 56.84%	Chiu-Ling, Wu 11.25%	Yu-Shuan, Lin 8.00%	Chao-Hsiung, Lin 7.68%	Chia-Chin, Lin 0.96%
	Chia-Ying, Lin 0.96%	I-Cheng, Lin 4.8%	Yee Tzao Enterprise Co., Ltd. 9.46%			

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

2022/03/28

Corporation shareholders	Major shareholders of corporation shareholders					
Evervaliant Corp.	Taili Corporation 58.184%	Yi Chun Navigation Inc. 25.46%	R&D Investments, Inc 9.386%	Chen-Yung Foundation 4.845%	UNIMODE INVESTMENT CO.,LTD 2.122%	Chao-Heng Chen 0.001%
	Ying-Hua Lin 0.001%	Ching-Chih Chen 0.001%				
UNIMODE INVESTMENT CO.,LTD	LY Investments Ltd. 100%					
Yee Tzao Enterprise Co., Ltd.	Chiu-Ling, Wu 9.92%	I-Cheng, Lin 0.2%	Chia-Ying, Lin 0.2%	Chia-Chin, Lin 5.28%	Shih-Teng, Lin 62%	Chao-Hsiung, Lin 8%
	Yueh-Hsia, Lin 14.4%					
Dao Pu Ltd.	Integrated Global Investments Limited 100%					
Dao Qi Ltd.	Crystal Blossom Ltd. 100%					
Dao Kuan Ltd.	Discovery Treasure Limited 100%					
Dao Zhou Ltd.	Chesterfield Capital Management Inc. 100%					

4. Information of Directors' Professional Qualification and Independency of Independent Director

2022/03/29

Name	Condition	Professional qualification and experiences	Independency	Number of other public companies concurrently serving on as a director
Jiufu Garden Co., Ltd. Representative: Po-Ting Chen		Education: Master of Business Administration, University of San Francisco Current Position: Representative of juristic person director Jiufu Garden Co., Ltd. With professional knowledge of shipping industry, international market view, many years of experience in operation and management of shipping industry, corporate global operation, leadership and strategy management. Not in violation of any of the provisions of Article 30 of the Corporate Law. (Note 1)	Chairman, Representative of Jiufu Garden Co., Ltd. Not an employee, director or supervisor of the company or its affiliates. Not having a marital relationship, or a relative within the second degree of kinship to any other directors of the company.	0
Taili Corporation Representative: Randy Chen		Education: Master of Business Administration, MIT SLOAN School of Management Previous Position: Supervisor of EDISON OPTO CORPORATION Current Position: Representative of juristic person director TAILI CORPORATION With professional knowledge of operation and management, international market view, many years of experience in management of shipping industry, leadership and strategy management. Not in violation of any of the provisions of Article 30 of the Corporate Law. (Note 1)	Not having a spousal relationship, or a relative within the second degree of kinship to any other directors of the company. Managerial personnel of the company to direct departmental operation and management.	0
Chen-Yung Foundation Representative: Chih-Chao Chen		Education: City University of New York Current Position: Representative of juristic person director Chen-Yung Foundation With many years of experience in management of shipping industry and assessment of operation. Not in violation of any of the provisions of Article 30 of the Corporate Law. (Note 1)	Not having a marital relationship, or a relative within the second degree of kinship to any other directors of the company. Managerial personnel of the company.	0
Sunshine Construction Co., Ltd Representative: Chiu-Ling Wu		Education: DE LIN Institute of Technology Current Position: Representative of juristic person director Sunshine Construction Co., Ltd. With many years of experience in corporate operation and management. With expertise in operating and investment management in the construction business, leadership and decision making abilities. Not in violation of any of the provisions of Article 30 of the Corporate Law. (Note 1)	Not having a marital relationship, or a relative within the second degree of kinship to any other directors of the company. Director of Sunshine Construction Co., Ltd	0

Name	Condition	Professional qualification and experiences	Independency	Number of other public companies concurrently serving on as a director
Rung-Nian Lai	Education: National Taiwan University, Ph.D., Occupational Medicine Previous Position: Executive Director of TAIPEI CHINESE MEDICAL ASSOCIATION, Member of INTELLECTUAL PROPERTY OFFICE, Assistant professor of INSTITUTE OF TRADITIONAL MEDICINE, SCHOOL OF MEDICINE, NATIONAL YANG-MING UNIVERSITY, Director of DIVISION OF CHINESE MEDICINE FOR WOMEN, TAIPEI CITY HOSPITAL, Director of YANGMING BRANCH, TAIPEI CITY HOSPITAL CHINESE MEDICINE. Current Position: Independent Director of WAN HAI LINES LTD., Convener and Member of Audit Committee of WAN HAI LINES LTD., Convener and Member of Compensation Committee of WAN HAI LINES LTD., Professor of college of Chinese Medicine, China Medical University, Vice Superintendent of China Medical University Hospital For Integrated Medicine, China Medical, Attending Physician of China Medical University Hospital For Integrated Medicine, China Medical, Integrated Of Traditional Chinese-Western Medicine, Member of National Health Insurance Dispute Mediation Committee. With experience related to the healthcare industry and abundant experiences in practicing medicine. Not in violation of any of the provisions of Article 30 of the Corporate Law. (Note 1)	Self, spouse and a relative within the second degree of kinship not be an employee, director or supervisor of the company or its affiliates. Neither self and minor children nor nominee shareholder holds shares issued by the company. Spouse holds 1,100 shares issued by the company. Not an employee, director or supervisor of a company with specific relationship with the company. Not provide commercial, legal, or financial services to the company or its affiliates for the past two years. Not concurrently serving as an independent director of other public companies. Meet the independence requirements of independent director.	0	
Stephanie Lin	Education: California State University-Fullerton, Master of Business Administration, obtaining US Certified Public Account (CPA) license. Previous Position: Tax Manager of Pricewaterhouse Coopers LLP and Fox Group Current Position: Independent Director of WAN HAI LINES LTD. and Member of Audit Committee of WAN HAI LINES LTD. With accounting and finance expertise and hands-on experience in finance. Not in violation of any of the provisions of Article 30 of the Corporate Law. (Note 1)	Self, spouse and a relative within the second degree of kinship not be an employee, director or supervisor of the company or its affiliates. Self hold 629,912 shares and minor children hold 629,912 shares issued by the company. Neither spouse nor nominee shareholder holds shares issued by the company. Not an employee, director or supervisor of a company with specific relationship with the company. Not provide commercial, legal, or financial services to the company or its affiliates for the past two years. Not concurrently serving as an independent director of other public companies. Meet the independence requirements of independent director.	0	
Yi-Sheng Tseng	Education: Tung Hai University, Master of Law Previous Position: Judge of TAIWAN TAIPEI DISTRICT COURT and Prosecutor of TAIWAN TAIPEI DISTRICT PROSECUTORS OFFICE Current Position: Independent Director of WAN HAI LINES LTD., Member of Audit Committee of WAN HAI LINES LTD., Managing Attorney of MINGFOREVER LAW FIRM, Director of CHIN LIEN INDUSTRIAL CO., LTD. With abundant experiences in practicing law. Not in violation of any of the provisions of Article 30 of the Corporate Law. (Note 1)	Self, spouse and a relative within the second degree of kinship not be an employee, director or supervisor of the company or its affiliates. Neither self, spouse and minor children nor nominee shareholder holds shares issued by the company. Not an employee, director or supervisor of a company with specific relationship with the company. Not provide commercial, legal, or financial services to the company or its affiliates for the past two years. Not concurrently serving as an independent director of other public companies. Meet the independence requirements of independent director.	0	

Note 1: Article 30 of Company Act: A person who is under any of the following circumstances shall not act as a managerial personnel of a company. If he has been

appointed as such, he shall certainly be discharged:

- (1) Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of the sentence is less than five years;
- (2) Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently punished with imprisonment for a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;
- (3) Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
- (4) Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;
- (5) Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet; or
- (6) Having no or only limited disposing capacity.
- (7) Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

5. Diversity and Independency of the Board of Directors

(1) Diversity of the Board of Directors

The company's policy for diversification of board directors is a policy suitably drawn in accordance with the company's operations, business models, and development needs. It includes but is not limited to the following criteria: Basic qualifications and values (i.e. sex, age, nationality and cultures etc.), expertise backgrounds (i.e. legal, accounting, industrial, finance, marketing or Science and technology etc.), professional skills and industry experience etc.

Members are experienced and possess expertise in maritime transportation, operations and management, finance, accounting and legal fields. Among the current directors there are five males (accounting for 71%), and two females (accounting for 29%). There are 3 directors between the age of 30-50 (accounting for 43%), and 4 directors over 50 (accounting for 57%).

Details are as follows:

Title	Name	Core Items for Diversification												
		Basic Qualifications						Expertise Background and Capability						
		Nationality	sex	Age		Length of Service As Independent Director			Operations & Management	Leadership & Decision Making	Experience in the Industry	Accounting & Finance	Legal Practice	Medical Profession
				30-50	Over 50	Under 3years	3to9 years	Over 9 years						
Chairman	Jiufu Garden Co., Ltd. Representative:Po-Ting Chen	R.O.C.	Male		✓				✓	✓	✓			
Vice Chairman	Taili Corporation Representative:Randy Chen	U.S.A.	Male	✓					✓	✓	✓			
Director	Chen-Yung Foundation Representative:Chih-Chao Chen	R.O.C.	Male		✓				✓	✓	✓			
Director	SunShine Construction Co., Ltd Representative:Chiu-Ling Wu	R.O.C.	Female		✓				✓	✓	✓			
Independent Director	Rung-Nian Lai	R.O.C.	Male		✓		✓				✓			✓
Independent Director	Stephanie Lin	R.O.C.	Female	✓		✓					✓	✓		
Independent Director	Yi-Sheng Tseng	R.O.C.	Male	✓		✓					✓		✓	

(2) Board Independency

Current Board of Directors is comprised of 7 directors, including 3 independent directors, independent directors make up 43% of the board of directors. The company obtained written statements confirming there was no spouse and a relative within the second degree of kinship between directors. To maintain independency of the board of directors, the company elects directors and independent directors in accordance with the number of seats provided in the Articles of Incorporation. Nominees for independent directors shall submit Qualification Review Forms and related information in accordance with relevant rules and regulations upon nomination. When the qualifications are validated by the company, and confirmed by the board of directors, the nominees shall be elected at the shareholders meeting. The company shall obtain written statements from each elected independent director, to confirm their independency, and during their terms of office the company will regularly request each independent director to review their independency and to sign written statements. Starting from 2020, the performances of the board of directors and the functional committees are evaluated annually. Evaluation results indicated that the directors were able to submit timely, professional and objective suggestions to the board of directors for their discussions and for their reference in making policy decisions. The directors shall also effectively assess and supervise corporate risk managements to ascertain that operations of the board of directors actually meet independency demands.

6. Plans for Succession of Board Directors and Important Management Personnel.

Elections of directors are conducted in accordance with “Procedures for the Election or Directors” of the company. Seven directors are elected in view of the scope of operations and developments of the company; stock holding situations of major shareholders and operational requirements. Members and personnel of the Board of Directors are deployed in compliance with the “Diversification of Board Directors Policy” and in consideration of the overall capabilities of the Board of Directors and the results of the annual assessment of performance of the Board of Directors.

The Board of Directors shall guide the company strategies, review execution and progress of the strategies, oversee the management team, review and adjust operational policies in accordance with the industry environments and market conditions. The Board of Directors is accountable to the company and its shareholders, which will ensure that the Board execute its authority in compliance with the laws, articles of incorporation of the company, and resolutions of the shareholders meetings.

The Board of Directors should possess the following overall capabilities:

- (1) Capability to assess operations
- (2) Capability to analyze accounting and finance.
- (3) Capability to operate and manage.
- (4) Capability to manage crisis.
- (5) Knowledge of the industry.
- (6) International market view.
- (7) Leadership.
- (8) Decision making.

To maintain the expertise and to hand down experiences of the members of the board, the company plans to select successors in the following manners:

- (1) Consider candidates recommended by current directors;
- (2) Consider candidates recommended by shareholders;
- (3) In the event of a reappointment of directors, results of the annual assessment of performance of the Board of Directors will be used as criteria.

The list of director candidates will be reviewed by the Board of Directors, before submitted to the shareholders meeting for elections.

The company continues to compile information regarding further education and provide them to the directors. They cover advanced courses regarding company governance in the fields of finance, risk management, business, commerce, accounting, legal and sustainability etc. They will enhance the directors' professional knowledge and skills, and provide new knowledge to directors, to enhance the efficiency of the Board of Directors.

In view of the planning for succession of high level managers, the 34th meeting of the 17th Board of Directors passed the "Procedures for Organizing Managers' Joint Meetings" and set up managers' joint meetings in 2021 to enhance business integration and division of authority and responsibility of various divisions of the company. Members will be high level managers, who are charged with supervision and management of the execution of tasks assigned by the president, research into important decisions made by the company and coordinate operations of the various divisions.

When the joint meetings were set up in 2011, members include: Randy Chen special assistant to the president, Hui -Juan Chen vice-president, Fur-Lung Hsieh senior assistant vice-president, Jian-Yu Huang senior assistant vice-president, and Jiong-Sin Lin senior assistant vice-president. Apart from taking turns presiding joint meetings, advanced education will be arranged for them to acquire new management knowledge and to exchange and share experiences. They are also encouraged to take advanced courses on their own initiative.

2012 : Jian-Yu Huang senior assistant vice-president will be dispatched to Singapore and Li-Guang Huang assistant vice-president will replace him as member of the joint meetings.

2014 : Wen-Chau Yeh vice-president will become member of the joint meetings.

2015 : Fur-Lung Hsieh senior assistant vice-president will be elected president and Randy Chen special assistant to the president will become vice-chairman.

2016 : Hui- Juan Chen vice-president will retire.

2017 : Kuo-Loong Kao assistant vice-president will join the joint meetings.

2018 : Jiong-Sin Lin senior assistant vice-president and Li-Guang Huang senior assistant vice-president will retire.

2019 : Wei-Chien Chuang senior assistant vice-president will join the joint meetings.

The company train and promote important management level talents by dispatching them to overseas branches to gain multinational management abilities, and rotate their jobs to let them acquire cross-field expertise. They have to possess excellent work abilities and must also embrace the company's business philosophies and corporate spirit.

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

2022/03/28

Title	Nationality	Name	Gender	Position taken since	Shareholding		Spouse, minors shareholding		Shareholding with others name		Major academic qualifications	Position held in other company	Spouse or relative acts as other managerial officer			Remark (Note 1)
					Shares	Holding ratio	Shares	Holding ratio	Shares	Holding ratio			Title	Name	Relation	
President	R.O.C.	Fur-Lung Hsieh	Male	Jun 22, 2015	120,243	0.00%	85,220	0.00%	0	0.00%	Department of Shipping and Transportation Management, National Taiwan Ocean University	WAN HAI LINES THAILAND LTD. Representative Director for legal entity WAN HAI LINES (VIETNAM) LTD. Representative Director for legal entity/ Chairman WAN HAI LINES KOREA LTD. Representative Supervisor for legal entity WAN HAI LINES (M) SDN. BHD. Representative Director for legal entity YI CHUN SHIPPING AGENCIES SDN. BHD. Representative Director for legal entity WAN HAI LINES (INDIA) PVT. LTD. Representative Director for legal entity k.k. WH Corporation Representative Director for legal entity WAN HAI LINES (UAE) L.L.C Representative Director for legal entity WAN HAI LINES (ARIZONA) L.L.C. Representative Director for legal entity WAN HAI LINES (USA) LTD Representative Director for legal entity WAN HAI SHIPPING LTD Representative Director for legal entity	-	-	-	N/A
Executive Vice President	R.O.C.	Wen-Chau Yeh	Male	Nov 1, 2014	1,029	0.00%	1,465	0.00%	0	0.00%	Master, Institute of Industrial Engineering, National Taiwan University	DAWIN LOGISTIC (INTERNATIONAL) LTD. Representative Director for legal entity WAN HAI LINES (H.K.) LTD. Representative Director for legal entity TAIPEI PORT CONTAINER TERMINAL CORP. Representative Director for legal entity WAN HANG TOURISM (SHANGHAI) Co., Ltd. Representative Director for legal Entity SHEN ZHEN YONG CHUN International Shipping Management Co., Ltd. Representative Director for Legal Entity	-	-	-	N/A
Senior Vice President	R.O.C.	Wei-Chien Chuang	Male	Dec 18, 2019	10,307	0.00%	499	0.00%	0	0.00%	Department of International Trade, National ChengChi University	BLUE OCEAN LOGISTICS CO., LTD. Representative Director for legal entity/ Chairman TK LOGISTICS INTERNATIONAL Co., LTD. Supervisor BAO SHENG SHIPPING AGENCY CO., LTD. Representative Director for legal entity	-	-	-	N/A
Vice President	R.O.C.	Kuo-Loong Kao	Male	Apr 1, 2007	98,414	0.00%	918	0.00%	0	0.00%	Department of Merchant Marine, Chinese Culture University	-	-	-	-	N/A
Vice President	R.O.C.	Ming-Shan Huang (Note 2)	Male	Apr 1, 2007	0	0.00%	0	0.00%	0	0.00%	Department of International Trade, Soochow University	-	-	-	-	N/A
Vice President	R.O.C.	Juang-Jyh Juang	Male	Apr 1, 2007	0	0.00%	0	0.00%	0	0.00%	Department of Mechanical Engineering, China Junior College of Technology	TK LOGISTICS INTERNATIONAL Co., LTD. Representative Director for legal entity	-	-	-	N/A
Vice President	R.O.C.	Jen-Kai Wu	Male	Mar 18, 2016	0	0.00%	0	0.00%	0	0.00%	Department of Industrial and Information Management, National Cheng Kung University	WAN HAI LINES (VIETNAM) Ltd. Representative Director for legal entity WAN HAI LINES KOREA LTD. Representative Director for legal entity/ Chairman SHENZHEN UNIWIN INTERNATIONAL LOGISTICS LTD. Representative Director for legal entity WAN HAI SHIPPING LTD Representative Director for legal entity k.k. WH Corporation Representative Director for legal entity	-	-	-	N/A
Vice Pr	R.O.C.	Chien-Cheng Hsiao	Male	Mar 18, 2016	0	0.00%	0	0.00%	0	0.00%	Department of International Trade, Fu Jen Catholic University	Interasia Lines Ltd. Representative Director for legal entity	-	-	-	N/A
Vice President	R.O.C.	Shen-Hsing Lo	Male	Jan 1, 2018	38,467	0.00%	11,000	0.00%	0	0.00%	Department of Shipping and Transportation Management, National Taiwan Ocean University	WAN HAI LINES (PHILS) INC. Representative Director for legal entity/ President WAN HAI LINES (ARIZONA) L.L.C. Representative Director for legal entity TK LOGISTICS INTERNATIONAL Co., LTD. Representative Director for legal entity WAN HAI LINES (USA) LTD Representative Director for legal entity	-	-	-	N/A
Vice President (concurrently act as the manager of Corporate Governance)	R.O.C.	Li-Mei Su	Female	Mar 22, 2021	0	0.00%	0	0.00%	0	0.00%	Department of International Trade, National ChengChi University	BAO SHENG SHIPPING AGENCY CO., LTD. Representative Director for legal entity WAN HAI SHIPPING LTD Representative Director for legal entity	-	-	-	N/A
Project Vice President	R.O.C.	Wei-Shin Sheu	Male	Mar 26, 2018	2,764	0.00%	0	0.00%	0	0.00%	Department of Electrical Engineering, Chung Yuan Christian University	-	-	-	-	N/A
Vice President	R.O.C.	Hung-Chuan Chien	Male	Aug 1, 2008	0	0.00%	0	0.00%	0	0.00%	Department of Transportation Technology & Management, Feng Chia University	-	-	-	-	N/A
Vice President	R.O.C.	Huey-Jang Chung	Male	Apr 1, 2007	199,426	0.01%	11,793	0.00%	0	0.00%	Department of Shipping and Transportation Management, National Taiwan Ocean University	-	-	-	-	N/A

Title	Nationality	Name	Gender	Position taken since	Shareholding		Spouse, minors shareholding		Shareholding with others name		Major academic qualifications	Position held in other company	Spouse or relative acts as other managerial officer			Remark (Note 1)	
					Shares	Holding ratio	Shares	Holding ratio	Shares	Holding ratio			Title	Name	Relation		
Vice President (concurrently act as Finance Officer)	R.O.C.	Chih-Hsien Chen	Male	Mar 18, 2016	94,840	0.00%	56,482	0.00%	0	0.00%	Department of Banking and Finance, Tamkang University	WAN HAI LINES (VIETNAM) Ltd. Representative Supervisor for legal entity BLUE OCEAN LOGISTICS CO., LTD. Representative Supervisor for legal entity	-	-	-	N/A	
Vice President	R.O.C.	Chien-Feng Wu	Male	Mar 18, 2016	0	0.00%	4,756	0.00%	0	0.00%	EMBA- International Business Management, National Taiwan University	SHENZHEN UNIWIN INTERNATIONAL LOGISTICS LTD. Representative Director for legal entity CLIPPER INTERNATIONAL SHIPPING AGENCY LTD. Representative Director for legal entity Chairman BLUE OCEAN LOGISTICS CO., LTD. Representative Director for legal entity WAN HANG TOURISM(SHANGHAI) Co., Ltd. Representative Supervisor for legal entity Qingdao Port & Win International logistics Co., LTD. Representative Director for legal entity	-	-	-	N/A	
Vice President (concurrently act Information Security Officer)	R.O.C.	Ching-Yin Wang	Female	Mar 26, 2018	7,539	0.00%	0	0.00%	0	0.00%	Department of Forestry, National Taiwan University	-	-	-	-	N/A	
Vice President	R.O.C.	Han-Peng Chu	Male	Aug 8, 2018	45,375	0.00%	0	0.00%	0	0.00%	Department of International Trade, Fu Jen Catholic University	-	-	-	-	N/A	
Vice President	R.O.C.	I-Cheng Lin	Male	Dec 18, 2019	0	0.00%	0	0.00%	0	0.00%	Department of Mathematics, Tamkang University	-	-	-	-	N/A	
Vice President	R.O.C.	Fei-Fei Chuang	Female	Mar 22, 2021	4,400	0.00%	0	0.00%	0	0.00%	Department of German, Tamkang University	WAN HAI LINES (SINGAPORE) PTE. LTD. Representative Director for legal entity WAN HAI International PTE. LTD. Representative Director for legal entity WAN HAI LINES THAILAND LTD. Representative Director for legal entity WAN HAI CHARITY FOUNDATION CEO	-	-	-	-	N/A
Vice President	R.O.C.	Chiu-Fen Lin	Female	Jan 28, 2022	3,489	0.00%	0	0.00%	0	0.00%	Department of Business Administration, National ChengChi University	-	-	-	-	N/A	
Vice President	R.O.C.	Shyue- Jih Ma	Male	Jan 28, 2022	0	0.00%	0	0.00%	0	0.00%	Master, Department of Transportation and Communication Management Science, National Cheng Kung University	TK LOGISTICS INTERNATIONAL Co., LTD. Supervisor BAO SHENG SHIPPING AGENCY CO., LTD. Supervisor WAN HANG TOURISM (SHANGHAI) Co., Ltd. Representative Director for legal entity CLIPPER INTERNATIONAL SHIPPING AGENCY LTD. Representative Director for legal entity	-	-	-	-	N/A
Deputy Vice President	R.O.C.	Chun-Chieh Chen	Male	Mar 1, 2021	0	0.00%	0	0.00%	0	0.00%	Department of Marine Engineering, National Taiwan Ocean University	-	-	-	-	N/A	
Deputy Vice President	R.O.C.	I- Feng Lin	Male	Oct 1, 2015	148	0.00%	2,000	0.00%	0	0.00%	Department of Merchant Marine, Tamkang University	-	-	-	-	N/A	
Deputy Vice President	R.O.C.	Fu-An Yang	Male	Mar 22, 2021	0	0.00%	0	0.00%	0	0.00%	Department of Atmospheric Sciences, National Taiwan University	-	-	-	-	N/A	
Deputy Vice President	R.O.C.	Wen Yuan Chiang	Male	Oct 1, 2019	0	0.00%	0	0.00%	0	0.00%	Department of Finance and Co-operative Management, National Chung Hsing University	-	-	-	-	N/A	
Deputy Vice President	R.O.C.	Meng-Chuan Chang	Female	Feb 1, 2017	2,365	0.00%	0	0.00%	0	0.00%	Department of Accounting and Statistics, National Taipei College of Business	WAN HAI LINES KOREA LTD. Representative Director for legal entity WAN HAI LINES PERU S.A.C. Representative Director for legal entity WANHAI LINES ECUADOR S.A. Representative Director for legal entity	-	-	-	-	N/A
Assistant Vice President	R.O.C.	Tze-Ling Chen	Female	Oct 1, 2018	0	0.00%	0	0.00%	0	0.00%	University of Southern California, Marshall School of Business	-	-	-	-	N/A	
Assistant Vice President	R.O.C.	Chung-Ping Huang	Male	May 1, 2021	0	0.00%	3,000	0.00%	0	0.00%	Department of Transportation Science, National Taiwan Ocean University	SHEN ZHEN YONG CHUN International Shipping Management Co., Ltd. Representative Director for Legal Entity	-	-	-	-	N/A
Assistant Vice President	R.O.C.	Yi-Ching Wu	Female	Mar 22, 2019	6,805	0.00%	23,016	0.00%	0	0.00%	Department of Business Administration, National ChengChi University	-	-	-	-	N/A	
Vice President	R.O.C.	Cheng-Hsien Huang	Male	Apr 1, 2019	0	0.00%	0	0.00%	0	0.00%	Department of Business Administration, National Sun Yat-sen University	-	-	-	-	N/A	
Deputy Vice President	R.O.C.	Wei-Kai Huang	Male	May 1, 2021	0	0.00%	0	0.00%	0	0.00%	Department of Business Administration, Fu Jen Catholic University	-	-	-	-	N/A	
Accounting Officer	R.O.C.	Chia-Yi Hsiao	Female	Aug 13, 2007	1,499	0.00%	0	0.00%	0	0.00%	Department of Accounting, National Chung Hsing University	-	-	-	-	N/A	

Note 1: If the President or holder of an equivalent office (Highest ranking manager) is same as Chairman, or the same person or they are spouses or first degree relatives of each other; explanation and relevant information should be provided for the reason, justifiability, necessity, and countermeasures (For instance, methods like increasing independent directors, but the majority directors should not be employees or managers of the company etc.).

Note 2: 2022/02/10 Retirement

3.2.3 Remuneration to directors, president and executive vice president

1. Remuneration to directors

Unit: TWD thousand

Title		Directors				Independent Directors			
		Chairman	Director	Director	Director	Independent Director	Independent Director	Independent Director	
Name		Jiufu Garden Co., Ltd. Representative: Po-Ting Chen	Chen-Yung Foundation Representative: Chih-Chao Chen	Taili Corporation Representative: Randy Chen	Sun Shine Construction Co., Ltd. Representative: Chiu-Ling Wu	Rung-Nian Lai	Stephanie Lin	Yi-Sheng Tseng	
Remuneration to directors	(A) Allowance	Unconsolidated	15,996			2,880			
		Consolidated	15,996			2,880			
	(B) Retirement pension	Unconsolidated	0			0			
		Consolidated	0			0			
	(C) Remuneration from retained earnings	Unconsolidated	129,593			0			
		Consolidated	129,593			0			
	(D) Transportation allowance	Unconsolidated	2,942			0			
		Consolidated	2,942			0			
Total amount Percentage of (A+B+C+D) and its percentage in net income after tax (Note)		Unconsolidated	148,531 (0.14%)			2,880 (0.00%)			
		Consolidated	148,531 (0.14%)			2,880 (0.00%)			
Related remuneration for serving in the company concurrently	(E) Salary, bonus and specific subsidy	Unconsolidated	5,554			0			
		Consolidated	28,293			0			
	(F) Retirement pension	Unconsolidated	52			0			
		Consolidated	181			0			
	(G) Employee's bonus from retained earnings	Unconsolidated	Cash bonus	3,139			0		
			Stock bonus	0			0		
		Consolidated	Cash bonus	3,139			0		
			Stock bonus	0			0		
Total amount Percentage of (A+B+C+D+E+F+G+H) and its percentage in net income after tax (Note)		Unconsolidated	157,276 (0.15%)			2,880 (0.00%)			
		Consolidated	180,144 (0.17%)			2,880 (0.00%)			
Other income		168			0				
Remark	<p>1. Please explain the policy, system, criteria and structure of remuneration of independent directors, and explain the relevance between the amount of remuneration paid and their duties, risks and time invested: In accordance with Paragraph 2, Article 11 of our Articles of Incorporation, independent directors do not participate in profit sharing, and their remunerations are decided by the Board of Directors. In view of the broad scope of business operations of independent directors, and in accordance with market surveys and after making references to competitor's standards, the remuneration plan for our independent directors was suggested by the 7th meeting of the 3rd term of our Salary and Remuneration Committee and implemented after being passed by the Board of Directors.</p> <p>2. Unless disclosed above, the Directors of the most recent year received remuneration for providing services (e.g. serving as a non-employee consultant) to the companies listed in this financial report: None</p>								

Levels of remuneration

Level of remuneration paid to directors	Name	Total remuneration for (A+B+C+D)		Total remuneration for (A+B+C+D+E+F+G)	
		Unconsolidated	Consolidated	Unconsolidated	Consolidated Entities and Non-consolidated Affiliates
		Directors	Lower than TWD 1,000,000		
	From TWD 1,000,000 to 2,000,000				
	From TWD 2,000,000 to 3,500,000				
	From TWD 3,500,000 to 5,000,000				
	From TWD 5,000,000 to 10,000,000				
	From TWD 10,000,000 to 15,000,000				
	From TWD 15,000,000 to 30,000,000				
	From TWD 30,000,000 to 50,000,000	Jiufu Garden Co., Ltd. Representative: Po-Ting Chen Chen-Yung Foundation Representative: Chih-Chao Chen Taili Corporation Representative: Randy Chen Sun Shine Construction Co., Ltd., Representative: Chiu-Ling Wu	Jiufu Garden Co., Ltd. Representative: Po-Ting Chen Chen-Yung Foundation Representative: Chih-Chao Chen Taili Corporation Representative: Randy Chen Sun Shine Construction Co., Ltd., Representative: Chiu-Ling Wu	Jiufu Garden Co., Ltd. Representative: Po-Ting Chen Chen-Yung Foundation Representative: Chih-Chao Chen Taili Corporation Representative: Randy Chen Sun Shine Construction Co., Ltd., Representative: Chiu-Ling Wu	Jiufu Garden Co., Ltd. Representative: Po-Ting Chen Taili Corporation Representative: Randy Chen Sun Shine Construction Co., Ltd., Representative: Chiu-Ling Wu
	From TWD 50,000,000 to 100,000,000				Chen-Yung Foundation Representative: Chih-Chao Chen
	TWD 100,000,000 and above				
Independent Directors	Lower than TWD 1,000,000	Rung-Nian Lai Stephanie Lin Yi-Sheng Tseng	Rung-Nian Lai Stephanie Lin Yi-Sheng Tseng	Rung-Nian Lai Stephanie Lin Yi-Sheng Tseng	Rung-Nian Lai Stephanie Lin Yi-Sheng Tseng
Total		7	7	7	7

Note : Net income after tax is the profit after tax of the parent-company-only financial statements of the most recent year.

* The contents of the remuneration disclosed in this form are different from the concept of income under the Income Tax Act. Therefore, the purpose of this form is for information disclosure and is not for tax purposes.

2. Remuneration to President and Executive Vice President

Unit: TWD thousand

Title		President	Executive Vice President
Name		Fur-Lung Hsieh	Wen-Chau Yeh
(A) Salary	Unconsolidated	8,423	
	Consolidated	8,423	
(B) Retirement pension	Unconsolidated	0	
	Consolidated	0	
(C) Bonus and specific subsidy, etc.	Unconsolidated	13,273	
	Consolidated	13,273	
(D) Employee's bonus from retained earnings	Unconsolidated	Cash bonus	6,787
		Stock bonus	0
	Consolidated	Cash bonus	6,787
		Stock bonus	0
Total amount of (A+B+C+D) and its percentage in net income after tax (Note)	Unconsolidated	28,483 (0.03%)	
	Consolidated	28,483 (0.03%)	
Other income		168	

Levels of remuneration

Level of remuneration paid to the President and Executive Vice president	Name of President and Executive Vice president	
	Unconsolidated	Consolidated Entities and Non-consolidated Affiliates
Lower than TWD 1,000,000		
From TWD 1,000,000 to 2,000,000		
From TWD 2,000,000 to 3,500,000		
From TWD 3,500,000 to 5,000,000		
From TWD 5,000,000 to 10,000,000		
From TWD10,000,000 to 15,000,000	Wen-Chau Yeh	Wen-Chau Yeh
From TWD15,000,000 to 30,000,000	Fur-Lung Hsieh	Fur-Lung Hsieh
From TWD30,000,000 to 50,000,000		
From TWD50,000,000 to 100,000,000		
TWD 100,000,000 and above		
Total	2	2

Note : Net income after tax is the profit after tax of the parent-company-only financial statements of the most recent year.

* The contents of the remuneration disclosed in this form are different from the concept of income under the Income Tax Act. Therefore, the purpose of this form is for information disclosure and is not for tax purposes.

3. Bonus to Executives

2021/12/31
Unit: TWD thousand

	Title	Name	Stock Bonus	Cash Bonus	Total	Percentage in Net Income after tax (Note 3)
Executives	Vice Chairman	Randy Chen	0	48,058	48,058	0.05%
	President	Fur-Lung Hsieh				
	Special Assistant to Chairman	Chih-Chao Chen				
	Executive Vice President	Wen-Chau Yeh				
	Senior Vice President	Wei-Chien Chuang				
	Vice President	Kuo-Loong Kao				
	Vice President	Ming-Shan Huang (Note 1)				
	Vice President	Juang-Jyh Juang				
	Vice President	Ren-Kai Wu				
	Vice President	Chien-Cheng Hsiao				
	Vice President	Shen-Hsing Lo				
	Vice President	Li-Mei Su				
	Vice President	Hui-Chang Chung				
	Vice President	Cheng-Hsien Huang				
	Vice President	Hung-Chuan Chien				
	Vice President	Chih-Hsien Chen				
	Vice President	Chien-Feng Wu				
	Vice President	Ching-Yin Wang				
	Vice President	Han-Peng Chu				
	Vice President	I-Cheng Lin				
	Vice President	Fei-Fei Chuang				
	Vice President	Shyue-Jih Ma (Note 2)				
	Vice President	Chiu-Fen Lin (Note 2)				
	Project Vice President	Wei-Hsin Hsu				
Accounting Officer	Chia-Yi Hsiao					

Note 1: Retirement on 2022/02/10

Note 2: Promotion on 2022/01/28

Note 3: Net income after tax is the profit after tax of the parent-company-only financial statements of the most recent year.

3.2.4 Analysis regarding the percentage of total remuneration paid to the directors, president, and executive vice president in net income after tax for the past two years. Description regarding the remuneration policy, standard, procedure, and the relationship with operating performance.

Unit: TWD thousand

	Unconsolidated				Consolidated			
	2020		2021		2020		2021	
	Total amount	Percentage	Total amount	Percentage	Total amount	Percentage	Total amount	Percentage
Directors	162,698	1.44%	160,156	0.15%	177,926	1.57%	183,024	0.18%
President and Executive Vice President	13,805	0.12%	28,483	0.03%	13,805	0.12%	28,483	0.03%
Net income after tax	11,316,981	-	103,342,908	-	11,316,981	-	103,342,908	-

In accordance with our company's "Articles of Incorporation", if there is any annual profit for the company, not less than 0.6% of the annual profit should be appropriated as remuneration for employees, and not more than 1% of the annual profit should be appropriated as remunerations for directors. Independent directors shall not participate in the profit sharing, their remunerations will be determined by a resolution from the Board of Directors, in accordance with market surveys and after making reference to competitor's standards. In order to regularly evaluate the salaries of directors and managers, in addition to reference to the industry standard, the remuneration will also be paid based on the results of individual performance, contribution to the company and business performance. Remunerations for directors and management personnel have to be proposed by the Remuneration Committee and submitted to the Board of Directors for discussion and resolution

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors operation

In recent years, the Board of Directors convened a total of 10th board of directors meetings. The directors show the following facts of attendance:

2021/12/31

Position	Name	Number of actual participations (or as an observer) (B)	Number of actual participations through a proxy	Rate of actual participations (or as an observer) (%) (B/A)	Remarks
The 21st Board of directors show the following facts of attendance: (2021/01/01~2021/12/31, the Board of Directors convened a total of 10th board of directors meetings) (A)					
Chairman	Jiufu Garden Co.,Ltd. Representative: Po-Ting Chen	10	0	100%	
Director	Taili Corporation Representative: Randy Chen	7	3	70%	
Director	Chen-Yung Foundation Representative: Chih-Chao Chen	10	0	100%	
Director	Sun Shine Construction Co., Ltd Representative: Chiu-Ling Wu	9	1	90%	
Independent Director	Rung-Nian Lai	7	3	70%	
Independent Director	Stephanie Lin	9	1	90%	
Independent Director	Yi-Sheng Tseng	9	1	90%	
<p>Other noteworthy items:</p> <p>A. If the operation of the Board of Directors has one of the following situations, the following shall be disclosed: the date and term of the meeting, content of proposal, the opinion of all independent directors and how the opinion is dealt with by the company:</p> <ol style="list-style-type: none"> Article 14-3 of the Securities and Exchange Act states. In addition to the above, Board of Directors' resolutions opposed or voiced reservations by other independent directors and were recorded or declared in writing. <p>B. In the event of a recusal by one of the directors due to conflict of interests, name of the director, content of the proposal, cause of the recusal, and voting by participants should be disclosed</p> <ol style="list-style-type: none"> Wan Hai International Pte. Ltd. invested in proposed to make a donation to WAN HAI Charity Foundation TWD 30 million. <ol style="list-style-type: none"> Name of director: Po-Ting Chen Motion: The 9th meeting of the 21th-term of Board of Directors (2021/11/09), for fulfillment of social responsibility, and in response to the Foundation's caring for underprivileged groups and providing them with resources, the Wan Hai International Pte. Ltd proposed to donate TWD 30 million to help the Foundation implement charitable activities and to give back to the community. Cause for recusal due to conflict of interest: He was the director of the Foundation. Result of voting: Po-Ting Chen was a director of the Foundation and recused himself, and the motion was passed by other directors present at the meeting. Wan Hai Lines (HK) Limited invested in proposed to make a donation to WAN HAI Charity Foundation TWD 30 million. <ol style="list-style-type: none"> Name of director: Po-Ting Chen The 9th meeting of the 21th-term of Board of Directors (2021/11/09), for the purpose of "emergency and humane care" and the fulfillment of corporate social responsibility, Wan Hai Lines (HK) Limited proposed to donate TWD 30 million to the WAN HAI Charity Foundation to help the Foundation implement charitable activities and to give back to the community. Cause for recusal due to conflict of interest: He was the director of the Foundation. Result of voting: Po-Ting Chen was a director of the Foundation and recused himself, and the motion was passed by other directors present at the meeting. Appointing directors of Wan Hai Lines (USA) Ltd. <ol style="list-style-type: none"> Name of director: Randy Chen Motion: The 10th meeting of the 21th-term of Board of Directors (2021/12/10), the terms of directors of Wan Hai Lines (USA) Ltd. nearly expired and were up for re-appointment, we proposed appointing Chih-Yuan Chen, Randy Chen, Fei-Fei Chuang and Li-Cheng Ke to represent Wan Hai Lines to be new directors of the U.S. company. Cause for recusal due to conflict of interest: He was appointed representatives. Result of voting: Randy Chen was appointed director, he recused himself. Chairman of the meeting enquired the other directors attending the meeting, and they passed the proposal without objection. <p>C. Companies listed in the stock exchange and over-the-counter markets should reveal the periods and durations of the self (or peer) assessment of the Board of Directors, and other information such as scope, methods and contents of assessments.</p> <p>D. In recent years, for strengthening the functional goals of the Board of Directors (for example setting up the Audit Committee, raising information transparency etc.), and assessment of execution, the company has appointed a corporate governance officer and revised our Standard Operation Procedures for dealing with demands made by directors (Rules for assessment of performance of the Board of Directors cum Functionality Committee.) in compliance with the requirements of competent authorities.</p>					

3.3.2 The 21st Board of independent directors show the following facts of attendance

◎ : Attendance in Person; ☆ : By Proxy; ◇ Absence

2021/12/31

2021	First	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth	Tenth
The 21th Board of independent directors show the following facts of attendance: (2021/01/1~2021/12/31, the Board of Directors convened a total of 10th board of directors meetings)										
Rung-Nian Lai	◎	☆	☆	◎	◎	◎	◎	☆	◎	◎
Stephanie Lin	◎	◎	◎	☆	◎	◎	◎	◎	◎	◎
Yi-Sheng Tseng	☆	◎	◎	◎	◎	◎	◎	◎	◎	◎

3.3.3 Assessment of execution of the Board of Directors:

On November 7, 2019, the Board of Directors of Wan Hai Lines reviewed and passed the “Rules for assessment of performance of the Board of Directors cum Functionality Committee” and will make regular annual performance assessments and submit results thereof to the Board of Directors, which will use them as reference for determining the remuneration of individual directors.

The period of assessment of performance of the Board of Directors cum Functionality is from 1st Jan to 31st Dec 2021, includes the overall Board of Directors, individual directors, Functionality Committee-Audit Committee and Functionality Committee-the Remuneration Committee.

Methods of assessment include internal self-assessment by the Board of Directors, and self-assessment by individual directors. Result of Self-Evaluation:

The frequency of assessment	The period of assessment	Scope of Evaluation	Methods of assessment	Contents of Evaluation	Result of Evaluation
Annually	From 1st Jan to 31st Dec 2021	The overall Board of Directors	Internal self-assessment by the Board of Directors	Level of participation in operations of the company, enhancing the quality of making decisions of the Board of Directors, composition and structure of the Board of Directors, election and continued education of directors, internal control	Result of Self-Evaluation: Above standards. Board meetings were convened in accordance with rules and regulations, complete and timely information, as well as complete minutes of meetings were submitted to the Board of Directors to allow them to smoothly perform their functions.
Annually	From 1st Jan to 31st Dec 2021	Individual directors	Self-assessment by individual directors	Grasping the goals and missions of the company, cognition of the jobs and duties of a director, level of participation in operations of the company, maintain internal relations and communications, expertise and continued education of the directors, internal control	Result of Self-Evaluation: Above standards. Directors are diversified and they have adequate understanding of grasping the company’s objectives and operations and their duties and obligations.
Annually	From 1st Jan to 31st Dec 2021	Functionality Committee-Audit Committee	Self-assessment by individual members	Level of participation in operations of the company, cognition of the jobs and duties of Audit Committee, enhancing the quality of making decisions of Audit Committee, Audit Committee and selection of its members, internal control	Result of Self-Evaluation: Above standards. Audit Committee members gave a positive appraisal for the operations of the Audit Committee, all members possessed expertise required for making decisions, and they all performed their functions to effectively evaluate and supervise all internal control systems and risk management.

Annually	From 1st Jan to 31st Dec 2021	Functionality Committee-the Remuneration Committee	Self-assessment by individual members	Level of participation in operations of the company, cognition of the jobs and duties of Remuneration Committee, enhancing the quality of making decisions of the Remuneration Committee, the Remuneration Committee and selection of its members, Internal control	Result of Self-Evaluation: Above standards. Remuneration Committee members gave a positive appraisal for the operations of the committee. Selection of members were in compliance with relevant laws and regulations, the members had adequate expertise to make timely and objective propositions.
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3.3.4 Audit Committee Annual Main Tasks and their Implementation

1. There are three members in the Audit Committee of our company, and their emphasis and responsibilities are as follows:

- (1) Establish or amend internal control systems in compliance with Article 14-1 of the “Securities and Exchange Act.”
- (2) Review effectiveness of the internal control systems.
- (3) Establish or amend, in compliance with Article 36-1 of the “Securities and Exchange Act”, handling procedures for major financial or operational actions such as acquisition or disposal of assets, engage in derivatives trading, extension of monetary loans to others, endorsements or guarantees for others.
- (4) Issues involving directors’ self-interests.
- (5) Major trading of assets or derivatives.
- (6) Major extensions of monetary loans to others, endorsements or guarantees for others.
- (7) Public offering, issuing and private placements of equity securities.
- (8) Appoint, dismiss and remunerate Certified Public Accountants.
- (9) Appoint or dismiss financial, accounting and internal audit executives.
- (10) Annual Financial report signed by the Chairman and the executive of the Accounting Section, and second quarter financial report, which requires certification by a CPA.
- (11) Operations Reports and the surplus earnings distribution or loss make-up proposals.

2. Audit Committee 2021 Main Tasks

- (1) Auditing the Financial Statement: The annual business report, financial statement and profit sharing proposal were all reviewed and passed by the Audit Committee, and submitted to the Board of Directors for discussion. After being approved and resolved by the Board, they were submitted to the Shareholders Meeting for ratification.
- (2) Evaluation of effectiveness of internal control: Our audit units report on the internal control systems and their implementation to the Audit Committee annually. Proposed amendments to the internal control systems and the annual Statement of Internal Control Systems are also submitted to the Audit Committee for review and approval.
- (3) Appointment of Certified Public Accountants: Our Audit Committee assesses the independency and reasonableness of remuneration for the Certified Public Accountants annually.

3. There were 10th Audit Committee meetings in 2021. The attendance status of members were as follows:

2021/12/31

Position	Name	Number of actual participations (or as an observer)(B)	Number of actual participations through a proxy	Rate of actual participations (or as an observer) (%) (B/A)	Remarks															
The attendance status of members were as follow : (2021/01/01~2021/12/31, there were 10th Audit Committee meetings in 2021)(A)																				
Independent Director	Rung-Nian Lai	7	3	70%																
Independent Director	Stephanie Lin	9	1	90%																
Independent Director	Yi-Sheng Tseng	9	1	90%																
<p>Other information:</p> <p>A. the operation of the Audit Committee has one of the following situations, the following shall be disclosed: the date and term of the meeting, content of proposal, the resolutions of the Audit Committee and how the opinion is dealt with by the company.</p> <ol style="list-style-type: none"> Article 14-3 of the Securities and Exchange Act states. Apart from the above, other resolutions not passed by the Audit Committee but agreed upon by more than two thirds of all directors. <p>B. In the event of a recusal by one of the independent directors due to conflict of interest, name of the independent director, content of the proposal, cause of the recusal, and the voting by participants should be disclosed: None.</p> <p>C. Communications between independent directors and internal audit supervisors and accountants (including communications regarding major financial and business situations, methods and results):</p> <ol style="list-style-type: none"> Communications between independent directors and internal audit executives: The 2020th term of independent directors and internal audit executives had two communications meetings, summaries of major communications are listed as follows: <table border="1"> <thead> <tr> <th rowspan="2">Dates of Meeting</th> <th colspan="2">Communications with Internal Audit executives</th> </tr> <tr> <th>Contents of Communications</th> <th>Results of Communications</th> </tr> </thead> <tbody> <tr> <td rowspan="2">2021/03/22</td> <td>1. Legal compliance education will be promoted to overseas locations via E-learning, starting this year, details for an English Version will be discussed and drafted.</td> <td>Suggestions by independent directors: Keep on doing it and no special suggestion.</td> </tr> <tr> <td>2. Auditing Division shall initiate an inter-departmental project for consolidating pricing and collection systems to ensure integrity of all control points. Setting up mechanisms for preventing bad debts, and ensure smooth operations of our colleagues' systems.</td> <td>1. The Auditing Division shall designate a different project every year, and form an inter-departmental team to perform an overall review of important systems, and using user feedbacks to inspect key control points regarding flow related operation systems. 2. Independent directors and auditors shall share their auditing experiences, and issue reminders regarding important issues.</td> </tr> <tr> <td rowspan="2">2021/12/10</td> <td>1. Legal compliance education for an English Version will be promoted to overseas locations via E-learning at the end of the year. 2. Legal compliance education for next year will focus on actual practices, and the main theme should be close to actual sales cases, in response to our colleagues' requirements.</td> <td>Suggestions by independent directors: Keep on doing it and no special suggestion.</td> </tr> <tr> <td>3. Auditing Division initiated and accomplished an inter-departmental project for consolidating pricing and collection systems to improve numerous programs and establish audit forms for many inspections. The project has set up mechanisms to ensure integrity of all control points for preventing bad debts and smooth operations of colleagues' systems.</td> <td>Independent directors and auditors shall share their auditing experiences, and issue reminders regarding important issues.</td> </tr> </tbody> </table>						Dates of Meeting	Communications with Internal Audit executives		Contents of Communications	Results of Communications	2021/03/22	1. Legal compliance education will be promoted to overseas locations via E-learning, starting this year, details for an English Version will be discussed and drafted.	Suggestions by independent directors: Keep on doing it and no special suggestion.	2. Auditing Division shall initiate an inter-departmental project for consolidating pricing and collection systems to ensure integrity of all control points. Setting up mechanisms for preventing bad debts, and ensure smooth operations of our colleagues' systems.	1. 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2. Communications between independent directors and accountants: The 2021st term of independent directors and accountants had two communications meetings, summaries of major communications are listed as follows:

Dates of Meeting	Communications with Accountants	
	Contents of Communications	Results of Communications
2021/03/22	Independency	According to professional judgment of auditors, relationships and other issues between Wan Hai Lines and its firms or affiliated firms, which may influence its independency: 1. Items influencing independency :None 2. Audit and non-audit services: None.
	Accountants' responsibility in auditing Financial Statements and scope of audition.	1. The responsibility of Certified Public Accountants is to audit in compliance with the "Statement of Auditing Standards", the financial reports compiled under supervision by the management and governing units, and to compile and submit their opinions. Such auditing shall not release the responsibilities of the management and governing units regarding the financial reports. 2. Audits were conducted 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. Audits were adopted regarding other professional items.
	Key Audit Matters and audit findings.	1. Revenue Recognition - the percentage-of-completion of voyage method: No significant abnormalities. 2. Evaluation of impairment loss of fixed assets: No sign of impairment was found.
	Matters concerned by competent Authorities	1. Enhancing internal control procedures regarding investment circulations. 2. Enhancing audits regarding the 2020 Financial Report published by the company.
	Updated important Auditing Standards, Explanation Letters, and laws regarding securities regulations and taxes	1. The listed company's ability to compile financial reports shall comply with implemented items. 2. Guidelines for acquisition or disposal of assets.
2021/12/10	Key Audit Matters and corresponding audit procedures and matters to be implemented	1. Revenue Recognition: 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. Increase of real property, buildings and equipment: Audit procedures shall include obtaining detailed statements of increase or decrease, auditing the total amount listed in the detailed statements against the Statements of Increase and Decrease. Spot-check for relevant documentation if increase or decrease involves large amounts. Perform on-site inspections and take inventories of representative newly acquired properties.
	Updating important laws and regulations.	1. Review procedures for passing mid-year financial reports. 2. Deadlines for submitting financial reports by a listed company.
	Regulations Governing Application of Accrued Income from Controlled Foreign Company for Profit-Seeking Enterprise (CFC)	1. Impact on taxation. 2. Low-tax burden country or region 3. CFC exemption.

3.3.5 Distinction between the company’s corporate governance and such of the companies listed on the Taiwan Stock Exchange Corporation (“TWSE”) and the Taipei Exchange (or together as “TWSE/ TPEX listed companies”)

Item	Description of the operation		Distinction from the operation and governance of those TWSE/TPEX listed companies	
	Yes	No		Remark
1. Does the company follow the “Corporate Governance Best Practice Principles” to establish and disclose its corporate governance principles?	✓		The company has established and disclosed corporate governance principles according to Board Resolution of 2021/05/11	No Difference
2. The company’s shares structure and shareholders right (1) Does the company has SOP to deal with shareholders’ suggestions and disputes? (2) Does the company retain a register of major shareholders who have controlling power, and of the persons with ultimate control over those major shareholders? (3) Has the company built and executed a risk control mechanism and firewall between the company and its affiliates? (4) Has the company established internal standards in order to prohibit insider undisclosed information trading of securities on the market?	✓ ✓ ✓ ✓		(1) The company has designated a spokesperson and an acting spokesperson, disclosing their contact information in annual reports, for handling matters in connection with shareholders’ suggestions or disputes. (2) The company has committed its stock affairs to Hua Nan Securities Co., Ltd. Registrar & Transfer Agency Dept. The major shareholders and ultimate controller list of the major shareholders who actually control the company are mainly based on the register list of shareholders provided by the stock agents so the holdings of directors, managers and shareholders holding more than 10% of the shares may be under real-time control. (3) The Company has set up internal rules in the company’s Internal Control System. (4) The company has established the “Internal Management Control for the Prevention of Insider Trading” and has already informed all directors, managers and staff, in order to avoid violations of insider trading. The company also has annual educational training for all employees and managers to prevent insider trading.	No Difference No Difference No Difference No Difference
3. The Board of Directors’ composition and responsibilities (1) Has the Board of Directors formulated the policy on diversity based on its composition and faithfully implemented? (2) In addition to being in accordance with the law for establishing a Remuneration Committee and an Audit Committee, is there any voluntary establishment of other functional committees? (3) Has the company defined its Board of Directors’ evaluation performance appraisals, and are there regular annual performance appraisals, and the results of the performance evaluation are reported to the Board of Directors and used as a reference for individual directors’ salary and remuneration?	✓ ✓		(1) Members of the Board of Directors are elected by the shareholders, and independent directors are nominated. In addition to considering independence, the company’s required service needs are taken into account when the nominated professional and qualified candidates are elected by the shareholders. The company is run in accordance with the directors’ business, legal, accounting, and management experience. There is Company organization governance with diversified thought direction, which provides discussion and resolution for the Board of Directors’ deliberations. Diversification of Board Directors Policy please refer to P.18. (2) The company has legally established a Remuneration Committee by 2017. Audit committees and other types of functional committees will be separately assessed according to actual requirements. (3) The company has approved the “Board of Directors’ evaluation performance appraisals” at 2019/11/07 Board of Directors Meeting. The performance evaluation will be performed regularly every year from 2020, and the results of the performance evaluation will be reported to the Board of Directors and used as a reference for individual director’s salary. Year 2021 assessment of performance of the Board of Directors, the period was from 1st, Jan 2021 till 31th, Dec 2021. Scope of assessment of performance of the Board of Directors includes the overall Board of Directors, individual directors, Functionality Committee, Audit Committee and the Remuneration Committee. Methods of assessment include internal self-assessment by the Board of Directors, and self-assessment by individual directors. Assessment of performance of the Board of Directors includes: A. Level of participation in operations of the company. B. Enhancing the quality of making decisions. C. Composition and structure of the Board of Directors. D. Election and continued education of directors. E. Internal control.	No Difference In accordance with the law an Audit committee will be established by 2017. No Difference

Item	Description of the operation		Distinction from the operation and governance of those TWSE/TPEX listed companies
	Yes	No	
(4) Does the company regularly evaluate the independence of the CPAs?	✓		<p>Result of self-evaluation in 2021 is above standards. Board meetings were convened in accordance with rules and regulations, complete and timely information, as well as complete minutes of meetings were submitted to the Board of Directors to allow them to smoothly perform their functions.</p> <p>Assessment of performance of individual directors: A. Grasping the goals and missions of the company. B. Cognition of the jobs and duties of a director. C. Level of participation in operations of the company. D. Maintain internal relations and communications. E. Expertise and continued education of the directors. F. Internal control. Result of self-evaluation in 2021 is above standards. Directors are diversified and they have adequate understanding of grasping the company's objectives and operations and their duties and obligations.</p> <p>Assessment of performance of Audit Committee A. Level of participation in operations of the company. B. Cognition of the jobs and duties of Audit Committee C. Enhancing the quality of making decisions. D. Election the member of Audit Committee E. Internal control. Result of self-evaluation in 2021 is above standards. Audit Committee members gave a positive appraisal for the operations of the Audit Committee, all members possessed expertise required for making decisions, and they all performed their functions to effectively evaluate and supervise all internal control systems and risk management.</p> <p>Assessment of performance of the Remuneration Committee includes: A. Level of participation in operations of the company. B. Cognition of the jobs and duties of Remuneration Committee C. Enhancing the quality of making decisions. D. Election the member of Remuneration Committee E. Internal control. Result of self-evaluation in 2021 is above standards. Remuneration Committee members gave a positive appraisal for the operations of the committee. Selection of members were in compliance with relevant laws and regulations, the members had adequate expertise to make timely and objective propositions.</p>
4. Has the TWSE/TPEX listed company set up a full or part-time corporate governance unit or designated personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, handling matters relating to board meetings and shareholders' meetings according to laws, handling corporate registration and amendment registration, producing minutes of board meetings and shareholders' meetings)?	✓		<p>(4) The result has been proposed to the board of directors at the meeting on January 28, 2022 for deliberation and has been adopted. After the internal evaluation of the company, it is confirmed the CPAs do not hold the securities of the company. There is no possibility of any direct or indirect interest or financial interest related to the company, and the CPA's family members do not violate the independence requirements. The rotation system of CPA is also in compliance with ISA No. 46 and other relevant regulations.</p> <p>The Board of Directors of the company passed a resolution on March 22, 2019 and announced on the Market Observation Post System that acting assistant manager and spokesperson of our Operation Division Li-Mei Su was appointed our corporate governance officer, she is on our management team and has more than three years working experience in our legal affairs and managing procedures. Her Main Responsibilities Include: (1) Conduct matters related to Board and Shareholders' meetings in accordance with the laws, prepare minutes of Board and Shareholders' meetings, assist directors and supervisors in taking office and continuing their education, provide directors and supervisors with information they need to perform their duties, and to assist directors and supervisors to act in compliance with laws and regulations. (2) In accordance with Article 24, Direction 6 of The Taiwan Securities Act governing setting up and running a Board of Directors by a listed company, the listed company should arrange professional training courses for their governance executive. A new corporate governance officer must take at least 18 hours of training courses</p>

Item	Description of the operation		Distinction from the operation and governance of those TWSE/TPEX listed companies
	Yes	No	
			<p>within a year starting from the day of taking the position, and at least 12 hours a year thereafter. Our corporate governance officer completed 12 hours of training in 2021, in conformity with the requirements of the law, and the courses are detailed as follows:</p> <p>2021/4/14 : Taiwan Independent Director Association - The board of directors sees M&A strategy and the magic formula of corporate transformation-brilliant practical cases of transformation and upgrading (3 Hours)</p> <p>2021/4/20 : Taiwanese Corporate Governance Association - Responsibilities of Directors and Supervisors and Key Points of Amendment to the Insurance Law (3 Hours)</p> <p>2021/4/27 : Taiwan Independent Director Association - How the Board of Directors Review the ESG Sustainability Report- how to conform to the international TCFD and SASB standards, information disclosure and case analysis (3 Hours)</p> <p>2021/5/7 : Taiwan Independent Director Association - In-depth analysis of the substantive significance of financial reports from the height of the chairman of the board— Analysis of key messages and practical cases by high-tech enterprise leaders (3 Hours)</p> <p>2022 Annual Operations Plans: (1) Performances of the Board of Directors and directors are self-assessed annually, and results are reported before the end of the first quarter. (2) Liability insurances will be provided for directors, supervisors and important employees.</p>
5. Has the company established a communication channel with interested parties/individuals, and an area for them on the company's website, in order to respond appropriately to questions concerning the company's corporate social responsibility?	✓		<p>The company adopted the International AA1000-SES standard and applied the five assessment criterion: Dependency, Responsibility, Tension, Influence and Diverse Perspectives, to identify its' key stakeholders. We continue to strive to strengthen the interaction and communication with stakeholders, and conducting dialogues with stakeholders from time to time. In 2021 we conducted a survey and analyzed issues valued by stakeholders and these issues will serve as an important reference for the disclosure of our sustainability report.</p> <p>In order to respect the rights and interests of stakeholders, there is a special section for stakeholders' opinions under the corporate sustainability ESG on the company's website. And each department is responsible for handling communication with stakeholders.</p> <p>(1) Employees</p> <p>Issues of Concern: Labor relations and communication, employee rights and benefits, employee safety and health, recruitment and training.</p> <p>Communication channels and response methods:</p> <p>A. Electronic bulletin board /non-scheduled B. Business operation meetings /biweekly C. Situation Conference /weekly D. Department meetings /monthly or depending on situation E. Employee feedback /every six months F. Electronic questionnaires for seafarer's opinions and proposals /before disembarkation G. Marine Division's common e-mail, dedicated phone lines and message boards /remain open for feedback and comments H. Education training, course satisfaction questionnaire and training preference survey /regular or irregular depending on requirement I. Education and training for seafarer /before embarkation and monthly and quarterly J. Employee welfare committee meetings /at least once a year K. Occupational safety and health committee /once every quarter L. Labor relations communication meetings /quarterly M. New employee interview upon completion of probation /conducted upon completion of probation N. Employee performance appraisal interview /bi-annually O. Employee resignation interview /non-scheduled</p>

Item	Description of the operation		Distinction from the operation and governance of those TWSE/TPEX listed companies
	Yes	No	
		<p>P. Contact person : Onshore Employee: Administration Division Ms. Chang: ESG.adm@wanhai.com On-board Employee: Marine Division Mr. Yang: ESG.mar@wanhai.com</p> <p>(2) Customer Issues of Concern: Operational performance, digitalization, service quality, labor rights, ethical management, sustainable management of supply chain, management of climate change and greenhouse gases. Communication channels and response methods: A. Customer dedicated phones, e-mail (cs@wanhai.com), dedicated area for stakeholders' comments on the official website /continue to open to customers' responses and comments B. Company website (https://www.wanhai.com) /non-scheduled. C. Contract specification /once a year on average. D. Customer satisfaction survey /at least once a year. E. On-site investigation /once every two years F. Contact Person : Marketing Division Ms. Lin: ESG.sales@wanhai.com</p> <p>(3) Supplier Issues of concern: Sustainable management of supply chain, information security, ethical management, safety and health, environment protection, labor rights, vessel design Communication channels and response methods: A. Assessment of agents /bi-annually B. e-mail communication with agents /non-scheduled C. Communication with e-commerce providers /non-scheduled D. Production report and evaluation of newly constructed containers /non-scheduled E. Contract specification /non-scheduled F. Wan Hai e-procurement system /annually G. Evaluation and review of AEO business partners /annually H. Assessment and evaluation of new vessels ordering /non-scheduled I. Evaluation of suppliers by the Marine Division (including materials/fuel/lubricants/seamen services) /annually J. Contact Person: Strategy Research Unit Mr. Chan: ESG.sru@wanhai.com</p> <p>(4) Shareholders /Investors (Including banks and other creditors) Issues of concern: Corporate governance, operational performance, sustainable development strategy; risk management, shareholders' engagement, environment protection, labor rights. Communication channels and response methods: A. Shareholders' meeting /annually B. Investor Conference /at least once a year C. Credit rating /at least once a year D. Publish material financial and business information on the Market Observation Post System /follow the regulations of the competent authority. E. Credit extension meeting /once a year on average. F. Official website (https://tw.wanhai.com) /non-scheduled G. Shareholders service window (dedicated phones and e-mail) /open to responses and comments H. Participate in bank lectures, forums and seminars /non-scheduled I. Visiting and exchanging information /non-scheduled J. Contact Person: Financial Division Mr. Hung / Ms. Hsu: ESG.fin@wanhai.com</p> <p>(5) Government and Competent authority Issues of Concern: Covid-19, compliance with law and regulations, occupational injury, risk management, pollution prevention, application for right of passage. Communication channels and response methods: A. Survey and Inspection Charts /non-scheduled B. On-line application of compliance with occupational safety and health regulations and notification /non-scheduled</p>	

Item	Description of the operation		Distinction from the operation and governance of those TWSE/TPEX listed companies
	Yes	No	
		<p>C. On-line feedback for labor inspection /monthly D. Phone calls, e-mails, meetings, official letters /regular or non-scheduled E. Contact Person: Occupational Safety and Health /Risk Management Division Mr. Kao: ESG.srm@wanhai.com</p> <p>(6) Community and Social groups Issues of Concern: Social concern and participation, Covid-19, promoting sustainable ocean. Communication channels and response methods: A. Volunteer services or public welfare activities /once to twice a month B. Publications: "Ting Bo Zhan" magazine, "Ting Bo Zhan" newsletter /once a month C. Guest messages on official website, Wan Hai Charity and Ting Po Chan fan club, social media etc. /non-scheduled D. Phones, e-mails, official letters, visits and conversations /non-scheduled E. Contact Person: Strategy Research Unit Ms. Chen: ESG.sru@wanhai.com</p> <p>(7) Shipping Association Issues of Concern: Covid-19, business performance, risk management, greenhouse gas emission, resource management, pollution prevention, labor human rights Communication channels and method of response. A. e-mails /non-scheduled B. Meetings /bi-annually, non-scheduled C. Contact Person: Marine Technology Division Mr.Lin: ESG.tech@wanhai.com</p> <p>Wan Hai Lines 2021 corporate governance has identified the key stakeholders, valued issues, communication and response methods and the outcome, which have been published on company's website: https://www.wanhai.com/views/Main.xhtml</p>	
6. Has the company appointed a professional shareholder Services agency for shareholders affairs?	✓	Hua Nan Securities Co., Ltd. Registrar & Transfer Agency Dept.	No Difference
7. Disclosure of Information			
(1) Has the company established a website disclosing financial operations and corporate governance information?	✓	(1) Company website (http://www.wanhai.com.tw) A. Finance and business related information: investor relations and a related news area are on the website, as well as financial reports, shareholders' meeting and dividend stock price information and business news so that the public are informed about relevant information. B. Corporate Governance Information: the investor relations area on the website shows the company's articles to the general public, as well as the procedure for asset acquisition and disposal, the procedure for endorsements and guaranties, the procedure for capital financing and lending, the procedure for derivative financial products acquisition and disposal, internal auditing of organization, and the organizations and departments of the company.	No Difference
(2) Does the company disclose information in other ways (such as an English website, a designated person responsible for the company's collection and disclosure of information, a company spokesman system, or have the investor conference be placed on the company's website)?	✓	(2) The company has designated a person responsible to collect and disclose company information, and also build the Chinese/English websites with PR mailbox system (PR@wanhai.com), IR mailbox system (IR@wanhai.com), stakeholders' opinion section and with a spokesperson as a clear communications channel with the interested parties/individuals. The company's website also has an investor relations area which shows descriptions of investor conference.	No Difference
(3) Does the company publicly announce and register the annual financial reports within two months after the end of the fiscal year, and publicly announce and register in advance, within the stipulated time limit, the financial reports for the first, second and third quarters as well as operation status for each month?		(3) The company publicly announce and register quarterly financial reports and monthly operations status, within the time limits set by Article 36 of the Securities and Exchange Act.	Although the company does not comply with the assessed item, but comply with the time limit set by Article 36 of the Securities and Exchange Act.

Item	Description of the operation			Distinction from the operation and governance of those TWSE/TPEX listed companies
	Yes	No	Remark	
8. Any other information that is beneficial to and may enhance the understanding of corporate governance (for example, employees right, employees welfare, investor relation, supplier relation, right of interested parties/ individuals, continuing education for corporate directors, risk management policy and risk assessment criteria and their execution, execution of customer policy, and purchase of liability insurance for company directors, etc.	✓		<p>(1) The company's Independent Director Rung-Nian Lai had completed New corporate governance 3.0+ financial report self-edited by Accounting Research and Development Foundation.</p> <p>(2) The company's Independent Director Rung-Nian Lai had completed The Response and Application of the Board of Directors' Evaluation of Corporate Governance by Taiwanese Corporate Governance Association</p> <p>(3) The company's Independent Director Stephanie Lin had completed Discussion on the remuneration issues of employees and directors-from the amendment to Article 14 of the Securities and Exchange Act by Securities & Futures Institute</p> <p>(4) The company's Independent Director Stephanie Lin had completed The 13th Taipei Corporate Governance Forum by Securities & Futures Institute</p> <p>(5) The company's Independent Director Yi-Sheng Tseng had completed Audit committee establishment and operation by Taiwanese Corporate Governance Association</p> <p>(6) The company's Independent Director Yi-Sheng Tseng had completed The 13th Taipei Corporate Governance Forum by Securities & Futures Institute</p> <p>(7) The company's Director Chu-lin Wu had completed Talking about Taiwanese businessmen's management and M&A strategies from the global political and economic situation by Taiwanese Corporate Governance Association</p> <p>(8) The company's Director Chu-lin Wu had completed Analysis of Key Messages and Responsibilities of the Annual Report: Views of Directors and Supervisors by Taiwanese Corporate Governance Association</p> <p>(9) Valuing environmental protection: The company has been continuously promoting the ISO 14001 environmental management system since 2004. The company's dedicated docks in Kaohsiung Port and Taichung Port have installed wastewater treatment equipment. Dock wastewater is processed by wastewater equipment under normal operation, and water quality is examined periodically in accordance with the regulations. The water quality is in compliance with the regulations. In addition, the company's shipping fleet is in compliance with the International Convention for the Prevention of Pollution from Ships (MARPOL), and the standard for the management of ship ballast water is stipulated in accordance with relevant regulations of the International Maritime Organization (IMO). The company was awarded the Best Green Shipping Line of the Asian Freight, Logistics and Supply Chain Awards (AFLAS) in 2016. In addition, the company is recognized with the Development of Green Shipping Excellence Award by the Ministry of Transportation and Communications every year.</p> <p>(10) Valuing workplace safety and health issues: Regular firefighting and escape drills are held at the Taipei headquarters, the Taichung dock, and the Kaohsiung dock. The dock workplaces have been established, have been certified, and continuously promote the CNS15506 & OHSAS 18001 occupational health and safety management systems. In addition, the company's fleet is in compliance with the International Safety Management Code (ISM Code) and the International Ship and Port Facility Security Code (ISPS Code) and conducts regular drills.</p> <p>(11) The company take care of all employees' health; facilities like health center, stress relief room, AED service and breastfeeding room are especially set up for the female or pregnant ones. Also, we keep closed eyes on the physical exercising, fitness or hold the mental growth oriented workshop.</p> <p>(12) The company continue to give health lectures and send occupational safety and health messages through on-line courses and other electronic distance learning methods, to show concern and to lead our employees to care about their physical and mental health.</p> <p>(13) The company has purchased liability insurance for directors and officers. The insured amount is USD5 million, and notification has been issued through the Market Observation Post System.</p>	No Difference

Item	Description of the operation			Distinction from the operation and governance of those TWSE/TPEX listed companies
	Yes	No	Remark	
			<p>(14) The company continue to convey the achievements of our business planning to investors, through road shows, shareholders meetings and news items posted on our official website.</p> <p>(15) The company provide real medical securities to our employees by buying group term insurance policies (including infectious diseases)</p> <p>(16) The company follow WCO SAFE (Framework of Standards to Secure and Facilitate Global Trade) and obtained customs certification of AEO (Authorized Economic Operator).</p> <p>(17) Facing the rapid development of information technology, the company continues to increase capital expenditures on information technology and optimize hardware and software based on its business needs, so as to enhance information management and promote digitization while maintaining efficiency and information security.</p> <p>(18) The Information Security Policy and the Procedures and Regulations for Information Security Management are formulated to improve the company's information management system, maintain normal operations of information systems, and control information and network security. To strengthen the company's Information security, an identity management mechanism was introduced in 2017 to avoid the risk of illegal access, intrusion, leakage, or falsification. In 2018, the mailing system was moved to the cloud to lower the costs of equipment maintenance and backup and reduce information security risks.</p> <p>(19) In May 2021, the Audit Committee and the Board of Directors have established the "Risk Management Policy and Procedures" as the highest guiding principles and procedures on risk management for the company. The Policy and Procedures sets out risk management objectives, organizational structure and responsibilities, as well as risk management processes to effectively identify, measure and minimize risks, arising from business activities, to prevent disruption to business operations, and to protect the rights and interests of stakeholders. For details, please refer to Annual Report chapter three " implementation of Sustainable Development".</p>	
<p>9. Please provide information on the status of the improvements regarding the results of a corporate governance evaluation published by the TWSE Corporate Governance Center in the most recent year. For improvements not yet implemented, state the areas and policies your company established as priorities for improvement. (Leave blank if your company was not evaluated.)</p> <p>The company conducted the corporate governance self-assessment in response to the promotion of the corporate governance evaluation and prepared a report. The Corporate Governance Center publicized the results of the evaluation, according to which, the company was able to comply with the major aspects of the standards.</p> <p>Results of the corporate governance evaluation: Ranked top 6% to 35% amid all TWSE listed companies from 2014 to 2021. Key points of the improvements include:</p> <ol style="list-style-type: none"> 1. Establish and disclose corporate governance principles. 2. Establish diversified policy of board of directors and disclose in annual report. 3. Establish succession planning of directors and important management and disclose operating situation in annual report. 4. Establish risk management policies and procedures approved by board resolution. 5. Set up the Intellectual Property Management Plan relating to operating goal, and disclose operating situation in company website or annual report, and report to board meeting at least once a year. 				

3.3.6. Continuing education and training related to business administration attended by the company's officers

*Continuing education and training for the directors and managers

Name	Title	Date	Sponsor unit	Course	Time (hr.)
Rung-Nian Lai	Independent Director	Sep 23,2021	Accounting Research and Development Foundation	New corporate governance 3.0 + self-edited financial report	3
		Oct 8,2021	Taiwanese Corporate Governance Association	The Response and Application of the Board of Directors' Evaluation of Corporate Governance	3
Stephanie Lin	Independent Director	May 12,2021	Securities & Futures Institute	Discussion on the remuneration issues of employees and directors-from the amendment to Article 14 of the Securities and Exchange Act	3
		Sep 1,2021	Securities & Futures Institute	The 13th Taipei Corporate Governance Forum	3
Yi-Sheng Tseng	Independent Director	April 21,2021	Taiwanese Corporate Governance Association	Audit committee establishment and operation	3
		Sep 1,2021	Securities & Futures Institute	The 13th Taipei Corporate Governance Forum	3
Chu-Lin Wu	Director	April 23,2021	Taiwanese Corporate Governance Association	Talking about Taiwanese businessmen's management and M&A strategies from the global political and economic situation	3
		Nov 30,2021	Taiwanese Corporate Governance Association	Analysis of Key Messages and Responsibilities of the Annual Report: Views of Directors and Supervisors	3

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

*Taiwan CPA Association: Two individuals (Financial Division)

*Taiwan CIA Association: One individual (Financial Division)

* Continuing Education for Auditing Division personnel:

Name	Title	Date	Sponsor unit	Course	Time (hr.)
Yi-Ching Wu	Audit Supervisor	Nov 15,2021	Securities & Futures Institute	The core principles of internal control are followed in accordance with the cycle-specific operations. Operation and fraud risk assessment practices	6
		Dec 9,2021	Securities & Futures Institute	The competent authority requires the establishment of "legal supervisors and personnel" for legal compliance audits	6

*Continuing Education/Training for the Financial Division personnel:

Name	Title	Date	Sponsor unit	Course	Time (hr.)
Chia-Yi Hsiao	Accounting Supervisor	Oct 18~19,2021	Accounting Research and Development Foundation	Continuing Training Course for Accounting Supervisors of the Issuer's Securities Firms and Stock Exchanges	3
Chih-Hsien Chen	Financial Supervisor	Mar 26,2021	Accounting Research and Development Foundation	Analysis of Legal Responsibilities and Practical Cases of "Protection of Trade Secrets"	3
		Mar 26,2021	Accounting Research and Development Foundation	The latest development of my country's IFRS policy and analysis of practical issues in compliance with financial reporting/ supervision laws and regulations	3
		Oct 15,2021	Accounting Research and Development Foundation	The latest "Corporate Governance 3.0-Sustainable Development Blueprint" self-compiled issues and practices in the financial report	3
		Nov 1,2021	Accounting Research and Development Foundation	Analyze the positive impact of ESG on companies	3

3.3.8 Difference between promoting sustainability and OTC companies code of practice of sustainable development and reason for difference

Items	Y	N	Status of Work	Difference between promoting sustainability and OTC companies code of practice of sustainable development and reason for difference
1. Will the company establish a management structure for promoting sustainability, and set up a dedicated/non-dedicated sustainability unit? Will the board of directors authorize senior management to handle the matter under the board's supervision?	✓		<p>Wan Hai Lines' "Code of Practice of Corporate Social Responsibilities" was established in 2015 with the objectives to promote social responsibilities, so as to fulfill environmental sustainability, community engagement and corporate governance etc. In response to the "Blueprint for Sustainable Development version. 3.0" set out by the Financial Supervisory Committee, it was renamed as "Sustainable Development Best Practice Principles for Wan Hai Lines Ltd. and its Subsidiaries" in 2021.</p> <p>To implement the Sustainable Development Best Practice Principles, a "Sustainability Development Committee" was set up in the office of the president, with the Chairman of the board being the mentor and the president serves as the convener, to assist in the formulation of sustainable development goals and strategies, promotion, supervision, assessment and review of the implementation in 2021. (please refer to https://www.wanhai.com/attach_file/whl_www/files/Best-Practice-Principles-1.pdf) The committee is subdivided into three sections covering corporate governance, environmental sustainability and social responsibilities. Business divisions and departments are responsible to communicate with their respective stakeholders and responding to their concerns. The Sustainable Development Committee will submit a work report detailing the impact and responses to various issues to the Board of Directors at least once a year. The management will collect and summarize the economic, environmental and social issues arising from the operation activities, and report as how these issues had been handled or resolved, to the board of directors. Items reported to the board of directors in 2011 include: 2010 CSR Report, issues and trends related to corporate sustainability, and the establishment of the Sustainable Development Committee, etc.</p>	No Difference
2. Does the company perform risk assessments regarding the environmental, social and governance issues in compliance with the materiality principle? (Note 2)	✓		<p>In May 2021, the Board of Directors have established the "Risk Management Policies and Procedures" as the highest guiding principles and procedures on risk management for the company. In accordance with the Policy and Procedures, each division had together established a risk management team in 2021, and to be responsible for the risk management implementation in daily operations. The Strategy Research Unit (SRU) of the President's Office coordinates and reviews the suitability and adequacy of the risk management measures implemented by each team. The SRU is also responsible for submitting a risk management report to the Board of Directors annually. (please refer to https://tw.wanhai.com/views/content/Content_RiskManagemet.xhtml?web_code=whl_tw&file_num=116494&file_num=116494&parent_id=70739&top_file_num=65578) Risk management report for 2021 had been completed and extracts thereof were posted on the company website. With the COVID-19 pandemic, disruptions in the supply chains, abnormal weather and supply-demand disruptions etc., the International finance and the world economies are in an extremely unstable state. Therefore, the company have categorized the major risks for this year as: operational strategies, market factors, compliance with rules and regulations, contagious diseases, maritime transportation, employee's work safety, cargo damage, information security, and finance. Relevant risk management measures are taken to mitigate these risks. In connection with climate change related risks, the company intend to implement the Task Force on Climate-Related Financial Disclosures (TCFD) frameworks and have commenced the assessments in 2022, and plan to include the disclosure of the relevant information in 2021 sustainability report.</p>	No Difference
<p>3. Environmental Issue</p> <p>(1) Has the company established a suited environmental management system to its industry characteristics?</p> <p>(2) The status of the company devotion to increasing the efficiency of all its resources, and the use of renewable resources with a lower environmental impact</p>	<p>✓</p> <p>✓</p>		<p>(1) Current environmental management system employed by the company as related to the shipping industry is as follows:</p> <ul style="list-style-type: none"> A. All vessels have been fitted with sewage and bilge water treatment system, B. Engines and generators on ships built after 2000 are all up to Tier 1 emissions standards C. Waste oil generated from engine room will be recorded and disposed off by a qualified company. D. Bilge water from the engine room must be treated by a 15 PPM bilge water separator before being released, and quantity to be properly recorded. E. Garbage and wastewater are to be processed, registered in the record book and discharged in according to regulations F. Gas emission produced and discharged by ships shall comply with the regulation and standards. G. Vessels use low-sulfur fuel in the ECA (Emission Control Area), reduce impact on the environment. H. In accordance with international laws and regulations, our entire fleet is now using low sulfur fuel in compliance with the regulations. I. In accordance with The International Convention for Control and Management of Ships' Ballast Water and Sediments, we have installed approved ballast water management systems on our ships based on the certificate valid date. For ships where the systems are not yet installed, we carried out standard procedures for exchanging ballast water, keep accurate records of ballast water operations to comply with ballast water management standards stipulated in the International Convention. J. All newly built ships after 2020 will use the latest electric fuel injection that meeting the IMO phase 2 requirements for Energy Efficiency Design Index (EEDI), effectively reduce energy consumption and exhaust emissions. K. The ISO14001 management system is applicable to the office operations and vessel services of the company, including the environmental impacts associated with life cycle assessments, from vessel design, vessel monitoring, shipping services to final vessel disposal. However, Life cycle assessment (LCA) does not include container freight station business activities. <p>(2) The company has devoted itself to increasing the efficiency of all its resources, and the use of renewable resources with a lower environmental impact in the following ways:</p> <ul style="list-style-type: none"> A. Vessels operate under low steaming to reduce fuel consumption and gas emission in order to minimize the impact on environment. 	<p>No Difference</p> <p>No Difference</p>

Items	Y	N	Status of Work	Difference between promoting sustainability and OTC companies code of practice of sustainable development and reason for difference
<p>(3) The status of the company's awareness of climate change's effect on operation activities, and policies for reducing carbon emissions</p>	✓		<p>B. Use High Performance Coating eco-friendly antifouling paint to minimize impact on marine environment and to improve fuel efficiency. C. Monitor the company fleet's fuel efficiency, main engines maintenance and regularly carry out ship hull cleaning and propeller polishing to achieve maximum fuel efficiency. D. Main engines adapted the latest electronic lubricator systems (alpha lubricators) to improve the efficiency and reduce lubricating oil consumption. E. Stern tube sealing system adapted for latest air guard type to reduce the possibility of pollution. F. Ship spares are to be reconditioned for reuse if possible. G. Ships are installed with Propeller Boss Cap Fins (PBCF) and new vessels are equipped with full balanced asymmetrical ball-type rudders, propeller diversion fins and refitted with energy saving bow (ES –Bow) to reduce fuel consumption. H. The company's shipping fleet will replace with 60W (and below) LED light bulbs. I. The company exclusive terminals at Kaohsiung Port and Taichung Port facilities are installed smart meters. J. New locomotives, hybrid SC straddle carriers, RT portal cranes, crane bridges and forklifts are being purchased to replace the old ones at company exclusive terminals, to improve efficiency, save energy and reduce waste gas emissions. K. Wastewater recycling plant had been built at exclusive terminal at Taichung port to recycle container cleaning water. L. Installed solar panel at exclusive terminal at Taichung port with the aim to achieve using clean energy. M. Installed self-service gas station at Wharves No.63-64, Port of Kaohsiung with card reader and computer system to monitor, analyze the fuel consumption and to better manage the fuel efficiency of the trucks. N. All new containers will be using eco-friendly waterborne paint. O. New reefer containers will install inverter compressor for energy saving. P. Installed a GC intelligent system to improve equipment and machinery efficiency and to minimize resources wastage.</p> <p>(3) In connection with climate change related risks, the company intends to introduce the Task Force on Climate-Related Financial Disclosures (TCFD) frameworks, assessing the impact and probability of climate change related risks, establishing a climate change risk matrix. Evaluating major risks based on the magnitude and likelihood of impact and to prioritize our plan and response strategies. The company target to complete the exercise and having the relevant information to be disclosed in our 2021 sustainability report.</p>	No Difference
<p>(4) Does the company calculate total greenhouse gas emission, water and waste for past two years and make policies for reducing carbon emission, greenhouse gas, water and waste?</p>	✓		<p>(4) A. The company keeps a record of its Greenhouse Gas Emissions, water consumption and waste for the past three years, and published in its annual ESG Report under Environmental Protection section. B. The company's Environmental Protection policy are as follows: a. Compliant with the International Safety Management Code, International Conventions and regulations, and any relevant environmental treaty endorsed by the company. b. Minimizing the adverse impact on the environment through continuous monitoring and reducing pollution level. c. Establishing an ISO Committee to implement the ISO 14001 Environmental Management System (EMS) and periodically review its performance. d. Enforcing the concept of environmental protection within the organization through education and training. e. Advocating resource recycling and energy conservation to reduce waste. f. Requesting suppliers and business partners to enhance environmental protection awareness and comply with environmental regulations. g. Improving the safety management skills of shore personnel and seafarers, including emergency response skills related to safety and environmental protection. C. The company's water resources management compliant with The International Maritime Organization's (IMO) regulations, the International Convention for the Prevention of Pollution from Ships (MARPOL) and any local or aboard environmental protection regulations. Promoting water recycling and minimizing waste. a. The company's fleet is equipped with water generators that can distillate seawater for domestic use and reducing the reliance on shore tap water. b. The company's exclusive terminals at the Port of Kaohsiung and Taichung Port are all equipped with wastewater treatment equipment. Taichung Port exclusive terminal recycled 6,158 tons and 6,519 tons of wastewater in 2020 and 2021 respectively. The water recycling rate in 2021 was 92.65% based on 7,036 tons of water being consumed in the year. Port of Kaohsiung exclusive terminal recycled 2,885 tons and 3,080 tons of wastewater in 2020 and 2021 respectively, reducing its water consumption. c. The company promotes the rationalization of water consumption and reduction in losses of water in the offices with the target of reducing the average water consumption per person by 0.2% in 2021 compared to 2020. Through actions such as emphasizing the scarcity of water resources, installing water-saving devices in pantry and toilets, the average water consumption per person in 2021 has been reduced by 15% compared to in 2020. D. To develop green shipping, the company continue to promote the reduction of greenhouse gas emission. The company has reduced the rate of CO2 emissions by 30% in 2021 compared to 2008 and will continue to carry out fleet replacement plan where new vessels will be equipped with energy-saving engines and equipment to reduce greenhouse gas emissions, so as to achieve the goals of energy saving, carbon reduction and environmental protection.</p>	No Difference

Items	Y	N	Status of Work	Difference between promoting sustainability and OTC companies code of practice of sustainable development and reason for difference
			<p>a. Purchases low sulfur fuel to comply with the limit as required by MARPOL and all fleet started to use low-sulfur fuel from 1st of Jan, 2020.</p> <p>b. The company's vessels use the fuel which meets the regulations and perform oil change procedures when entering sulfur oxide emission control area (ECA).</p> <p>c. Appropriate speed reduction when ships come in and out of port can reduce the emission of greenhouse gases.</p> <p>d. The fleet adopt continuously high performance paint to reduce greenhouse gas emission and promote energy saving.</p> <p>e. The company uses relevant resources and weather navigation software to provide real-time weather information to the fleet, and make route adjustment suggestions for inclement weather to effectively avoid ships entering dangerous areas</p> <p>g. "Smart Ship Notation" were certified for new building vessel which adopt new main diesel engines with high efficiency of propeller, ES-BOW and LV Fin(Low Viscous Resistance Fin) to match environmental standard and the goal of energy saving.</p> <p>E. The company adheres to relevant laws and regulations for wastewater, waste oil and garbage, and implement waste management plans to minimize the adverse impacts on the environment</p> <p>a. The company has established a comprehensive fleet waste management program that lays down detailed rules regarding collecting, sorting, storing, disposing, and recording waste. In particular, the program emphasizes the precautions and practices related to the operation of incinerators and ash disposal, to avoid environmental pollution and health hazards caused by improper operations.</p> <p>b. Taiwan office has set up designated collection points on each floor for garbage and recyclable waste. The company continue to implement digitization and paperless in the office (including expired documents earmarked for destruction). In 2021, approximately 60 metric tons of paper and 182 metric tons of iron and aluminum were recycled.</p> <p>F. Taichung office consumed 1,096,400 KWh of solar power in 2021 which is equivalent to 56 hectares of afforestation benefits from its wharf warehouse rooftop solar panel. Effort was made in reciprocity between economic, humans and environment to achieve sustainable development goal.</p>	
<p>4.</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Should the company implemented the reasonable individual's welfare measures (including salary, leaves and other welfares), and reflect operating performance in employee compensation?</p> <p>(3) The status of the company's provision of a safe and healthy working environment to its employees, and the regular provision of health and safety education to its employees.</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) A. The company conducts itself according to the relevant labor laws and regulations, and protects the legal rights of its employees, and has set up an appropriate management process. The company also coordinates, amends, and implements in a timely manner in accordance with the relevant regulations, policies, and measures that are published by the government.</p> <p>B. The company adheres to the following international human rights standards and principles: Universal Declaration of Human Rights (UDHR), International Labour Organization (ILO) -Declaration on Fundamental Principles and Rights at Work, United Nations Global Compact, Maritime Labour Convention (MLC), United Nations Guiding Principles on Business and Human Rights (UNGPs), OECD Guidelines for Multinational Enterprises and International Labour Organization (ILO) - Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. Please refer to the official website of the company's human rights policy (https://tw.wanhai.com/views/content/HumanRightsPolicy.xhtml?web_code=whl_tw&file_num=84726&file_num=84726&parent_id=84725&top_file_num=77536).</p> <p>(2) A. The company in accordance with local laws and regulations, set salary standards according to an individual's education and work experiences and professional skills, and do not vary because of sex, race, religion, political standing, marital status and membership in unions or other groups. The company also grants year-end bonuses in line with its annual operation situation and the individual's performance to motivate employees.</p> <p>B. The company also provides labor and health insurances, maternal/parental leaves, pension reserves, moreover the company also takes out group insurance for our employees, employees can also, at their own cost, let their dependants join the company group insurance plan, to extend the protection to their family. Moreover, the company established an Employee Welfare Association in accordance with the law, and committee members are appointed through recommendations or elections. The committee holds regular meetings to decide on employee welfare policies, and to plan and promote welfare activities.</p> <p>C. The company' human resources and welfare system not only allow employees to have outstanding performances according to their talents, but also let them obtain a balance between work and living, so that they can work without any worries.</p> <p>D. The company is committed to achieving equal pay for equal work and equal promotion opportunities regardless of gender 2011, the average proportion of female employees was 41%, and 16% of the supervisors are female.</p> <p>(3) The company's provision of a safe and healthy working environment to its employees, and the regular provision of health and safety education to its employees is implemented as follows:</p> <p>A. Worker health and safety education: apart from obtaining legally required certification and retraining, the company also provides regular health and safety guidance, carries out fire, evacuate and emergency drills, etc... At the same time, we also provide a yearly health inspection, health education counseling, health and safety class information, and other assistance. This provides employees with proper health and safety management.</p> <p>B. Healthy working environment: Regularly carry out test and check on the CO2 concentration, illumination and drinking water. Cleaning the air-con, carpet regularly and carry out epidemic prevention procedures.</p> <p>C. Coordinate workplace safety and health policies: We arranged regular repair and maintenance for automated equipment pursuant to laws and regulations. Also, by holding meetings, we are able to increase safety and health awareness and implemented safety and health document management policies to promote the idea of safety and health, build a secure workplace and prevent occupational disasters.</p>	<p>No Difference</p> <p>No Difference</p> <p>No Difference</p>

Items	Y	N	Status of Work	Difference between promoting sustainability and OTC companies code of practice of sustainable development and reason for difference
(4) Should the company establish an effective career training program for its employees?	✓		<p>D. Exclusive terminals on-site safety regulation and procedures: The company has established a standard operating procedure on health and safety management which to be adhered by all the suppliers working at the terminals. Apart from risk management and operational audit, health and safety committee also meeting with suppliers regularly to address issues and areas to be improved. The exclusive terminals adopted the ISO 45001 and TOSHMS (Taiwan Occupational Safety and Health Management System) standard and obtained certification in 2020.</p> <p>E. Health Improvement: The company has set health center (with on-site medical specialist), stress relief studio, AED (Automated External Defibrillator) and breastfeeding room to promote the health for employees and motherhood. All branches (including Taichung port and Kaohsiung port) have CPR & AED accreditation.</p> <p>F. We organized various health promotion activities, including regular physical examinations, health seminars, sports clubs, etc., on a regular basis and delivered occupational safety and health messages periodically. We care and strive to increase employees' awareness on physical and mental health.</p> <p>(4) The company values the growth and development of all our workers, and provides multi-faceted educational training classes as a way of enriching professional knowledge and developing personal potential. The training plan includes: A. New employees Orientation B. Professional training for general staff C. Professional training for management associate D. Professional training for supervisors E. Courses sponsored by the Employee Welfare Association F. External training courses</p>	No difference
(5) Has the company complied with relevant laws, regulations and international guidelines for customer health and safety, customer privacy, marketing and labeling of products and services, and established any consumer protection mechanisms and grievance procedures?	✓		<p>(5) A. In order to protect the interests of customers, our business operation with reference to Taiwan export and import all follow the rules and gain approval from the Maritime and Port Bureau, besides, business about US import & export are subject to US Federal Maritime Commission (FMC) for common carriers regulatory specifications, where tariff rates are shown online, and with the timely submission of customer transport service contracts to the FMC. B. The company has instituted policies for the protections of consumers' rights and interests, and are recorded amongst the provisions on the back of the bill of lading, also, the company has established a corporate website, http://www.wanhai.com (includes relevant announcement of business information and inquiry service), and has created a customer service email (cs@wanhai.com) providing an avenue for the customer to express opinions and inquiries.</p>	No difference
(6) Whether the company has appointed a supplier management policy, demand supply business in environmental protection, occupational safety health or labor rights. The questions follow the relevant specifications, and how about its implementation?	✓		<p>(6) The company set the Supplier Management Policy in 2018, and requires all its suppliers to pay attention to business ethics, labor rights, safety, healthy and environmental protection to reduce potential social impact. The company requires all its suppliers to comply with its Supplier Management Policy in order to develop and implement CSR practices together. The company will not be able to continue its collaboration with suppliers that do not subscribe to its Supplier Management Policy. A. Suppliers should adhere to the principles of business ethics and morality, and prohibit illegal acts such as illegal interests. B. Suppliers should comply with international and local human rights and labor standards, ban child labor and ensure equal treatment to employees. C. Suppliers should follow relevant international occupational safety and health and environmental protection conventions and local regulations to prevent occupational hazards and environmental accidents. D. Implement supplier assessment and control mechanisms and to ensure that all suppliers are treated fairly. E. Cooperate with suppliers to promote corporate social responsibility, services and products comply with relevant sustainability standards, reduce environmental impact and social impact.</p>	No difference
5. Does the company, in reference to general international reports, compile guidelines, instructions, and reports disclosing non-financial information such as Corporate Social Responsibility Report? Are the above reports certified or approved by a third party certification unit?	✓		<p>The report is certified by British Standards Institute (BSI), an independent third-party certification organization, complies with GRI Standards and type 1 of AA1000 Assurance Standard (v3) at a moderate level of assurance. The assurance statement from the independent third parties is being attached in the report. The sustainability report of Wan Hai Lines can be found at our official website: https://www.wanhai.com/views/content/ContentList2.xhtml?web_code=whl_www&file_num=80640&file_num=80640&parent_id=80504&top_file_num=80500&file_num=80640&parent_id=80504&top_file_num=80500</p>	No difference
6. If a corporation sets up its own code of practice of sustainable development in accordance with "Code of Practice of Sustainable Development by Corporations Listed in the TWSE or the Taipei Exchange", it is requested to provide information regarding discrepancies between the code and implementation thereof. We set up Wan Hai Lines' Code of Practice of Sustainable Development" in accordance with "Code of Practice of Sustainable Development by Corporations Listed in the TWSE or the Taipei Exchange" we operate in compliance with the code and there are no discrepancies.				

7. Other important information that is helpful in understanding the implementation of sustainable development
The company is dedicated to provide professional services and promoting environmental protection. The company is well recognized by both domestic and international governments and business organizations and has been awarded the following in 2021:
- (1) Wan Hai Lines was awarded by the Ministry of Transportation and Communications for achieving excellent performance in total operation income of 2020; excellent performance in assisting transportation of congested cargo or providing disaster relief measures; excellent performance in providing internship (not including domestic maritime university or vocational school students) in terms of number of interns and total days of internship on ships; excellent performance in developing green sailing and excellent performance in collaboration with educational institutes.
 - (2) Wan Hai Lines was awarded the "model seamen" and "model Captain" during the 2021 67th R.O.C. Maritime Day.
 - (3) Established and continued to promote the ISO 14001 environmental management system since 2005.
 - (4) Effective from 2010, Wan Hai Lines' offices in Taipei, Taichung and Kaohsiung are complied with ISO45001 and CNS 45001 standards, and "Occupational Safety and Health Risk Management Systems" was implemented, inspected and approved by competent authorities.
 - (5) Obtained AEO certification in 2016 and subsequently annual audit reveal our safety and customer privacy practices are all within official certification requirement.
 - (6) Wan Hai Lines' stocks were included in the "TWSE RAFI Taiwan High Compensation 100 Index" for four consecutive years (2018-2021).
 - (7) Wan Hai Lines' stocks were included in the "FTSE4Good TIP Taiwan ESG Index" for four consecutive years, and were awarded an Exclusive Corporate Symbol (2018-2021).
 - (8) Obtain the "Sports Enterprise Certification" (for 2020~2023), by the Sports Administration of the Ministry of Education, showing the corporate culture spirit of work-life balance.
 - (9) Taipei Head Office was awarded "Health Promoting Workplace Badge" (2020~2022) by the National Health Administration of the Ministry of Health and Welfare.
 - (10) Offices in Taipei, Taichung and Kaohsiung were all awarded CPR+AED Security Venue certification.
 - (11) Participated in the Clean Cargo Working Group (CCWG) organization since 2015 to share and exchange information and techniques regarding environmental protection with peers and to promote energy conservation and carbon reduction.
 - (12) As member of the World Shipping Council (WSC), we continue to participate in discussions regarding various shipping and environmental issues. Our vice-chairman is a board member of WSC.
 - (13) Joined "Getting to Zero Coalition" in 2019, committed to achieving the goal of the alliance, and continued to promote and achieve the reduction of carbon emissions from international shipping.
 - (14) Voluntary participated in the "Protecting the Blue Whales and Blue Skies" program by reducing vessel's speed in the Santa Barbara Channel region and along the California coast (U.S. West Coast).
 - (15) Wan Hai (Singapore) office was awarded the 2021 net tonnage contribution prize, and Wan Hai 321 was certified as an eco-friendly vessel by the Maritime and Port Authority of Singapore.
 - (16) In respond to the shortages in medical resources and manpower around the world caused by Covid-19 pandemic, Wan Han Lines donated more than TWD200 million in total:
 - Wan Han Lines donated medical supplies (surgical masks, protective gowns, gloves, shoe covers, thermometers, pulse oximeters, ventilators, oxygen generators, hospital bed sets and oxygen tanks) to 84 government hospitals in hard hit countries like India, Thailand, Indonesia, Vietnam, Malaysia etc. and provide free shipment of medical supplies to India.
 - In Taiwan, the company also donated Negative-pressure Isolation Pods and sanitation supplies (alcohol, wet wipes, hand sanitizers, filter refills for protective masks and other equipment) as well as cash donations to organizations in need (medical and educational institutes and the underprivileged).
 - (17) In cooperation with Step-30 Organization and Love Binti International, we donated about TWD18,000,000 to "Water well project in remote African villages" in 2021-2022, for digging 24 wells in Kenya, Uganda, Swatini, Togo, Somaliland, Malawi, Tanzania and Luanda.
 - (18) Collaborate with Taiwan RE-THINK Societies - Environmental Education Association to promote sustainable ocean, publishing "Illustration of Ocean Wastes". Packaging ecological issues into environmental textbook to create awareness on ocean pollution.

Note 1: If you check "Yes" in the status of work, please explain the important policies, strategies, measures and implementation conditions adopted; if you check the "No" in the status of work, please explain the reasons in difference between promoting sustainability and OTC companies code of practice of sustainable development and reason for difference. It also explains plans to adopt relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to those who have a significant impact on the company's investors and other interested parties related to environmental, social and corporate governance issues.

3.3.9 Methods of disclosure and inquiries of corporate governance principles and related regulations:

The Board has passed the resolution on the Corporate Governance Policy and Guidelines on 2021/05/11. The relevant information can be found from the company's website: <https://www.wanhai.com> or Taiwan Stock Exchange Market Observation Post System: <https://mops.twse.com.tw>. Important financial disclosures and information can also be found on the company website under the " Investor info." section.

3.3.10 Other important information to promote better understanding of the company's corporate governance practices, as disclosed:

1. The company's important financial information is announced on the company's website in the "Investor info." area, which also has an "Investor relations".
2. The company has established a comprehensive internal control system and internal audit system, and has established an annual audit plan, following the regulations passed by the Board of Directors in accordance with the provisions of the Financial Supervisory Committee. Each department conducts an inspection of their results and audit reports with internal auditing are issued with declaration of agreement from the Board of Directors to the Financial Supervisory Committee.
3. The company amended important financial regulations such as the "Procedures for Endorsements and Guarantees", "Procedures for Lending Funds to Other Parties", "Procedures for Acquisition or Disposal of Assets", and the "Procedures for Acquisition or Disposal of Derivative Products" in accordance with law. The regulations are passed by the Board of Directors and shareholders.
4. The company has established the "Internal Management Control for the Prevention of Insider Trading," and has already informed all directors, managers and staff, in order to avoid violations of insider trading. The company also has annual educational training for all employees and managers to prevent insider trading.

3.3.11 The Declaration of Internal Control

3.3.11.1

WAN HAI LINES LTD. The Declaration of Internal Control

January 28, 2022

Based on the self-assessment of Company's internal control system for year ended of 2021, we declare that:

1. The establishment, implementation and maintenance of an internal control system are the responsibility of its Board of Directors and management. The company has established such a system, designed to provide reasonable assurance with respect to the effectiveness and efficiency of business operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency, and regulatory compliance of reporting and their compliance with applicable laws, regulations, and by laws.
2. An internal control system, no matter how well designed, has inherent limitations and therefore can provide only reasonable assurance with respect to the accomplishment of the above goals. Furthermore, because of changing conditions and circumstances, the effectiveness of an internal control system may vary over time. Notwithstanding, the internal control system of the company contains self-oversight mechanisms, and actions are taken to correct deficiencies as they are identified.
3. The company examined the design and effective implementation of its internal control system according to the criteria prescribed in " Regulations Governing Establishment of Internal Control Systems by Public Companies " (called the " Regulations " below). The " Regulations " divide internal control into five constituents in line with the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each constituent contains several criteria. Please refer to the " Regulations " for details.
4. The company has evaluated the design and effectiveness implementation of its internal control system in accordance with the above criteria.
5. Based on the results of assessment, the company believes on Dec 31, 2021 that the design and implementation of its internal control system (including supervision and management of subsidiaries), consisting of understanding the effectiveness and efficiency of business operations, reliability, timeliness, transparency, and regulatory compliance of reporting and their compliance with applicable laws, regulations, and bylaws, are effective and reasonably assure the achievement of the aforementioned goals.
6. This Statement shall become a major part of the annual report of the company and be made public. Any false representation or concealment in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171 and 174 of the R.O.C. Securities & Exchange Law.
7. This Statement has been unanimously approved by 7 directors and objected by 0 directors of the company present at the meeting held on January 28, 2022.

WAN HAI LINES LTD

Chairman: Jiufu Garden Co., Ltd.

Representative: Po-Ting Chen

President: Fur-Lung Hsieh

3.3.11.2 For those internal control system conducted by accountant with special project should disclose the accountant audit report: not applicable

3.3.12 From the past year and current year up to the annual report's publish date, if the results of the company's punishment of its employees for violating internal control rules, have major influences on the interests of shareholders or stock prices, the company shall reveal the contents of the punishments, their main flaws and how they are improved : None

3.3.13 Major Resolutions by the General Shareholders Meeting and Board of from the past year and current year up to the annual report's publish date.

1. Major Resolutions of the General Shareholders Meeting

Date	Resolutions
2021 General Shareholders Meeting (2021/07/20)	<p>Ratification Items:</p> <ol style="list-style-type: none"> 1. The 2020 Financial Statement and Business Report were submitted for ratification. Resolution: All motions passed based on electronic and on-site votes. 2. The 2020 Disposition of Net Profit was submitted for ratification. Resolution: All motions passed based on electronic and on-site votes. <p>Issues discussed:</p> <ol style="list-style-type: none"> 1. Capital increase by earnings to issue new shares for discussion. Resolution: All motions passed based on electronic and on-site votes. 2. Amendment of the "the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its subsidiaries" for discussion. Resolution: All motions passed based on electronic and on-site votes. 3. Amendment of the "the Procedures for Endorsement and Guarantees by Wan Hai Lines Ltd. and its subsidiaries" for discussion. Resolution: All motions passed based on electronic and on-site votes. 4. Amendment of the "the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its subsidiaries" and the change for Acquisition or Disposal of a right-of-use Asset." for discussion. Resolution: All motions passed based on electronic and on-site votes. 5. Amendment of the "Articles of Incorporation of Wan Hai Lines Ltd." for discussion. Resolution: All motions passed based on electronic and on-site votes. 6. Amendment of the "Procedures for General Shareholder Meeting Rules by Wan Hai Lines Ltd." for discussion. Resolution: All motions passed based on electronic and on-site votes.

2. Review of execution of resolutions passed by the general shareholders meeting of year 2021.

Ratification:

- (1)The 2020 Financial Statement and Business Report: Relevant statements and reports were filed with competent authorities according to the company Law and relevant laws.
- (2)The 2020 Disposition of Net Profit: Disposition of net profit was ratified, cash dividend per share was TWD 1 and stock dividend per share was TWD 1.The record date was 13th, Sep, 2021.The distribution date of cash dividend was 29th, Sep, 2021 and stock dividend was 25th, Oct, 2021.

Issues discussed:

- (1)Capital increase by earnings to issue new shares.
Executed in accordance with the resolutions.
- (2)Amendment of the "the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its subsidiaries".
Executed in accordance with the resolutions.
- (3)Amendment of the "the Procedures for Endorsement and Guarantees by Wan Hai Lines Ltd. and its subsidiaries".
Executed in accordance with the resolutions.
- (4)Amendment of the "the Procedures for Acquisition or Disposal of Assets by Wan Hai Lines Ltd. and its subsidiaries" and the change for Acquisition or Disposal of a right-of-use Asset.

- Executed in accordance with the resolutions.
 (5) Amendment of the “Articles of Incorporation of Wan Hai Lines Ltd.”.
 Executed in accordance with the resolutions.
 (6) Amendment of the “Procedures for General Shareholder Meeting Rules by Wan Hai Lines Ltd.”.
 Executed in accordance with the resolutions.

* Major resolutions of the Board of Directors

Date	Resolutions
2021 3rd temporary meeting of the 21st Board (2021/01/25)	Motion: Proposed to purchase new containers. Resolution: The motions were passed by all directors present at the meeting.
2021 3rd temporary meeting of the 21 st Board (2021/01/25)	Motion: Proposed to major subsidiary Wan Hai Lines (Singapore) Pte Ltd. new shipbuilding procurement. Resolution: The motions were passed by all directors present at the meeting.
2021 3rd temporary meeting of the 21 st Board (2021/01/25)	Motion: Proposed to guarantee concerning the construction of new vessels by the significant subsidiary, Wan Hai Lines (Singapore) Pte Ltd. Resolution: The motions were passed by all directors present at the meeting.
2021 4th temporary meeting of the 21 st Board (2021/02/03)	Motion: Proposed to purchase new containers. Resolution: The motions were passed by all directors present at the meeting.
2021 5th temporary meeting of the 21 st Board (2021/03/10)	Motion: Proposed to purchase new ships. Resolution: The motions were passed by all directors present at the meeting.
2021 5th Meeting of the 21st Board (2021/03/22)	Motion: Propose to remove the non-compete clause for our managerial officers. Resolution: The motions were passed by all directors present at the meeting.
2021 5th Meeting of the 21st Board (2021/03/22)	Motion: Propose to 2020 Financial Statements and Consolidated Financial Statements. Resolution: The motions were passed by all directors present at the meeting.
2021 5th Meeting of the 21st Board (2021/03/22)	Motion: Propose to off-hire 2 ships right-of-use and on-hire 2 ships right-of-use. Resolution: The motions were passed by all directors present at the meeting.
2021 5th Meeting of the 21st Board (2021/03/22)	Motion: Propose to off-hire (disposal) right-of-use of ships. Resolution: The motions were passed by all directors present at the meeting.
2021 5th Meeting of the 21st Board (2021/03/22)	Motion: Propose to off-hire (disposal) right-of-use of 7 ships. Resolution: The motions were passed by all directors present at the meeting.
2021 5th Meeting of the 21st Board (2021/03/22)	Motion: Propose to determine reasons for 2021 convening general shareholders meeting. Resolution: The motions were passed by all directors present at the meeting
2021 5th Meeting of the 21st Board (2021/03/22)	Motion: Propose to 2020 surplus distribution. Resolution: The motions were passed by all directors present at the meeting
2021 5th Meeting of the 21st Board (2021/03/22)	Motion: Propose to capital increase by earnings to issue new shares. Resolution: The motions were passed by all directors present at the meeting.
2021 6th Meeting of the 21st Board (2021/05/11)	Motion: Propose to subsidiary Wan Hai Lines (Singapore) Pte Ltd Director reassignment. Resolution: The motions were passed by all directors present at the meeting.
2021 6th Meeting of the 21st Board (2021/05/11)	Motion: Propose to off-hire (disposal) right-of-use of ships Resolution: The motions were passed by all directors present at the meeting.
2021 6th Meeting of the 21st Board (2021/05/11)	Motion: Propose to the acquisition of a right-of-use reefer containers. Resolution: The motions were passed by all directors present at the meeting.
2021 6th Meeting of the 21st Board (2021/05/11)	Motion: Proposed to purchase new ships. Resolution: The motions were passed by all directors present at the meeting.
2021 7th Meeting of the 21st Board (2021/06/28)	Motion: Propose to change the date and the location of 2021 general shareholders meeting. Resolution: The motions were passed by all directors present at the meeting.
2021 7th Meeting of the 21st Board (2021/06/28)	Motion: Proposed to purchase new ships. Resolution: The motions were passed by all directors present at the meeting.
2021 8th Meeting of the 21st Board (2021/08/09)	Motion: Propose to determine capital increase by earnings to issue new shares, exclude right and exclude dividend. Resolution: The motions were passed by all directors present at the meeting.
2021 8th Meeting of the 21st Board(Aug 9, 2021)	Motion: Propose to the company's consolidated financial report for 2021/Q2. Resolution: The motions were passed by all directors present at the meeting.
2021 8th Meeting of the 21st Board (2021/08/09)	Motion: Propose to off-hire (disposal) right-of-use of ships. Resolution: The motions were passed by all directors present at the meeting.
2021 6th temporary meeting of the 21st Board (2021/09/08)	Motion: Proposed to purchase new containers. Resolution: The motions were passed by all directors present at the meeting.
2021 9th Meeting of the 21st Board (2021/11/09)	Motion: Wan Hai Lines (Singapore) Pte Ltd intended to purchase ships. Resolution: The motions were passed by all directors present at the meeting.

Date	Resolutions
2021 10th Meeting of the 21st Board (2021/12/10)	Motion: Wan Hai Lines (Singapore) Pte Ltd intended to purchase ships. Resolution: The motions were passed by all directors present at the meeting.
2021 10th Meeting of the 21st Board (2021/12/10)	Motion: Proposed to guarantee for the significant subsidiary, Wan Hai Lines (Singapore) Pte Ltd. Resolution: The motions were passed by all directors present at the meeting.
2021 10th Meeting of the 21st Board (2021/12/10)	Motion: Propose to lease Honmokufuto D-4 Container Terminal, port of Yokohama. Resolution: The motions were passed by all directors present at the meeting.

3.3.14 From the past year and current year up to the annual report's publish date, dissenting opinions that have been recorded as written declarations from directors with regards to a major resolution passed by the board of directors: None

3.3.15 Summary of resignations and dismissals from the past year and current year up to the annual report's publish date that connected with the company's financial report: None

The connected with company includes the President, the General Manager, the Accounting Manager, the Financial Manager, the Audit Manager, and the RD Manager etc.

3.3.16 Procedures for handling important internal information

The company has passed the management and internal control operation to prevent insider trading at the 17th session of the board of directors, and abides by the operation.

The relevant specifications of the procedure are stated as follows:

1. The company timely publicizes related regulations to prevent insider trading for new and current directors, audit committees, managers and internal high-level personnel.
2. The company's major internal information, including major internal news or trade secrets that affect the stock price, important business, and financial affairs they shall be properly protected or encrypt and add warnings about confidentiality and prevention of insider trading when they are transmitted in writing, e-mail or other electronic means.
3. The disclosure of major internal news of the company shall be provided by the company's spokesperson or agent unless otherwise provided by laws or regulations. The spokesperson handles and confirms the order of agents.
4. The speech content of the company's spokesperson and acting spokesperson shall be limited to the scope authorized by the company. Except for the person in charge, spokesperson, acting spokesperson, and the authorized person designated by the project, the company's personnel without authorization shall not expose major internal news outside.

The company has disclosed the above specifications in internal public folders for employees, managers, and directors to refer to them at any time.

3.3.17 Company Remuneration Committee

1. Remuneration Committee Member Information

Position	Condition Name	Professional qualification and experiences	Independency	Number of other public companies concurrently serving on as a Remuneration Committee member
Independent Directors (convener)	Rung-Nian Lai	Refer to Attachment to page 13, regarding directors and supervisors.	Self, spouse and a relative within the second degree of kinship not be an employee, director or supervisor of the company or its affiliates. Neither self and minor children nor nominee shareholder holds shares issued by the company. Spouse holds 1,100 shares issued by the company. Not an employee, director or supervisor of a company with specific relationship with the company. Not provide commercial, legal, or financial services to the company or its affiliates for the past two years. Not concurrently serving as a Remuneration Committee member of other public companies.	0
Independent Directors	Stephanie Lin	Refer to Attachment to page 13, regarding directors and supervisors.	Self, spouse and a relative within the second degree of kinship not be an employee, director or supervisor of the company or its affiliates. Self hold 629,912 shares and minor children hold 629,912 shares issued by the company. Neither spouse nor nominee shareholder holds shares issued by the company. Not an employee, director or supervisor of a company with specific relationship with the company. Not provide commercial, legal, or financial services to the company or its affiliates for the past two years. Not concurrently serving as a Remuneration Committee member of other public companies.	0
Member	Ming-Zhu Chen	Education: Master of Science, Department of Urban Design, Columbia University. Master of Science, Department of Architecture, Ohio University. Curriculum Vitae: Member of International Association of Ports and Urban Academic Committee (IAPC); Chief Urban planner of Gresham & Smith Architects; Chair of Engineering & Graphics Department, Denmark Technical College; Chief Planner of Harbison New City; Urban Planner of Housing and Urban Development Department, New York City; Chair of Department of Architecture & Urban Design, Chinese Culture University; Chair of Department of Architecture, Tamkang University. Current Positions: Distinguished Professor of Chinese Culture University and Supervisor of Chinese Culture University Alumni Association; Member of Remuneration Committee, Wan Hai Lines; Chairman of Foundation for Research on Open Space, Taipei; Executive director of The Real Estate Association of R.O.C. (FIACBI). Qualified to assume the positions of college and university lecturer and above and for working at Wan Hai Lines. None of the situations provided in Article 30 of the Company Law occurred. (Note 1)	Self, spouse and a relative within the second degree of kinship not be an employee, director or supervisor of the company or its affiliates. Neither self and a relative within the second degree of kinship nor nominee shareholder holds shares issued by the company. Not an employee, director or supervisor of a company with specific relationship with the company. Not provide commercial, legal, or financial services to the company or its affiliates for the past two years. Concurrently serving as an Remuneration Committee member of Shih Lin Paper Corp.	1

Note 1: Article 30 of Company Act: A person who is under any of the following circumstances shall not act as a managerial personnel of a company. If he has been appointed as such, he shall certainly be discharged:

- (1) Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of the sentence is less than five years;
- (2) Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently punished with imprisonment for a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;
- (3) Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
- (4) Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;
- (5) Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet; or
- (6) Having no or only limited disposing capacity.
- (7) Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

2. The jurisdiction of Remuneration Committee

The Committee shall perform the following function faithfully with the due care of a good administrator in mind, and shall make recommendations and submit to the Board of directors for discussion and resolution for the following item.

- (1) Formulate and regularly review the policy, system, standards, and structure of the performance assessment, salary, and remuneration of Directors and managerial officers.
- (2) Regular assessment and determination of compensation for Directors and managers.

3. Remuneration Committee operation

- (1) The Remuneration Committee consists of three members with majority of independent directors.
- (2) The tenure of 4th term members commenced on August 10, 2020 and expired on June 22, 2023. The Remuneration Committee convened 2 (A) meeting in 2021. The qualification and attendance of members is as follows:

2021/12/31

Position	Name	Number of actual participations (B)	Number of actual participations through a proxy	Rate of actual participations(%) (B / A)	Remarks
Convener	Rung-Nian Lai	2	0	100%	
Member	Stephanie Lin	1	1	50%	
Member	Ming-Zhu Chen	2	0	100%	

Other information:

(1) The Board of Directors shall record the date and session of board meetings, contents of motions, resolutions, and measures taken concerning the recommendation of the Remuneration Committee, if it does not adopt or decide to revise the recommendation (For example, if the compensation passed by the Board of Directors is higher than the recommendation proposed by the Remuneration Committee, the Board shall record the differences and reasons): None.

(2) Resolutions approved by the Remuneration Committee where members have expressed opposition or opinions that have been noted in the record or declared in writing, the meeting minutes shall record the date and session of the Remuneration Committee, content of the resolution, and all members responses regarding the opinions: None.

4. Major resolutions of the Remuneration Committee

Date	Resolutions
2021 second meeting of the 4 th Remuneration Committee (March 22, 2021)	<p>1. Motion: Distribution of remuneration to directors and employees,(including managerial officers) in 2020. All members of the remuneration committee agreed to pass the motion and submitted it to the Board of Directors for approval.</p> <p>2. Motion: Giving managerial officers a raise in 2021. All members of the remuneration committee agreed to pass the motion and submitted it to the Board of Directors for approval. Two motions were passed at the second meeting of the fourth-term remuneration committee, and were passed without objection by all directors attending the 5th Board meeting of the 21st term of Board of Directors.</p>
2021 third meeting of the 4 th Remuneration Committee (November 9, 2021)	<p>Motion: Annual bonus for managerial officers in 2021. The motion was passed by all members attending the third meeting of the fourth-term remuneration committee, and was lawfully submitted to the Board of Directors for approval, and subsequently passed without objection by all directors attending the 9th meeting of the 21st term of the Board of Directors.</p>

3.3.18 The company establish a Nomination Committee: None

3.3.19 Discrepancies between actual performance of ethical corporate management and “Ethical Corporate Best Practice Principles for TWSE/GTSM Listed Companies” and the reasons.

Assessment Item	Implementation Status		Discrepancy with industry standards and reasons
	Yes	No	
<p>1. Establishment of ethical management policy and programs</p> <p>(1) Does the company have regulations and publicly available documents addressing its ethical management policy and measures, and the commitment regarding implementation of such policy from the Board of Directors and the management team?</p> <p>(2) Does the company establish preventive measures for the business activities as prescribed in paragraph 2, article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and any other such activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct?</p> <p>(3) Does the company establish relevant policies which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, consequence of violation, and complaint procedures in such policies?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>(1) The company has stipulated “Ethical Corporate Management Best Practice Principles” (https://www.wanhai.com/file/whl_www/csr-ecm-82861.pdf) on December 19th , 2018 under the approval of the Board of Directors. The Principles have clearly stated the policies and practices of ethical corporate management of the company, as well as the commitment of the Board of Directors and management team to actively implement these policies. In addition, the company has also disclosed the aforementioned principles publicly in the “Ethical Corporate Management Section” of its website and an internal bulletin board of the company.</p> <p>(2) The company has stipulated relevant prevention measures in accordance with all items in Clause 2 of Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and business activities that contain higher risk of unethical behaviors in other business areas, and the company has requested all departments of the company to implement it strictly.</p> <p>(3) The company has stipulated “Ethical Corporate Management Procedures and Guidelines” (https://www.wanhai.com/file/whl_www/csr-ecm-82862.pdf) and “Report System of Illegal (including corruption) and Unethical Behavior” (https://www.wanhai.com/file/whl_www/csr-ecm-82863.pdf) on December 19th , 2018 under the approval of the Board of Directors. The aforementioned policies have specified the form of unethical behaviors, fair and transparent business activities, illegitimate interests including offering and accepting bribery, avoidance of conflicts of interest, and plans to prevent unethical behaviors. The policies have also clearly stipulated disciplinary actions for violating the policies and the report system. The designated unit of the company (Administration Division) is responsible for promoting and supervising the implementation of ethical corporate management policies and prevention plans.</p>	<p>No Difference</p> <p>No Difference</p> <p>No Difference</p>
<p>2. Ethical Management Practices</p> <p>(1) Does the company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p> <p>(2) Does the company set up a unit which is dedicated to or tasked with promoting the company’s ethical management that reports to the Board of Directors periodically on relevant matters?</p> <p>(3) Does the company establish policies for preventing conflicts of interest, provide appropriate communication, complaint channels, and implement such policies properly?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>(1) A. The company has stipulated regulations for ethical record assessment and enactment of clauses for ethical behaviors. B. The company requests all suppliers to sign the “Supplier Commitment” and abide by “Supplier Management Policies”. The main content of the Commitment is as follows: a. Comply with ethical corporate management best practice principles and engage in commercial activities in a fair and transparent manner. b. Respect intellectual property rights and comply with relevant laws and regulations. c. The company insist to abide by the principle of business integrity and any improper interest is strictly forbidden. d. If the company has obtained confidential information due to business needs, the company agrees that it shall keep such information protected, confidential, and use the information legally and appropriately to avoid damage due to leakage.</p> <p>(2) Administration Division is the designated unit for promoting ethical corporate management and the Department is responsible for stipulating and supervising the implementation of the policies of ethical management and prevention plan. The Department assists the Board of Directors and management team to review and assess whether the preventive measures established for the ethical management implementation are carried out effectively. The Department reports the status of implementation at the Board of Directors meetings in every December regularly.</p> <p>(3) The company has stipulated “Ethical Corporate Management Best Practice Principles” and “Ethical Corporate Management Procedures and Guidelines” in 2018 to prevent conflicts of interest and provide appropriate reporting channels. The aforementioned policies are implemented through the internal control system, audit system and various internal management policies of the company.</p>	<p>No Difference</p> <p>No Difference</p> <p>No Difference</p>

Assessment Item	Implementation Status			Discrepancy with industry standards and reasons
	Yes	No	Summary	
(4) To implement ethical management policies, does the company establish effective accounting and internal control systems that are audited by internal auditors or CPA periodically?	✓		(4) The Company has established an effective accounting system, internal control system, and internal audit implementation rules. The internal audit unit conducts an internal audit to check the implementation of the internal control system each year and continuously review the operating procedures of the Company.	No Difference
(5) Does the Company provide internal and external ethical management training programs on a regular basis?	✓		(5) The Company has stipulated "Ethical Corporate Management Best Practice Principles", "Ethical Corporate Management Procedures and Guidelines", and "Report System of Illegal (including corruption) and Unethical Behavior" in 2018. The Company promotes the ethical corporate management concept consistently through internal public information, education and training to implement the ethical corporate management. The subjects include corporate insider trading prevention, business ethics, trade secret law, competition law, etc. In 2021, six training sessions were held with a total duration of 2.5 hours and an attendance of 2,471 persons..	No Difference
3. Implementation of complaints procedures				
(1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓		(1) The company has stipulated "Report System of Illegal (including corruption) and Unethical Behavior" to encourage internal and external personnel report any improper conduct that violates "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Procedures and Guidelines ". The Report System clearly defines the relevant reporting methods and incentive mechanisms. In addition, an independent reporting mailbox (comment@wanhai.com) was set up to establish a convenient reporting channel. The mailbox is disclosed on the "Ethical Corporate Management Section" of the company website and an internal bulletin board. The head of Administration Division is the designated personnel for handling the reports.	No Difference
(2) Does the company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner?	✓		(2) The company has stipulated "Report System of Illegal (including corruption) and Unethical Behavior" in 2018. A designated unit is responsible for handling the reports in accordance with the procedures. Personnel of the company who handle reported violations shall use written declarations to ensure that the identity of the reporter and the content of the report is kept confidential. The company also promises to protect the reporter from improper and unfair treatment because of the reported violation.	No Difference
(3) Does the company adopt proper measures to prevent a complainant from retaliation for filing a complaint?	✓		(3) Personnel of the company who handle reported violations shall use written declarations to ensure that the identity of the reporter and the content of the report are kept confidential. The company also promises to protect the reporter from improper or unfair treatment because of the reported violation..	No Difference
4. Enhancement of Information Disclosure				
(1) Does the company disclose its own ethical management guidelines as well as information about implementation of such guidelines on its website and Market Observation Post System?	✓		(1) The company has disclosed Ethical Corporate Management Best Practice Principles on the "Ethical Corporate Management Section" of the company website and Market Observation Post System. In addition, the results of promoting ethical corporate management are disclosed on the "Ethical Corporate Management Section".	No Difference
5. If the company has established its own ethical management guidelines based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation: The company comply with the company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, to facilitate ethical corporate management. And he company has established its own ethical management guidelines based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies; therefore, there is no significant difference				
6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy): None				

3.4 Information on CPA professional fees

Unit : TWD thousand

Name of CPA firm	Name of CPA		Audit Period	Audit fees	Non-audit fees	Total	Remarks
KPMG	Chun-Kuang Chen	Rou-Lan Kuo	2021/01/01 ~ 2021/12/31	6,200	1,450	7,650	-

Non-audit fees include: Tax audit reports, Transfer pricing reports, Fees for CPA's business trip, Capital increase by earnings, Review salary checklist.

- 1.If changed CPA firm with less audit fee, the audit fees before and after the change and the reason shall be disclosed: None.
- 2.If the audit fees reduced by 10% or more compared to the previous year, the amount, percentage, and reason of the reduction shall be disclosed: None.

3.5. Information on replacement of CPA

3.5.1 Former CPA:

Date of Change	Approved by BOD on 2020/03/26			Approved by BOD on 2021/03/22		
Reasons and Explanation of Changes	Due to the internal adjustment requirements of KPMG, the current CPA Yi-Chun Chen will be replaced by Rou-Lan Kuo starting from 2020.			Due to the internal adjustment requirements of KPMG, the current CPA Chung-Yi Chiang will be replaced by Chun-Kuang Chen starting from 2021.		
State whether the Appointment is Terminated or Rejected by the Consignor or CPA	Related parties	CPA	Consignor	Related parties	CPA	Consignor
	Status			Status		
	Appointment terminated automatically	-	-	Appointment terminated automatically	-	-
Appointment rejected (discontinued)	-	-	Appointment rejected (discontinued)	-	-	
The Opinions other than Unmodified Opinion Issued and the Reasons in the Last Two Years	None			None		
Any disagreement in opinion with the issuer	None			None		
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)	None			None		

3.5.2 Successor CPA:

Name of CPA firm	KPMG	KPMG
Name of CPA	Rou-Lan Kuo	Chun-Kuang Chen
Date of Engagement	Approved by BOD on 2020/03/26	Approved by BOD on 2021/03/22
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None	None

3.5.3 The Reply of Former CPA on Article 10.6.1 and Article 10.6.2.3 of the Standards: None.

3.6 Information of the chairman, president and managerial officers in charge of finance and accounting who has served as the company's certified public accountant or related parties in the past year: No

3.7. Changes in Shareholdings of Directors, Managers and major shareholders in the past year and up to the annual report publishing date

Title (note1)	Name	2021/1/1~2021/12/31		2022/1/1~2022/03/28		Remark
		Increase (Decrease) in holding shares	Increase (Decrease) in pledge holding shares	Increase (Decrease) in holding shares	Increase (Decrease) in pledge holding shares	
Chairman	Jiufu Garden Co., Ltd.	300,000	1,000,000	0	0	
	Representative: Po-Ting Chen	960,354	0	0	0	
Vice Chairman	TAILI Corporation	546,925	0	0	0	
	Representative: Randy Chen	0	0	0	0	
Director	CHEN-YUNG Foundation	3,190,217	0	0	0	
	Representative : Chih-Chao Chen	770,028	0	0	0	
Director	Sunshine Construction Co., Ltd	2,648,760	0	0	0	
	Representative: Chiu-Ling Wu	1,527,587	0	0	0	
Independent Director	Rung-Nian Lai	0	0	0	0	
Independent Director	Stephanie Lin	629,912	0	0	0	
Independent Director	Yi-Sheng Tseng	0	0	0	0	
Main shareholder	Yi Chun Navigation Inc.	28,523,429	0	0	0	
President	Fur-Lung Hsieh	10,931	0	0	0	
Executive Vice President	Wen-Chau Yeh	93	0	0	0	
Senior Vice President	Wei-Chien Chuang	937	0	0	0	
Vice President	Kuo-Loong Kao	6,219	0	0	0	
Vice President	Ming-Shan Huang	0	0	0	0	Retired on 2022/02/10
Vice President	Juang-Jyh Juang	0	0	0	0	
Vice President	Jen-Kai Wu	0	0	0	0	
Vice President	Chien-Cheng Hsiao	0	0	0	0	
Vice President	Shen-Hsing Lo	9,497	0	0	0	
Vice President (concurrently act as the manager of Corporate Governance)	Li-Mei Su	(1,212)	0	0	0	
Project Vice President	Wei-Shin Sheu	(4,749)	0	0	0	
Vice President	Hung-Chuan Chien	0	0	0	0	
Vice President	Huey-Jang Chung	18,129	0	0	0	
Vice President (concurrently act as Finance Officer)	Chih-Hsien Chen	8,621	0	0	0	
Vice President	Chien-Feng Wu	0	0	0	0	

Vice President (concurrently act as Chief Information Security Officer)	Ching-Yin Wang	(8,315)	0	0	0	
Vice President	Han-Peng Chu	4,125	0	0	0	
Vice President	I-Cheng Lin	0	0	0	0	
Vice President	Fei-Fei Chuang	400	0	0	0	
Vice President	Chiu-Fen Lin	0	0	1,000	0	
Vice President	Shyue-Jih Ma	0	0	0	0	
Deputy Vice President	Chun-Chieh Chen	0	0	0	0	
Deputy Vice President	I-Feng Lin	13	0	0	0	
Deputy Vice President	Fu-An Yang	0	0	0	0	
Deputy Vice President	Wen Yuan Chiang	0	0	0	0	
Deputy Vice President	Meng-Chuan Chang	(3,785)	0	0	0	
Assistant Vice President	Tze-Ling Chen	0	0	0	0	
Assistant Vice President	Chung-Ping Huang	0	0	0	0	
Assistant Vice President	Yi-Ching Wu	618	0	0	0	
Vice President	Cheng-Hsien Huang	0	0	0	0	
Deputy Vice President	Wei-Kai Huang	0	0	0	0	
Accounting Officer	Chia-Yi Hsiao	136	0	0	0	

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

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

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

2022/03/28

Name	Shareholding		Spouse and minors shareholding on current date		Shareholding in others name		The company's 10 largest shareholders are related parties		Remark
	Shares	Holding ratio	Shares	Holding ratio	Shares	Holding ratio	Name	Relation	
Yi Chun Navigation Inc. Representative:Ching-Chih Chen	313,757,720 0	12.85% 0.00%	0 10,004,868	0% 0.41%	0 0	0% 0%	None None	None None	None None
Asia Pacific Logistics International Co., Ltd. Representative: Fur-Tian Huang	194,539,837 0	7.97% 0.00%	0 0	0% 0.00%	0 0	0% 0%	None None	None None	None None
TCEL Representative:Hui-Ying Chen	187,993,144 0	7.70% 0.00%	0 0	0% 0.00%	0 0	0% 0%	None None	None None	None None
CCEL Representative:Chih-Yuan Chen	147,818,200 16,505,007	6.06% 0.67%	0 16,517,321	0% 0.67%	32,704,944 0	1.34% 0%	None None	None None	None None
Chun-Shin Lin	62,334,602	2.55%	784	0%	0	0%	None	None	None
Da Shin Investment, Inc. Representative:Yun-Yu Qiu	60,681,740 0	2.48% 0%	0 0	0% 0%	0 0	0% 0%	None None	None None	None None
Pictet & Cie (Europe) SA	52,604,247	2.15%	0	0%	0	0%	None	None	None
Banque Pictet N Cie SA	51,898,135	2.12%	0	0%	0	0%	None	None	None
Yeong Yi (Asia) Co., Ltd. Representative:Chih-Yuan Chen	45,379,496 16,505,007	1.85% 0.67%	0 16,517,321	0% 0.67%	0 0	0% 0%	None None	None None	None None
Liu He Investment, Inc. Representative:Yun-Yu Qiu	36,275,309 0	1.48% 0%	0 0	0% 0%	0 0	0% 0%	None None	None None	None None

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

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

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

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

2022/03/28; Unit: Shares,%

Investing Business (note)	Investment of then Company		Investment of Directors, Supervisors, Presidents and Direct or Indirect Controlling Business		Comprehensive Investment	
	Shares	Holdings%	Shares	Holdings%	Shares	Holdings%
Wan Hai Lines (Phils.) Inc.	0	0%	901,540	100%	901,540	100%
Wan Hai Lines (HK) Limited	0	0%	160,000,000	100%	160,000,000	100%
Wan Hai Lines (Singapore) Pte Ltd	979,399,234	100%	0	0%	979,399,234	100%
Wan Hai Lines (M) Sdn. Bhd.	0	0%	500,000	100%	500,000	100%
Yi Chun Shipping Agencies Sdn. Bhd	0	0%	200,000	100%	200,000	100%
Wan Hai Lines (Korea) Ltd.	0	0%	80,000	100%	80,000	100%
Guangzhou Wan Hai Information Technology Ltd.	No shares issued	0%	No shares issued	100%	No shares issued	100%
Wan Hai International Pte. Ltd.	0	0%	10,312,460	100%	10,312,460	100%
Wan Hai Lines (India) PVT Ltd.	0	0%	10,000	100%	10,000	100%
k.k. WH Corporation	500	100%	0	0%	500	100%
Wan Hai Lines (UAE.) LLC.	0	0%	147	49%	147	49%
WAN HAI SHIPPING LIMITED	0	0%	35,000	70%	35,000	70%
WAN HAI LINES PERU S.A.C.	0	0%	247,600	100%	247,600	100%
Taipei Port Container Terminal Corp.	79,315,476	15.25%	0	0%	79,315,476	15.25%
TK LOGISTICS INTERNATIONAL CO., LTD	14,300,000	55%	0	0%	14,300,000	55%
Dawin Logistics (International) Limited	0	0%	144,640,000	100%	144,640,000	100%
Wan Hang Tours Co., Ltd..	No shares issued	0%	No shares issued	50%	No shares issued	50%
Shenzhen Uniwin International Logistics Ltd.	No shares issued	0%	No shares issued	100%	No shares issued	100%
Clipper International Shipping Agency Ltd.	No shares issued	0%	No shares issued	49%	No shares issued	49%
Blue Ocean Logistics (Shanghai) Ltd	No shares issued	0%	No shares issued	100%	No shares issued	100%
Wan Hai Lines (Thailand) Ltd.	0	0%	49,000	49%	49,000	49%
United Stevedoring Corporation	781,250	15.63%	0	0%	781,250	15.63%
BAO SHENG SHIPPING AGENCY CO., LTD.	3,000,000	70.01%	0	0%	3,000,000	70.01%
Shenzhen Yong Chun International Shipping Management Co., Ltd.	No shares issued	0%	No shares issued	90%	No shares issued	90%
Wan Hai (Vietnam) Ltd.	No shares issued	0%	No shares issued	100%	No shares issued	100%
Tan Cang-Cai Mep International Terminal Co., Ltd	No shares issued	21.33%	No shares issued	0%	No shares issued	21.33%
PHUC XUAN MARITIME SERVICE CO.,LTD.	No shares issued	0%	No shares issued	49%	No shares issued	49%
Bravely International Pte. Ltd.	0	0%	28,262,221	100%	28,262,221	100%
Bravely (Myanmar) Transport and Logistics Company Limited	0	0%	4,000,000	80%	4,000,000	80%
Qingdao Port & Win International Logistics Co., LTD.	No shares issued	0%	No shares issued	50%	No shares issued	50%
WanHai Lines Ecuador S.A.	0	0%	100,000	100%	100,000	100%
Infinite Marine Investment Co., Ltd.	0	0%	5,550,000	100%	5,550,000	100%
HAI PHONG INTERNATIONAL CONTAINER TERMINAL COMPANY LIMITED	No shares issued	16.5%	No shares issued	0%	No shares issued	16.5%
Wan Hai Lines (Arizona) LLC.	No shares issued	0%	No shares issued	100%	No shares issued	100%
Wan Hai Lines (USA) LTD.	0	0%	284,381	100%	284,381	100%
HE CHUN LOGISTICS COMPANY LIMITED	No shares issued	0%	No shares issued	100%	No shares issued	100%
WH Logistics Private Limited	0	0%	100,000	50%	100,000	50%

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



Information on capital raising activities

4.1 Capital and Shares

4.1.1 Capital's Resource

Date	Issue Price	Authorized Capital		Issued Capital		Remark		
		Shares	Amount	Shares	Amount	Source of capital	Capital paid by property, rather than cash	Others
1994.09.27	10	360,000,000	3,600,000,000	360,000,000	3,600,000,000	Capital increment by retained earnings TWD 600,000,000	none	Note1
1996.06.22	10	720,000,000	7,200,000,000	450,000,000	4,500,000,000	Capital increment by retained earnings TWD 900,000,000	none	Note2
1997.07.30	10	720,000,000	7,200,000,000	720,000,000	7,200,000,000	Capital increment by cash TWD 675,000,000 Capital increment by retained earnings TWD 2,025,000,000	none	Note3
1998.06.25	10	1,200,000,000	12,000,000,000	900,000,000	9,000,000,000	Capital increment by retained earnings TWD 1,080,000,000 Capital increment by capital reserve TWD 720,000,000	none	Note4
1999.06.25	10	1,200,000,000	12,000,000,000	1,080,000,000	10,800,000,000	Capital increment by retained earnings TWD 1,350,000,000 Capital increment by capital reserve TWD 450,000,000	none	Note5
2000.07.15	10	1,500,000,000	15,000,000,000	1,296,000,000	12,960,000,000	Capital increment by retained earnings TWD 874,800,000 Capital increment by capital reserve TWD 1,285,200,000	none	Note6
2001.07.20	10	1,500,000,000	15,000,000,000	1,316,736,000	13,167,360,000	Capital increment by capital reserve TWD 207,360,000	none	Note7
2003.07.09	10	2,000,000,000	20,000,000,000	1,511,612,928	15,116,129,280	Capital increment by retained earnings TWD 1,948,769,280	none	Note8
2004.07.08	10	2,000,000,000	20,000,000,000	1,587,193,574	15,871,935,740	Capital increment by retained earnings TWD 755,806,460	none	Note9
2004.11.02	10	2,000,000,000	20,000,000,000	1,587,543,305	15,875,433,050	Convertible bonds converted to common stock TWD 3,497,310	none	Note10
2005.02.22	10	2,000,000,000	20,000,000,000	1,600,746,843	16,007,468,430	Convertible bonds converted to common stock TWD 132,035,380	none	Note10
2005.05.04	10	2,000,000,000	20,000,000,000	1,678,951,738	16,789,517,380	Convertible bonds converted to common stock TWD 782,048,950	none	Note10
2005.08.03	10	2,000,000,000	20,000,000,000	1,699,236,239	16,992,362,390	Convertible bonds converted to common stock TWD 202,845,010	none	Note10
2005.09.28	10	2,000,000,000	20,000,000,000	1,868,839,275	18,688,392,750	Capital increment by retained earnings TWD 1,611,228,840 Capital increment by capital reserve TWD 84,801,520	none	Note11
2005.10.13	10	2,000,000,000	20,000,000,000	1,870,086,655	18,700,866,550	Convertible bonds converted to common stock TWD 12,473,800	none	Note10
2006.10.12	10	2,500,000,000	25,000,000,000	2,057,095,321	20,570,953,210	Capital increment by retained earnings TWD 1,870,086,660	none	Note12
2007.07.27	10	2,500,000,000	25,000,000,000	2,057,307,642	20,573,076,420	Convertible bonds converted to common stock TWD 2,123,210	none	Note10
2007.10.12	10	2,500,000,000	25,000,000,000	2,068,227,049	20,682,270,490	Convertible bonds converted to common stock TWD 109,194,070	none	Note10
2008.01.14	10	2,500,000,000	25,000,000,000	2,072,291,486	20,722,914,860	Convertible bonds converted to common stock TWD 40,644,370	none	Note10

Date	Issue Price	Authorized Capital		Issued Capital		Remark		
		Shares	Amount	Shares	Amount	Source of capital	Capital paid by property, rather than cash	Others
2008.04.18	10	2,500,000,000	25,000,000,000	2,078,357,829	20,783,578,290	Convertible bonds converted to common stock TWD60,663,430	none	Note10
2008.09.05	10	2,500,000,000	25,000,000,000	2,182,275,721	21,822,757,210	Capital increment by retained earnings TWD 1,039,178,920	none	Note13
2008.12.05	10	2,500,000,000	25,000,000,000	2,177,573,254	21,775,732,540	Return of capital by merging Yi-Chun Express Co., Ltd. TWD 47,024,670	none	Note14
2009.01.12	10	2,500,000,000	25,000,000,000	2,155,751,254	21,557,512,540	Retire Treasury Stock TWD 218,220,000	none	Note15
2009.03.11	10	2,500,000,000	25,000,000,000	2,146,606,254	21,466,062,540	Retire Treasury Stock TWD 91,450,000	none	Note16
2009.05.11	10	2,500,000,000	25,000,000,000	2,117,533,254	21,175,332,540	Retire Treasury Stock TWD 290,730,000	none	Note17
2009.08.13	10	2,500,000,000	25,000,000,000	2,112,664,254	21,126,642,540	Retire Treasury Stock TWD 48,690,000	none	Note18
2011.09.02	10	2,500,000,000	25,000,000,000	2,218,297,466	22,182,974,660	Capital increment by retained earnings TWD 1,056,332,120	none	Note19
2021.10.05	10	3,600,000,000	3,600,000,000	2,440,127,212	24,401,272,120	Capital increment by retained earning TWD 2,218,297,460	none	Note20

Note1: Approved by SFC on July 22,1994 with notice (83) Tai-tsai-chen (I) No.32532

Note2: Approved by SFC on May 30,1996 with notice (85) Tai-tsai-chen (I) No.33869

Note3: Approved by SFC on May 24,1997 with notice (86) Tai-tsai-chen (I) No.38192 on May 19,1997 with notice (86) Tai-tsai-chen (I) No.39738

Note4: Approved by SFC on June 2,1998 with notice (87) Tai-tsai-chen (I) No.48091

Note5: Approved by SFC on May 24,1999 with notice (88) Tai-tsai-chen (I) No.48511

Note6: Approved by SFC on June 16,2000 with notice (89) Tai-tsai-chen (I) No.51473

Note7: Approved by SFC on June 18,2001 with notice (90) Tai-tsai-chen (I) No.138422

Note8: Approved by SFC on July 9, 2003 with notice (92) Tai-tsai-chen (I) No.0920130756

Note9: Approved by SFB on July 8, 2004 with notice (93) Tai-tsai-chen (I) No.0930130230

Note10: Approved by SFC on Jan 14, 2003 with notice Tai-tsai-chen (I) No.09100168501

Note11: Approved by SFB on July 12, 2005 with notice (94) No.0940128150

Note12: Approved by SFB on July 12, 2006 with notice No.0950130049

Note13: Approved by SFB on July 8, 2008 with notice No.0970033912

Note14: Approved by MOEA on December 5, 2008 with notice No.09701306840

Note15: Approved by SFB on October 31, 2008 with notice No.0970058655

Note16: Approved by SFB on January 8, 2009 with notice No.0970072104

Note17: Approved by SFB on March 18, 2009 with notice No.0980010596

Note18: Approved by SFB on May 20, 2009 with notice No.0980024236

Note19: Approved by SFB on July 21, 2011 with notice No. 1000032221

Note20: Approved by SFB on August 5,2021

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Type	Shares	Authorized Capital			Remark
		Issued on Market	Unissued	Total	
Common Stock		2,440,127,212	1,159,872,788	3,600,000,000	-

4.1.2 Shareholder's Composition

2022/3/28

	Government institution	Financial institution	Other Corporation	Individual	Foreign institutes and corporation	Total
Stockholder's No	3	49	273	122,202	825	123,352
Holding shares	10,773,772	22,388,066	764,377,668	597,532,109	1,045,055,597	2,440,127,212
Holding percentage	0.44%	0.92%	31.32%	24.49%	42.83%	100%

4.1.3 Shares' Distribution

2022/3/28

Shares Level	Stockholder's No.	Holding shares	Holding percentage
1-----999	44,553	7,552,602	0.31%
1,000-----5,000	66,372	121,258,109	4.97%
5,001-----10,000	6,823	49,102,899	2.01%
10,001-----15,000	2,148	26,362,800	1.08%
15,001-----20,000	959	17,209,492	0.71%
20,001-----30,000	856	20,989,971	0.86%
30,001-----40,000	387	13,681,323	0.56%
40,001-----50,000	238	10,878,529	0.45%
50,001----100,000	446	31,234,953	1.28%
100,001----200,000	211	28,823,961	1.18%
200,001----400,000	117	32,357,445	1.33%
400,001----600,000	52	25,348,406	1.04%
600,001----800,000	33	22,583,453	0.92%
800,001----1,000,000	21	18,900,474	0.77%
1,000,001 and above	136	2,013,842,795	82.53%
Total	123,352	2,440,127,212	100%

4.1.4 Main share holders

The top ten shareholder's name, holding shares, and holding percentage

2022/3/28

Main share holders	Holding Shares	Holding percentage
Yi Chun Navigation Inc.	313,757,720	12.85%
Asia Pacific Logistics International Co., Ltd.	194,539,837	7.97%
Taiwan (Liberia) Container Express Co., Ltd.	187,993,144	7.70%
China (Liberia) Container Express Co., Ltd. (Note)	180,523,144	7.40%
Chun-Hsing Lin	62,334,602	2.55%
Da Shin Investment, Inc.	60,681,740	2.48%
Pictet & Cie (Europe) S.A.	52,604,247	2.15%
Banque Pictet & Cie SA	51,898,135	2.12%
Yeong Yi (Asia) Co., Ltd.	45,379,496	1.85%
Liu He Investment, Inc.	36,275,309	1.48%

Note : The number of shares includes the Bank SinoPac as Custodian for CCEL

4.1.5 Market Price, Net Value, Earnings and Dividends per share for the past 2 years and this year

Unit: TWD and share

Item		Year	2021	2020	2022/1/1-2022/3/29 (Note 8)
Market Price per share (Note 1)	Highest		353	57.7	205
	Lowest		40.60	11.85	145
	Average		189.34	36.35	178.3
Net Value per share (Note 2)	Before Distribution		59.13	19.79	-
	After Distribution		42.39	17.99	-
Earnings per share	Weighted Average shares		2,440,127,212	2,218,297,466	2,440,127,212
	Earning Per Share (Note 3)		42.35	5.1	-
Dividend per share	Cash Dividend		10.5	1	-
	Stock Dividend	Dividends from Retained Earnings	1.5	1	-
		Dividends from Capital Surplus	0	0	-
	Accumulated dividend not paid (Note 4)		0	0	-
Return on Investment	Price / Earning Ratio (Note 5)		4.47	7.13	4.21
	Price / Dividend Ratio (Note 6)		18.03	36.35	16.98
	Cash Dividend Yield Rate (Note 7)		0.06	0.03	0.06

The retrospectively adjusted market price of issued shares and cash dividend information shall be disclosed when there is capital increase by retained earning or capital surplus.

Note1: Listed the highest and the lowest price of common stock and calculated average price by value and volume.

Note2: The calculation is based on outstanding shares by the end of the year and the distributions approved by the Meeting of the Board of Directors in the next year.

Note3: Adjustments to the before and after figures on retroactive adjustments to non-denominated stock dividends are to be duly noted.

Note4: Approved by the Meeting of the Board of Directors, but not approved by shareholders' meeting, has no adjustment required.

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

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

Note7: Price / Dividend Ratio = Average Market Price / Annual Dividend per Share Note8: Cash Dividend Yield = Annual Dividend per Share / Average Market Price

Note8: In respect to book value per share and net earnings per share, data from the latest quarter that has been verified by a CPA up until the date of publication of the Annual Report should be filled in. For all other columns, the Company should fill in the year's information until the date of publication of the Annual Report.

4.1.6 Dividend Policy and Implementation Status

1. Dividend 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. 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 10 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.

2. Proposed Distribution of Dividend

The company's 2021 net income after tax was TWD 103,342,908,028, and the other comprehensive loss was TWD4,102,069 (2021 re-measurement of the defined benefit plans). According to the relevant laws and regulations and the company's articles of incorporation, after appropriating the 10% legal reserve TWD 10,333,880,596 and the special reserve TWD747,892,105, plus the unappropriated retained earnings, TWD7,656,094,435 at the beginning, there were TWD99,913,127,693 available for distribution. The proposed allocation of TWD29,281,526,536 for dividend distribution is as follows:
(1)Cash dividends is TWD 10.5 per share, totaling TWD25,621,335,726.
(2)Stock dividends is TWD 1.5 per share, totaling TWD3,660,190,810.

4.1.7 Impact of Stock Dividends issuance on the Company's Business Performance and Earnings per Share: It is not applicable.

4.1.8 Compensation of Employees and Directors

1. Information Relating to Compensation of Employees, and Directors in the Articles of Incorporation: Please refer to 4.1.6 -1.
2. The basis for estimating the amount of employee, and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: The estimated figures for the fiscal year of 2021 for employees compensation is TWD777,558,181 and directors compensation is TWD129,593,030. It is as same as distributed amount of the resolutions in the board of directors meeting.
3. Distribution of Compensation of Employees and Directors for 2021 Approved in the Board of Directors Meeting:
 - (1)Recommended Distribution of Compensation of Employees and Directors: In 2021, the Company appropriated TWD777,558,181 as directors compensation, and TWD129,593,030 as employees compensation.
 - (2)The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income and total employee compensation: There's no proposed distribution of employee compensation distributed in stocks in 2021.
 - (3)The annual report shall assess the effect upon imputed earnings per share of any proposed distribution of employees, and directors compensation: Diluted earnings per share is TWD42.27/share.
 - (4)The actual distribution of Compensation of Employees and Directors of the previous year (including distributed shares, amount and market price). If the amounts distributed vary from the amount recognized, it should display the difference amount, reason and the status of handling procedure: The company distributed TWD143,616,713 as directors' compensation, and TWD143,616,713 as employee compensation of year 2020. The actual distribution was in line with the resolution of the board of directors.

4.1.9 Buyback of Common Stock: None.

4.2 Status of Corporate Bond

Bond Type	1st Ordinary unsecured bond issuing of 2014		1st Ordinary unsecured bond issuing of 2016	1st Ordinary unsecured bond issuing of 2017
	A	B		
Issue date	Aug. 14, 2014		June 21, 2016	June 26, 2017
Par value	TWD1,000,000		TWD1,000,000	TWD1,000,000
Place of listing	At R. O. C.		At R. O. C.	At R. O. C.
Issue price	At Par value		At Par value	At Par value
Total issue amounts	TWD1,000 million	TWD800 million	TWD3,000 million	TWD2,100 million
Coupon rate	Fixed annual rate at 1.65%	Fixed annual rate at 1.95%	Fixed annual rate at 1.18%	Fixed annual rate at 1.55%
Maturity date	5-year , Date of maturity : Aug. 14, 2019	7-year , Date of maturity : Aug. 14, 2021	5-year , Date of maturity : June 21, 2021	5-year , Date of maturity : June 26, 2022
Guarantee institute	None		None	None
Trustee	H.C.B. Trust Dept.		H.C.B. Trust Dept.	H.C.B. Trust Dept.
Lead manager	None		Master link Securities	Yuanta Securities
Endorsement lawyer	Modern Law office		Modern Law office	Modern Law office
Endorsement accountant	KPMG		KPMG	KPMG
Redemption	on the Maturity Date		on the Maturity Date	on the Maturity Date
Outstanding amount	TWD1,800,000,000		TWD3,000,000,000	TWD2,100,000,000
Redemption / Call option	None		None	None
Restriction covenants	None		None	None
Rating institute Rating date Rating result of the bond	None		None	None
Rights	The amounts of bonds converted	None	None	None
	Terms and Conditions for issuance and conversion	None	None	None
Terms and Conditions for issuance and conversion	None		None	None
Trustee for conversion	None		None	None

Bond Type	1st Ordinary unsecured bond issuing of 2019		2nd Ordinary unsecured bond issuing of 2019		1st Ordinary unsecured bond issuing of 2020
	A	B	A	B	
Issue date	June 18, 2019		OCT. 07, 2019		OCT 23, 2020
Par value	TWD1,000,000		TWD1,000,000		TWD 1,000,000
Place of listing	At R. O. C.		At R. O. C.		At R. O. C.
Issue price	At Par value		At Par value		At Par value
Total issue amounts	TWD1,500 million	TWD3,300 million	TWD1,200million	TWD2,000 million	TWD2,500 million
Coupon rate	Fixed annual rate at 0.95%	Fixed annual rate at 1.05%	Fixed annual rate at 0.97%	Fixed annual rate at 1.07%	Fixed annual rate at 0.97%
Maturity date	3-year · Date of maturity : June 18, 2022	5-year · Date of maturity : June 18, 2024	5-year · Date of maturity : OCT. 07, 2024	7-year · Date of maturity : OCT. 07, 2026	5-year · Date of maturity : OCT 23, 2025
Guarantee institute	None		None		None
Trustee	JIH SUN Int. Bank. Trust Dept.		JIH SUN Int. Bank. Trust Dept.		JIH SUN Int. Bank. Trust Dept.
Lead manager	Yuanta Securities		Master link Securities		Master link Securities
Endorsement lawyer	Modern Law office		Modern Law office		Modern Law office
Endorsement accountant	KPMG		KPMG		KPMG
Redemption	on the Maturity Date		on the Maturity Date		on the Maturity Date
Outstanding amount	TWD4,800,000,000		TWD3,200,000,000		TWD2,500,000,000
Redemption / Call option	None		None		None
Restriction covenants	None		None		None
Rating institute Rating date Rating result of the bond	None		None		None
Rights	The amounts of bonds converted	None		None	None
	Terms and Conditions for issuance and conversion	None		None	None
Terms and Conditions for issuance and conversion	None		None		None
Trustee for conversion	None		None		None

4.3 Status of preferred stock: None.

4.4 Status of Global Depositary Receipt: None.

4.5 Status of Employee Stock Options: The company has not executed employee stock options.

4.6 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

4.7 Financing Plans and Implementation.

Domestic ordinary corporate bonds capital status and planning:

A. 2014 Wan Hai domestic ordinary corporate bonds:

1. Total amount of fund required: TWD5,000,000,000.
2. Funding: issue TWD1,800,000,000 of domestic ordinary corporate bonds, with the remaining TWD3,200,000,000 is coming from its own fund or loans.
3. Implementation status as follows:

Unit: TWD thousand

Program Item	Execution Situation		Accumulated till Dec. 31, 2021	Reason for being ahead or behind schedule
Loan payment	Amount	Program	4,538,478	The project completed
		Actual	4,538,478	
	Progress	Program	100.00%	
		Actual	100.00%	
Increase operating fund	Amount	Program	461,522	The project completed
		Actual	461,522	
	Progress	Program	100.00%	
		Actual	100.00%	

B. 2016 Wan Hai domestic ordinary corporate bonds:

1. Total amount of fund required: TWD3,000,000,000.
2. Funding: issue TWD3,000,000,000 of domestic ordinary corporate bonds.
3. Implementation status as follows:

Unit: TWD thousand

Program Item	Execution Situation		Accumulated till Dec. 31, 2021	Reason for being ahead or behind schedule
To repay debt and to strengthen financial structure	Amount	Program	3,000,000	The project completed
		Actual	3,000,000	
	Progress	Program	100.00%	
		Actual	100.00%	

C. 2017 Wan Hai domestic ordinary corporate bonds:

1. Total amount of fund required: TWD2,100,000,000.
2. Funding: issue TWD2,100,000,000 of domestic ordinary corporate bonds.
3. Implementation status as follows:

Unit: TWD thousand

Program Item	Execution Situation		Accumulated till Dec. 31, 2021	Reason for being ahead or behind schedule
To repay debt and to strengthen financial structure	Amount	Program	2,100,000	The project completed.
		Actual	2,100,000	
	Progress	Program	100.00%	
		Actual	100.00%	

D. 2019-1 Wan Hai domestic ordinary corporate bonds:

1. Total amount of fund required: TWD4,800,000,000.
2. Funding: issue TWD4,800,000,000 of domestic ordinary corporate bonds.
3. Implementation status as follows:

Unit: TWD thousand

Program Item	Execution Situation		Accumulated till Dec. 31,2021	Reason for being ahead or behind schedule
To repay debt and to strengthen financial structure	Amount	Program	4,800,000	The project completed.
		Actual	4,800,000	
	Progress	Program	100.00%	
		Actual	100.00%	

E. 2019-2 Wan Hai domestic ordinary corporate bonds:

1. Total amount of fund required: TWD3,200,000,000.
2. Funding: issue TWD3,200,000,000 of domestic ordinary corporate bonds.
3. Implementation status as follows:

Unit: TWD thousand

Program Item	Execution Situation		Accumulated till Dec. 31,2021	Reason for being ahead or behind schedule
To repay debt and to strengthen financial structure	Amount	Program	3,200,000	The project completed.
		Actual	3,200,000	
	Progress	Program	100.00%	
		Actual	100.00%	

F. 2020-1 Wan Hai domestic ordinary corporate bonds:

1. Total amount of fund required: TWD2,500,000,000
2. Funding: issue TWD2,500,000,000 of domestic ordinary corporate bonds.
3. Implementation status as follows:

Unit: TWD thousand

Program Item	Execution Situation		Accumulated till Dec. 31,2021	Reason for being ahead or behind schedule
To repay debt and to strengthen financial structure	Amount	Program	2,500,000	The project completed.
		Actual	2,500,000	
	Progress	Program	100.00%	
		Actual	100.00%	



Condition of the Business Operation

5.1 Business profile

5.1.1 Scope of business

1. Marine transportation (97.3%)
2. Shipping agency (0.97%)
3. Purchase & sales of vessels and containers (0.11%)
4. Container freight station business (0.37%)
5. Leasing of vessels and containers (1.25%)

The company provides full-containerized shipping service covering ports in Japan, Korea, Taiwan, China, Hong Kong, Thailand, Indonesia, Philippines, Singapore, Malaysia, Vietnam, Myanmar, Cambodia, India, Pakistan, Sri Lanka, Bangladesh, the Middle East, Egypt, the United States, Mexico, Guatemala, Columbia, Ecuador, Peru, and Chile. The company also operates shipping agency business and is currently representing Norwegian HOEGH AUTOLINERS as their general agent in Taiwan for the import and export of vehicle and other cargoes. The company deploys its services with domestic and foreign shipping operators. Additionally, the company continues with its new service and studies of new markets to enhance its competitiveness overseas.

5.1.2 General State of the Industry

1. Current State and Development of the Industry.

In 2021, due to the benefit of rising Covid-19 vaccination rates, global economy gradually recovered. IMF predicted a global economic growth rate of 5.9% for 2021, which was a huge improvement over -3.1% for 2020. Alphaliner estimated that in 2021 the global throughput increased by 6.7% and shipping capacity increased by 4.5%. Easing of the pandemic resulted in global economic recovery and a huge growth in market demand. However, the supply side did not catch up. The labor shortage and the slump in port operation efficiency caused by the Covid-19 pandemic, had not shown clear improvement. In 2021, the shipping industry faced huge pressures brought by congestion of major ports, low turnover of ships and containers and huge price hikes in ship and container charter rates, luckily the industry overcame these challenges by responding flexibly.

Looking ahead, IMF predicts that the global economic growth will be 4.9%, Alphaliner predicts that global throughput will be 5.9%, indicating that growth rate is gradually slowing down. However, the appearance of Covid-19 variants casts a shadow on the pandemic control. The spread of the highly contagious variant caused confirmed cases rising worldwide, hindering full recovery of world economy. Unequal distribution of vaccines among countries makes their economy recovery different. If major supply chain countries are seriously affected by the new waves of pandemic, the supply side will be deeply impacted, and will drive inflation rates higher. Facing uncertain external environments, Wan Han Lines will uphold its steady business spirit, and make adequate adaptations. Apart from strengthening and upgrading our self-owned fleet, and chartering ships to flexibly adjust our fleet deployment, we will also enter into joint ventures to provide more comprehensive shipping services to our customers.

2. The upper-, middle- and downstream of the industry

The transportation of shipping containers is an important part of the industry chain, which is closely related to global trade:

(1) Upper stream:

- A. Shipbuilding industry
- B. Transportation equipment manufacturing industry
- C. Terminal equipment manufacturing industry
- D. Ship or transportation equipment leasing industry
- E. Container manufacturing industry and leasing companies
- F. Terminal equipment maintenance industry
- G. Ship fuel suppliers

(2) Midstream:

- A. Terminal operators
- B. Land carriers
- C. Ocean Carriers in joint venture or slot exchange cooperation

(3) Downstream:

- A. Branch line ship companies
- B. Barge companies
- C. Container yard
- D. Truck companies

3. Container shipping industry trends and competition situation

(1) Industry development trends:

A. The development trend for larger vessels:

In recent years, container harbor facilities keep upgrading to accommodate and serve larger container ships, causing shipping companies to speed up upsizing their ship types. The economy of scale brought by large ships, can lower unit operational costs, which in turn fuels the trend for upsizing ships. According to Alphaliner statistics, large vessels with capacities over 10,000 TEU increased to 666 by the end of 2021, accounting for 39.3% of the total container shipping capacity. It is estimated that in 2022 there will be 716 large vessels with capacities over 10,000 TEU, accounting for 40.8% of the total container shipping capacity. And in 2023, it is estimated that there will be 817 large vessels with capacities over 10,000 TEU, accounting for 44.1% of the total container shipping capacity.

B. Development trend of green shipping:

In light of rapid climate changes, striking a balance between corporate businesses and environment protection has always been a major issue. As countries set their goals for zero emission, energy conservation and carbon reduction are shared objectives of shipping companies. In response to IMO's goal of reducing ship emission of greenhouse gases to 50% of 2008 by 2050, shipping companies are acting in advance, by actively investing in the research of renewable energies, bio-fuels or other non-fossil alternative energies, to cut down on environmental impacts and carbon emission. Furthermore, in response to global regulations and requirements, and to meet future trends, development of energy saving and low pollution ship designs is now the new ship-building trend.

(2) Industry competition situation

A. Shipping companies are upsizing

Due to the nature of competition in the container liner shipping markets and the requirement for investing huge amounts of capital, major companies continue to increase the sizes of their fleet and to expand the scope of market operations to maintain their market shares and their competitive advantage. According to Alphaliner statistics (as of December 1, 2021), the top four container shipping companies had a total carrying capacity of 14,580,194 TEU, accounting for 58.3% of global container ship capacity. The total carrying capacity of the top ten shipping companies was 21,265,010 TEU, accounting for 85.1% of global capacity.

B The development trend towards larger strategic alliances:

In seeking diversity in shipping services products and to lower operational costs, major shipping companies have been forming strategic alliances and run joint ventures on the east-west main

routes or on regional routes. There are three major strategic alliances, namely 1. 2M alliance formed by the world’s top two shipping companies, Maersk and Mediterranean Shipping Co. 2. Ocean alliance, formed by Evergreen, CMA CGM, COSCO and OOCL 3. The Alliance, formed by Hapag-Lloyd, ONE, Yang Ming and HMM.

5.1.3 General state of technology and development

As a member in maritime container transport industry, the company upholds and fulfills its social responsibility by embracing today’s trends and spirit for environmental protection and risk management and to carry out our goal and policy of “Customer First”. On the one hand we will cautiously and comprehensively plan and evaluate ahead, so as to comply with timely market trends, on the other hand we will strictly control and reduce costs so as to achieve the projected profits, to live up to the expectations and support of our shareholders and the general public and will continue our excellent performances.

1. Research and development investment, and techniques or products successfully developed up to the date of publication of this report.

In 2021 the company invested TWD428 million. As of Mar 29, 2022, the company invested TWD213 million. Related R&D expenditures were spent on R&D and construction of the following projects:

Category	Item
Planning	(1) Research on most suitable ship type for given shipping route. (2) Research on new and second hand ship markets. (3) Increase or adjust shipping routes in response to shifting global supply chains. (4) Research on expanding the American markets. (5) Research on expanding the middle eastern, Indian and Pakistan markets (6) Expand the development of strategic alliances. (7) Promote e-commerce business.
Vessels	(1) Enhance the quality of fleet communications systems, to make operations more efficient, and also to make the environment on board more human. (2) Develop fuel oil and material management systems. (3) Optimize the Wan Hai Eagle-Eye system to enhance voyage safety monitoring and risk prevention. (4) Install ship systems that place importance on environment protection appeals. (5) Research and development on intelligent vessels. (6) Optimize ship efficiency. (7) Seamen training stimulators.
Operations	(1) Optimize hazardous material management systems. (2) Enhance schedule reliability. (3) Research on optimizing structure of the container team. (4) Enhance cold chain logistic expertise in cooperation with educational institutes.
Information	Establishing the Taipei New Generation Data Center.

2. Future research and development plans and estimated R&D spending.

The company plans to invest TWD641 million in research and development and construction of the following items.

Category	Item
Planning	(1) Research on most suitable ship type for given shipping route. (2) Research on new and second hand ship markets. (3) Adjust shipping routes in response to demands and port congestion. (4) Research on expanding the American markets. (5) Research on expanding the middle eastern, Indian and Pakistani markets (6) Expand the development of strategic alliances. (7) Promote e-commerce business.
Vessels	(1) Enhance the quality of fleet communications systems, to make operations more efficient, and also to promote balance in the crew’s lifestyles. (2) To optimize fuel and material management systems to enhance ship management and safety. (3) Optimize the Wan Hai Eagle-Eye system to enhance voyage safety monitoring and risk prevention. (4) Install ship systems that place importance on environment protection. (5) Research and development on intelligent vessels. (6) Optimize ship efficiency.

Category	Item
Operations	(1) To optimize shipping space allocation systems. (2) To develop cold-chain tracking systems. (3) To enhance cold chain logistic expertise in cooperation with academic institutions.
Information	(1) To enhance safety and stability of fleet operation systems and back-up. (2) To enhance computing capacities and information safety of the Data Center. (3) To enhance and optimize safety of work-from-home operation platforms. (4) To strengthen safety of harbor information system.

In addition, in order to strengthen the company's competitiveness, cut cost, prevent loss that may be caused by natural disasters, maintain ship's port arrival and departure safely, the company has invested in R&D projects regarding fuel saving and typhoon preventing.

In terms of fuel saving and carbon reduction, the company has fully complied with all maritime conventions and environmental regulations, and has utilized various energy conservation and carbon reduction measures to strengthen fleet energy efficiency management and mitigate the GHG emissions impact on the environment.

In order to comply with the IMO's target of reducing global CO₂ emissions by 40% in 2030 compared to 2008, we implemented the above carbon reduction measures. The CO₂ emission rate of the fleet was 76.7g/TEU-KM in 2021, which was 30% lower than that in 2008. Our vision in 2030 is a reduction of 41.5% carbon emission (which is in advance of IMO's standard) compared to 2008.

5.1.4 Long-term and short-term business development plans

The short-term business development plans are to build on existing frequent and convenient services, and to make timely adjustments in docking schedules or to add new shipping routes in accordance with market changes. We will continue to develop niche markets in the near-sea areas, and to find new markets to develop in Ocean and Regional areas. On the other hand, we will upgrade our fleet to optimize the performances of our ships and to improve the quality of our services and to expand operational performances.

Our long-term goals are to fulfill our corporate social responsibilities and move towards sustainable operations by adjusting shipping route networks in compliance with market trends, improving the quality of our self-owned fleet, expanding the scope of our fleet, continuing to expand our joint ventures, and developing niche markets actively.

5.2 General Situation of Market and sales

5.2.1 Operational Plan for 2022

Fleet: by the end of year 2022, Wan Hai has a total fleet of 166 vessels among which, 109 are self-owned vessels and 57 are chartered vessels.

Service Profile: Wan Hai's service can be categorized in three different types: A. Independent Service 26 strings; B. Joint Venture Services 31 strings; and C. Slot Charter 10 strings.

1. Independent Services: 26 strings

- (1) Central China / American West Coast (AA1) deployed with five vessels
Central China – American West Coast
- (2) Vietnam / South China / American West Coast (AA3) deployed with seven vessels
Vietnam – South China – American West Coast
- (3) Taiwan / Central China / American West Coast (AA5) deployed with six vessels
Taiwan – Central China – American West Coast
- (4) Central China / South China / Taiwan/ Singapore / Malaysia/ American East Coast (AA7)
deployed with eleven vessels
Central China – South China – Taiwan – Singapore – Malaysia – American East Coast
- (5) Vietnam/ Taiwan / North China /American East Coast (AA9) deployed with ten vessels
Vietnam – South China – Taiwan – North China – American East Coast
- (6) Asia – South America I (AS1) deployed with eight vessels.
Hong Kong – Central China – North China – South America West Coast.
- (7) China / Thailand/ Cambodia (CTK) deployed with two vessels
South China – Thailand – Cambodia

- (8) South China / Malaysia / Haiphong (CVM) deployed with two vessels
South China – Malaysia – Haiphong
- (9) Taiwan / Fuzhou (FOC) deployed with one vessel
Taiwan – Fuzhou – Jianguyin – Xiamen
- (10) Taiwan / Hong Kong I (HKG) deployed with one vessel
Taiwan – Hong Kong
- (11) Taiwan / Hong Kong III (HKG III) deployed with one vessel
Taiwan – Hong Kong
- (12) Taiwan / Haiphong I (HPH) deployed with one vessel.
Taiwan – Haiphong
- (13) Japan / Korea / Haiphong (JKH) deployed with three vessels
Japan – Korea – Taiwan – Hong Kong – South China – Haiphong
- (14) Japan / South China / Vietnam (JSH) deployed with two vessels
Japan Kansai – Korea – Taiwan – Hong Kong – South China – Haiphong
- (15) Japan Kansai / Thailand service (JST) deployed with four vessels.
Japan Kansai – Taiwan – Shekou – Thailand
- (16) Japan Kansai / Vietnam (JSV) deployed with three vessels.
Japan Kansai – Korea – Taiwan – Vietnam
- (17) Japan Kanto / S.E.A (JTS) service deployed with four vessels.
Japan Kanto – Taiwan – Hong Kong – Singapore – Malaysia
- (18) Japan Kanto / Thailand service (JTT) deployed with four vessels.
Japan Kanto – Taiwan – Hong Kong – Thailand – Vietnam
- (19) Korea / South East Asia (KSS), deployed with four vessels
Korea – Taiwan – Hong Kong – Shekou – South East Asia
- (20) Korea / Vietnam / S.E.A service (KVS) deployed with four vessels.
Korea – Taiwan – Vietnam – Singapore – Malaysia
- (21) Mindanao / Hong Kong / Taiwan (MHT) deployed with two vessels
Taiwan – Cebu – Mindanao – Hong Kong
- (22) Taiwan / South China / Philippines (SES) deployed with two vessels
Taiwan – South China – Philippines
- (23) Thailand / Belawan (TBS) deployed with two vessels
Thailand – Singapore – Indonesia
- (24) South China / Philippines (CL1) deployed with one vessel
South China – Philippines
- (25) Taiwan / Hong Kong / Indonesia service (TPI) deployed with three vessels
Taiwan – Hong Kong – South China – Indonesia
- (26) Taiwan / Philippines I (TPS) deployed with one vessel
Taiwan – Philippines

2. Joint Service: 31 stings

- (1) Far East to Red sea (AR1), joint venture with YML, ONE and Hapag-Lloyd. WHL deploys one vessel, YML deploys six vessels.
Korea – Central China – Singapore / Malaysia – Red sea area.
- (2) Taiwan / South & Central China / West Coast of South America (ASA), joint venture with EMC, COSCO, and PIL. WHL deploys five vessels, PIL deploys three vessels and COSCO and EMC each deploys one vessel.
South China – Central China – West Coast of South America
- (3) China / Singapore / Malaysia / India (CI2), joint venture with IAL. WHL deploys three vessels and IAL deploys two vessels.
China – Singapore / Malaysia – India
- (4) China to India III (CI3), joint venture with NGS, ONE, OOCL and IAL. WHL deploys one vessel, WHL and IAL jointly deploy one vessel, and NGS, OOCL and ONE each deploys one vessel.
China – Singapore / Malaysia – India – Haiphong
- (5) China to India V (CI5), joint venture with IAL, BTL, GSL and KMTC. WHL deploys one vessels, IAL, BTL/GSL and KMTC each deploys one vessel.
China – Korea – Singapore / Malaysia – India

- (6) China to India VI (CI6), joint venture with IAL, SINOKOR, HEUNG A and FEEDERTECH. WHL deploys two vessels, IAL, SINOKOR, HEUNG A and FEEDERTECH each deploys one vessel.
China – Korea – Singapore / Malaysia –India
- (7) China to India (CIX), joint venture with EMC and Hapag-Lloyd. WHL deploys two vessels, and EMC and Hapag-Lloyd each deploys one vessel.
Taiwan – South China – Singapore / Malaysia – India
- (8) China – Philippines feeder (CPF), joint venture with Sinotrans. WHL and Sinotrans each deploy one vessel.
North China – Philippines
- (9) China / Thailand I (CT1), joint venture with COSCO and OOCL. WHL deploys one vessel, COSCO deploys two vessels and OOCL deploys one vessel.
North China– Hong Kong / South China –Thailand
- (10) China / Thailand / Vietnam III (CT3), joint venture with IAL and SEALAND ASIA. WHL deploys one vessel, IAL and SEALAND ASIA each deploys one vessel.
China– Thailand –Vietnam
- (11) China / Cambodia / Thailand V (CT5), joint venture with YML and SEALAND ASIA. WHL deploys one vessel, YML and SEALAND ASIA each deploys one vessel.
China– Cambodia –Thailand
- (12) China / Vietnam I (CV1), joint venture with IAL. WHL deploys two vessels and IAL deploys one vessel.
China – Vietnam
- (13) China / Vietnam III (CV3), joint venture with COSCO. WHL and COSCO each deploys one vessel.
South China – Vietnam
- (14) China / Vietnam / Thailand (CV6), joint venture with IAL. WHL and IAL each deploys one vessel.
South China – Vietnam – Thailand
- (15) Taiwan / South China / Singapore/ Malaysia / Indonesia (CS1), joint venture with APL. WHL deploys one vessel and APL deploys two vessels.
Taiwan / South China – Singapore/ Malaysia – Indonesia
- (16) South China / Indonesia / Malaysia (CS2), joint venture with ONE and APL. WHL deploys one vessel, ONE and APL each deploys one vessel.
Taiwan / South China – Singapore/ Malaysia – Indonesia
- (17) Japan / China / Vietnam (JCV), joint venture with IAL. WHL deploys two vessels and IAL deploys one vessel.
Japan – China – Hong Kong / South China – Vietnam
- (18) Japan / Taiwan / Haiphong (JH2), joint venture with EMC, WHL deploys two vessels and EMC deploys one vessel.
Japan – Taiwan – Hong Kong / South China – Haiphong
- (19) Japan Kansai to Taiwan (JTH), joint venture with EMC. WHL deploys one vessel and EMC deploys one vessel.
Japan Kansai –Taiwan – Hong Kong
- (20) Taiwan to North China I (NCT), joint venture with Sinotrans. WHL and Sinotrans each deploy one vessel.
Taiwan – North China
- (21) Taiwan to North China II (NCT II), joint venture with Sinotrans. WHL and Sinotrans each deploy one vessel.
Taiwan – North China
- (22) Japan to South East Asia I (NS1), joint venture with IAL and OOCL. WHL deploys two vessels and IAL and OOCL each deploys one vessel.
Japan – Hong Kong / South China– Singapore – Malaysia –Vietnam
- (23) Japan to South East Asia III (NS3), joint venture with IAL, WHL deploys three vessels and IAL deploys one vessel.
Japan – Taiwan / Hong Kong / South China– Singapore – Malaysia
- (24) Japan to South East Asia V (NS5), joint venture with IAL, WHL deploys three vessels and IAL deploys one vessel.
Japan – Taiwan / South China– Singapore – Malaysia

- (25) Central China / Singapore / Malaysia / India / Pakistan (PMX), joint venture with COSCO, IAL, EMC, and ONE. WHL deploys one vessel, WHL and IAL jointly deploy one vessel, COSCO deploys two vessels, and EMC/ONE each deploy one vessel.
Central China – Singapore / Malaysia – Pakistan – India
 - (26) Pakistan / Saudi Arabia (PSX), joint venture with Global Feeder Shipping. WHL and Global Feeder Shipping each deploy one vessel.
Pakistan – Saudi Arabia
 - (27) Pakistan / Saudi Arabia (PS2), joint venture with Global Feeder Shipping. WHL and Global Feeder Shipping each deploy one vessel.
Pakistan – Saudi Arabia
 - (28) Singapore / Malaysia / Chennai (SC1), joint venture with Bengal Tiger Line (BTL). WHL and BTL each deploy one vessel.
Singapore / Malaysia – Chennai (Madras)
 - (29) Singapore / Malaysia / Chittagong (SBX) joint venture with XPF. WHL and XPF each deploy one vessel.
Singapore / Malaysia – Chittagong
 - (30) Taiwan / Vietnam / Thailand (TVT), joint venture with IAL. WHL deploys one vessel, WHL/IAL deploys one vessel.
Taiwan – Vietnam – Thailand
 - (31) Taiwan / Shanghai (SHA), joint venture with Shanghai Minsheng. WHL deploys one vessel and Shanghai Minsheng deploys one vessel.
Taiwan–Shanghai
3. Fixed Slot Charter: 10 strings
- (1) China / Philippines (CPS+CPX6)
 - (2) Fuzhou to Taiwan (FT1+FT2+FT3)
 - (3) South China to Taiwan (GTE/STD)
 - (4) Saudi Arabia / Red sea (JJS)
 - (5) North China/ Central China/ Saudi Arabia (MEX)
 - (6) Hochiming to Cambodia (PNS)
 - (7) Hochiming to Cambodia (PNH)
 - (8) Taiwan to South China (SCT I)
 - (9) Taiwan to South China (SCT III)
 - (10) Singapore / Malaysia / Calcutta (CCU)

5.2.2 Market Analysis

1. Major service areas and ratio of market share

The company is a full container liner operator, its service network includes Northeast Asia, Mainland China, Hong Kong, Southeast Asia, the Indian Subcontinent, Pakistan, the Middle East, and the Americas. They are further elaborated as follows:

(1) North East Asia:

Due to availability of Covid-19 vaccines and government financial relief policies, Japan and South Korea's exports and equipment investments for the second-half of 2021 grew. Consumer spending grew gradually, spurring the economic recovery. It is widely believed that this wave of economic recovery will last through 2022. The IMF predicted that the economic growth for Japan and South Korea in 2022, will be 3.2% and 3.3% respectively. Japan ended the state of emergency in October 2021, restrictions on restaurants and other covid-19 prevention measures were also lifted by stages, and consumer spending rose, all of which drove anticipations that growth in 2022 would be better than 2021. However, the covid-19 variant was an obstruction on the road to recovery for Japan and South Korea. It remains to be seen whether re-imposing restrictions or other domestic and international risk factors would influence the recoveries. The company has been an operator of the Northeastern Asian routes for many years and is deeply rooted. We are constantly aware of the economic pulses and trends of the Northeastern Asian markets, and we are strengthening our competitiveness by meeting market demands. Apart from actively adjusting existing shipping routes, we are also swapping shipping spaces and cargoes through joint ventures with other

shipping companies, reflecting our flexible use of strategies to implement our business philosophy of “customer first”.

(2) Mainland China Market:

China was the first major economic entity that quickly recovered after being ravaged by the pandemic. When other major economic entities were influenced by the pandemic, huge amounts of international orders were transferred to China, pushing up China’s exports. However covid-19 recurred, and power shortages also hurt manufacturing, resulting China’s economic growth slowed down in the second half of 2021. IMF predicted that China’s economic growth in 2022 would be 5.6%, the second lowest growth in recent times, and far lower than 8% in 2021. However the RCEP agreements, aggressively promoted by China came into effect in January, 2022. This free trade agreement involving the world’s largest economy and the most population, plus tax exemptions between member countries, is expected to boost regional cargo transportation dramatically. The company is well-represented in China, and enjoys relative advantage over competitors. The company will actively research into strategic shipping routes linking China markets, and with its understanding of the market, will provide faster and more convenient services to its customers.

(3) Southeastern Asian Market:

ASEAN countries were hit hard by the Covid-19 pandemic in 2021, due to unequal distribution of vaccines, low vaccination rates and the emergence of covid-19 variants. To stop the spread of the pandemic, ASEAN countries resorted to lock-downs, which resulted in tensions in the supply chain, hindering economic recoveries. IMF estimated that the 2021 economic growth for five ASEAN countries, (Indonesia, Malaysia, the Philippines, Thailand and Vietnam) was only 2.9%, lower than the growth of other emerging economies. But as ASEAN countries rolled back their lock-downs, it is expected that their economies would recover in 2022. The RCEP agreement which came into effect in January 2022, is expected to be a shot in the arm for ASEAN’s economic recovery. The company has operated the Southeast Asian routes several years, and continually actively researched and developed new routes. And we have also formed joint venture services and swap space with other Southeast Asian business partners to provide more complete, more secure, and faster routes in order to enhance its competitiveness and market share in Southeast Asia.

(4) Indian, Pakistani and Middle Eastern Markets:

In the first half of 2021, the pandemic in India was out of control because of the highly contagious covid-19 variant, and the Indian economy was dealt a hard blow. Luckily, the pandemic was gradually brought under control by speeding up vaccination, moreover the Indian government implemented loose monetary and financial policies, which helped the Indian economy to gradually recover. IMF predicted that the economic growth for India in 2021 was 9.5% and would hopefully maintain a growth of 8.5% in 2022. The Middle Eastern region benefited from a slow-down of the pandemic, a roll-down of restrictions and increased oil production by major oil exporting countries, and the economy slowly recovered. IMF estimated that economic growth for the Middle East Region was 4.1% in 2021, and would hopefully maintain 4.1% in 2022. In order to strengthen our services from Asia to India, Pakistan and the Middle East, and in an effort to cope with the diversified international trade developments of the Gulf countries, the company has increased our routes from the Far East to these regions through the joint venture services with other container shipping companies, while also strengthening our Middle Eastern region business feeder services. This has created a complete route network that reduces costs, improves efficiency, and expands market share.

(5) The American Market:

In 2021 the U.S. economy rebounded sharply from the rock bottom, IMF estimated that the U.S. economy growth rate was a beautiful 6%. Covid-19 prevention restrictions were gradually lifted as vaccination rates increased, moreover government relief programs were effective, consumer spending returned to normal, which pushed up overall market demands. In response to US market demands, the company flexibly adjusted shipping routes and related services between Asia and the US to improve competitiveness. After a sluggish growth in 2020 due to the pandemic, Latin American countries enjoyed a strong rebound in economic growth in 2021. IMF estimated that

the economic growth rate of Latin American and Caribbean countries was 6.3%. To keep on strengthening our competition advantages in the South American West Coast markets, apart from entering into joint ventures with other major shipping companies, the company also added new shipping routes and flexibly adjusted shipping spaces to meet market demands, and to provide more comprehensive services to our customers.

2. Supply and Demand of the Market and Growth Prospects:

Increase in covid-19 vaccination rate had gradually got the pandemic under control, and severe illnesses and deaths also obviously decreased. But highly contagious variants kept popping up, causing the pandemic in some countries to worsen repeatedly. If those countries still resort to mandatory shut-downs as preventive measures, the outlook for economic recovery may be adversely affected. However, demand is still high, and the supply and demand imbalance situation due to labor, material shortages, and port congestion, has not yet improved. The demand for shipping space is still quite high. The RCEP agreement, which became effective in January, 2022, involves 15 member countries, including 10 ASEAN countries (Singapore, Malaysia, Thailand, the Philippines, Indonesia, Brunei, Vietnam, Laos, Myanmar, and Cambodia), and China, Japan, South Korea, New Zealand, Australia. It is a free trade agreement covering the world's largest economies and biggest populations, when member countries begin to exempt mutual tariffs in the future, trading between these countries will become more convenient, and hopefully will increase a steady demand for shipping spaces.

3. Strength, challenges, and action plans

(1) Strength:

- High market share in principal territory, comprehensive and intensive service network
- Stable growth in the emerging shipping markets of Asia and India
- Flexibility in container and fleet deployment
- Cost efficiency and risk diversification via strategic partnership with other carriers
- Enhanced vessel designs for higher efficiency and lower costs

(2) Challenges:

- Formation of large strategic alliances
- Risks involving new competitors
- Bunker fuel price volatility
- Foreign exchange volatility
- COVID-19 pandemic control situation.
- China–United States trade war

(3) Action plans:

Timely respond to market dynamics, flexible adjustment of layout of containers and fleet, keep on researching optimal adjustment of vessel and shipping route, enhance shipping route competitiveness, implement flexible joint venture services strategies, reduce operational risks, strength fleet management and enhance operation safety, enhance service quality and management efficiency.

5.2.3 Key features of major products and production procedures

Currently, the company provides full container shipping services. A brief description of its procedures of operation is as follows:

1. Business representatives solicit business with importers and exporters based on the shipping charges and schedules offered by the company. Upon customer's acceptance, the business representative will forward the designated S/O (shipping order) number to customer. The container yard releases empty container to the customer after verifying the S/O number with sales department.
2. Customer picks up the empty container and loads his cargo into the container, and then delivers the loaded container with the relevant cargo documents to the container yard prior to the cargo acceptance closing date. The container yard forwards the customer's documents to the company for uploading of data into computer and production of bill of lading along with other forms required by Customs, and then forwards the documents to the unloading port.
3. Customer pays fees to the company according to the S/O number and picks up his invoice and original copy of bill of lading.

4. As soon as the ships arrive at the port, the company sends a trailer to pick up container from container yard to the ship's side for loading onto the ship. For imports, the company arranges for a trailer to pick up container from ship's side to the container yard for storage.
5. Upon receipt of export documents from the exporting port, the unloading port produces notice of cargo's arrival and notifies customers to pick up the cargo and pay the related charges. Customer presents the original copy of bill of lading and settles all expenses in exchange of delivery order, then presents the delivery order to the container yard to pick up the laden container.

5.2.4 Main materials supplier: Service industry; not applicable

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

5.2.5 List of customers, sum of revenue and proportion for operating income account for more than 10% in the last two year

The company has various customers, incomes from any singular customer is not higher than 10% of operating income

5.2.6 Production output of last two years: Service industry; not applicable

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

5.2.7 Sales volume of last 2 years

	2021	2020
Consolidated Revenue(TWD)	228 billion	81.88 billion
Operating Capacity (TEU)	4,790 thousand	4,510 thousand
Vessels in Operation (owned & chartered)	149 (90 & 59)	119 (67 & 52)

5.3 Data of employees for the past two years ending on the publishing date of the Annual Report.

Location		Year	2021	2020	2022 as of Mar. 29 th
No. of Employees	Offices		3,083	2,920	3,082
	Terminals		1,516	1,449	1,522
	Total		4,599	4,369	4,604
Average Age			37.8	38.2	37.9
Average Years of Service			8.5	8.7	8.5
Level of Education	Ph. D Degree		0.04%	0.05%	0.04%
	Master's Degree		6.74%	6.57%	6.84%
	College Degree		50.55%	51.13%	50.65%
	Associate Degree		23.14%	21.74%	23.05%
	High School		9.81%	10.71%	10.17%
	Below High School		9.72%	9.80%	9.25%

* The statistics on seafarer in 2018 is based on all nationalities of crew members. (including Taiwanese/ Chinese/ Indonesian and Burmese)

5.4 Disbursements for environmental protection

5.4.1 The company has not been subject to any environmental protection penalties from the past year and current year up to the annual report's publish date.

5.4.2 Take countermeasures

1. Protocol:

- (1) All of our Company's vessels according to MARPOL 73/78 I~VI have been insured against ship owner liability risks and equipped with or certified by the following:
 - We have an International Oil Pollution Prevention Certificate (IOPP). Our engine rooms are equipped with waste oil and sludge pipelines and joints (international standard joints) and relevant safety equipments to facilitate discharging waste oil and sludge to receiving facilities on shore.
 - In order to enhance the separation of bilge water and attain the highest level of environmental standards, all of our vessels are equipped with bilge water separators and also have Bilge Water Primary tanks located in the engine room.
 - To process sanitary waste water, sewage treatment plant has been installed in all engine rooms, the plant has passed all relevant examinations and received the International Sewage Pollution Prevention Certificate issued by the Classification Society based on the amendment edition.
 - We have an International Pollution Prevention by Garbage Statement. We emphasize sorting and storing garbage, and record garbage disposal and incineration in the Garbage Record Book as required.
 - Each vessel of our company has satisfied the requirements of a subsequently received the International Air Pollution Prevent Certificate (IAPP).
 - The main engine and auxiliary machinery for all new-built ships conform to the IMO limiting the discharge of nitrogen oxide (NO_x) compounds. Manufacturers provided technical files and parameters of diesel engines have passed the relevant examinations. The Engine International Air Pollution Prevention Certificate (EIAPP) has been issued by the Classification Society after passing examinations.
- (2) The anti-fouling paint for the outside hull of the vessel has been certified by the material safety data sheet (MSDS), the statement of the AFS and the corresponding information by the paint maker in line with the convention of the IMO for International Convention on the Control of Harmful Anti-fouling Systems on Ship (referred to henceforth as the AFS pact) based on the resolution A.882 (21) as amended by article 19 of A.787 resolution revision. Our company passed the examination and received the international anti-fouling system (IAFS) certification issued by the Classification Society.
- (3) In response to IMO Data Collection System (DCS) we drew up the second part of our Energy Efficiency Management Plan, which was certified by the International Association of Classification Societies.
- (4) As per the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001(Bunker Convention), we have furnished all vessels with the Bunker Convention Certificate (BCC), which has covered the liability for pollution damage by bunker oil from our vessels.
- (5) To prevent alien species from effecting the marine environment and ecosystem of the port country, and in accordance with The International Convention for Control and Management of Ships' Ballast Water and Sediments, we installed qualified ballast water management systems on our ships successively according to the certificate valid date. On ships where the systems are not yet installed, we carried out standard procedures for exchanging ballast water, keep accurate records of ballast water operations to comply with ballast water management standards stipulated in the International Convention.
- (6) According to the requirements of the trading areas and port states, our vessels will use the compliant fuel oil while entering into the emission control areas (ECA).
- (7) To protect the marine environment, the company voluntarily complies with the HKC requirement to maintain an Inventory of Hazardous Materials (Part 1) for its entire fleet. Class Societies are invited to carry out audit and issue a Statement of Compliance (SoC) to certify compliance with the HKC for each vessel.

2. The estimated capital expenditure of environmental protection for the next three years:
All pollution prevention facilities purchased in the future will correspond to MARPOL 73/78 rules. These pollution prevention facilities for oil, water, air and Ballast Water Management System will be installed at the time of shipbuilding. Thus, the cost will be included into the overall cost of ship construction.
3. The influence of install facilities to the company:
All of our vessels are equipped with anti-pollution facilities for the disposal of residue oil, bilge water, and polluted air to comply with the international environmental protection standards.

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

5.5 Labor Relations

5.5.1 Major labor agreements currently being implemented

1. Employee benefit program:
The company provides labor and health insurance in line with relevant laws and regulations. The Employee Benefit Committee was established in March 1989 and is charged with all matters concerning employee welfare. The major employee benefits are as follows:
 - (1) Employee benefit program: includes meal allowances, group insurance, provision of uniforms, employee's bonus from retained earnings, and regular health examinations.
 - (2) The Employee Benefit committee implements a benefit program that includes birthday parties, cash gifts for weddings, childbirth support, monetary condolence, aid for grave accidents, and leisure travel expense reimbursement.
2. Retirement plan:
Pursuant to the Labor Standards Act and the Labor Pension Act, on July 1, 2005, the company issued written inquiries to employees with respect to their selection of the new or old pension plan. The company subsequently reported the results to the Bureau of Labor Insurance (BLI). Accordingly, the company sets aside a sum equal to 15% of total monthly wage to the retirement funds of those who chose the old pension plan. A sum equal to 6% of total monthly wage is set aside for those who chose the new pension plan. These amounts are deposited into each employee's individual account with the BLI. The company has actuarial reports on file for such provisions prepared by qualified actuary.
3. Other major agreements
The company held labor-management meeting, maintains harmonious labor relations, and has no labor disputes.
4. Continuing education and training for employees
The company values the growth and development of all our workers, and provides multi-faceted educational training classes as a way of enriching professional knowledge and developing personal potential. In total 1,196 classes were run in 2021, with a total of 28,357 participants.

Class type	Content	Time (hr.)	Number of Trainees	Total Cost (Unit: TWD thousand)
Newcomers Orientation	Orientation program designed for new employees to participate in a series of training classes, helping them to better understand the company's corporate culture, the organization and function of each department The program consists of 1. Corporate culture: corporate culture and business ideals 2. Organization: A brief introduction of the company and each of its departments, attendance rules, labor and health insurance, Employee Benefits Committee, and our non-profit organization 3. Basic skills: Report-writing skills, business etiquette, English e-mail writing, Wan Hai Family site. 4. Shipping industry knowledge: introduction to the shipping industry, the global shipping process, an overview of vessels and shipping containers 5. On-site visit: a visit to Taipei harbor and guided tour of each floor of the company 6. General awareness: professional integrity and legal responsibilities	184.5	283	393
Professional training for general staff	1. Professional training aimed at each area of expertise, separated into the following categories: vessel and terminal operation, knowledge of law, knowledge of cargo solicitation, knowledge of document processing finance, on-shore crew training 2. Apart from specific professional training, a yearly ISO awareness and fire safety training course is given 3. Seminars and other activities aimed at employees personal and professional development 4. Off-job training seminar for employees- (1) Fluent expression on stage: report, sales, and speech in a total of 6 lessons (online courses) (2) A total of 1 class from responsibility to responsibility (online course) (3) A total of 1 class for the training and guidance process of TCA subordinates (online course) (4) A total of 1 class in the Johari Window (online course)	1,386.9	26,814	4,944
Professional training for supervisors	Series courses for middle-level managers and executive level managers: <Physical Course> 1. Lectures on business secrets and professional ethics. <Online Course> 1. CHEERS Master Course - Let the boss understand you: 20 lessons of career wisdom passed on to middle-level executives, total 20 lessons	4.5	546	0
Courses sponsored by the Employee Benefits Committee	Every year the Employee Benefits Committee assists in the training of employees, the courses of this year included: 1. Workplace stress and insomnia. 2. Flying over Taiwan Ocean	2	170	10
External training courses	1. As required by law, internal auditing personnel must complete a minimum of twelve hours of training related to their profession 2. Labor safety courses : Labor safety and sanity, fire safety training 3. Finance classes: IFRS, Internal Audit and Management 4. Information technology courses. 5. For the first-time supervisor courses. 6. Legal and Insurance Webinar	3,279.5	544	5,534
TOTAL		4,857.4	28,357	10,881

5.5.2 Damages caused by labor disputes in the past three years:

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

5.5.3 Guidelines for employee behavior and morality:

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

1. General requirements of work attitude and morality:

- (1) All employees should take pride in being a part of Wan Hai, and faithfully observe the company requirements regarding working environment, workplace attitude, employee relationships, etc., as publicized in various regulations, notices, and official announcements.
- (2) All employees should keep business information strictly confidential. Any documents which have not been approved may not leave the office (or be sent via email), nor disclosed to outside parties. If such an event occurs, the concerned employee risks discharge from his or her post, and may even face legal action if deemed necessary.
- (3) During employment at Wan Hai, employees shall not accept nor solicit commission, kickbacks, special treatment, or any other form of gifts, all of which are considered improper. If violation of the above is discovered, the employee will be discharged immediately; in the event that the guilty employee's actions result in a loss for the company, legal actions for damages shall be carried out.
- (4) All employees shall uphold and protect the reputation of the company. Any personal opinions regarding the company may not be released publicly before obtaining permission. Except when conducting business designated by the company, employees may not act under the name of the company.
- (5) Employees should be sincere, willing to take initiative, and responsible. They should be actively seeking out problems and proposing solutions.

2. Work attitude and morality as criteria for performance evaluation:

- (1) Professional ethics: employees should be honest and selfless, and are prohibited from obtaining personal gain through illegal or morally unjustified means; an employee's conduct shall not adversely impact the company's reputation.
- (2) Compassion and respect for work: employees shall demonstrate compassion for his or her work, and be willing to put in extra time and effort in order to ensure the success of their work.
- (3) Activeness and Accountability: employees are to be held accountable by their superiors for working hard to complete their assigned duties.
- (4) The company's interest before individual interest: employees shall understand the scope and authority of their jobs, and should be able to understand how to evaluate and uphold the interests of the company as a whole.

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

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

1. Occupational safety and health training

Our safety and health trainings for employees are not effected by the pandemic, and continued to be carried out either physically or on-line. At the same time, we also provide supplementary health care such as health education counseling and information regarding safety and health courses, so as to provide suitable safety and health management to our employees.

The company follow the standard of ISO45001 and TOSHMS(Taiwan Occupational Safety and Health Management System) with verification to promote occupational safety and health performance since 2020.



2. Regulations and work rules for occupational safety and health coordination

With well policy making and revise Safety and Health Management regulations and work rules, Our good company has been going on regular inspections and maintenance of automatic equipment as required by law, and enacting occupational safety and health management system and implement consultation and participation of workers and representatives. By better understanding the concepts of occupational safety and health, we hope to create a surprise-free workplace, and prevent the occurrence of occupational hazards.

3. Standard on-site pier working safety

For safety management of onsite operations at docks, the company has set up Occupational Safety and Health Committees in accordance with the law, formulated safety and health management plans, implemented operating environment monitoring, promoted workplace health promotion, implemented contractor safety and health management, and introduced occupational safety and health management systems and Authorized Economic Operator (AEO) mechanisms. By tracking monthly operation performance, the company is able to implement the effectiveness of safety and health management at docks, prevent the occurrence of safety accidents, and improve the safety and health management of onsite operations at docks. The dedicated docks of the Company’s Kaohsiung Port and Taichung Port follow the standard of ISO 45001 and TOSHMS(Taiwan Occupational Safety and Health Management System) with verification to promote pier on-site operation safety since 2020.

5.6. Information Communication Safety Management:

1. State the information security risk management framework, the information security policy, the specific management plan, and the resources invested in the information security management, etc.
The company implements various information management systems in accordance with information security policies and information security management methods to maintain the confidentiality, integrity, and availability of important information systems to ensure the safe and stable operation of information systems and network equipment.
 - (1) Account management-management of personnel account, authority management and system operation behavior to prevent improper access.
 - (2) Access control-control measures for personnel access to internal and external systems and data transmission channels.
 - (3) External threats-poisoning alarms and protective measures to improve abnormal behavior and real-time early warning capabilities.
 - (4) System availability-disposal measures and backup restoration when the system is available and the service is interrupted.
 - (5) Communication system security-block and avoid unnecessary connections to improve access control security.
 - (6) Development and maintenance of information systems-formulate system development safety regulations and necessary protections.
2. The company has not been subject to any information communication safety losses from the past year and current year up to the annual report's publish date.

5.7 Significant Contracts

5.7.1 Joint Party Contracts

Agreement	Counterparty	Period		Major Contents	Restrictions	
		From	To			
Joint Venture	EVERGREEN MARINE CORP. LTD. HAPAG-LLOYD AKTIENGESELLSCHAFT	2006/04/30	- 90 days pre-notice	Far East to India	no	
Joint Venture	BENGAL TIGER LINE PTE LTD. EVERGREEN MARINE CORP. LTD.	2019/03/06	- 90 days pre-notice	Southeast Asia to India	no	
Joint Venture	EVERGREEN MARINE CORP. LTD. PACIFIC INTERNATIONAL LINES (PTE) LTD. COSCO SHIPPING LINES CO., LTD.	2013/05/03	- 90 days pre-notice	Asia to West Coast of South America	no	
Joint Venture	NEW GOLDEN SEA SHIPPING PTE. LTD. INTERASIA LINES, LTD. ORIENT OVERSEAS CONTAINER LINE LTD. OCEAN NETWORK EXPRESS	2019/04/23	- 60 days pre-notice	Far East to India	no	
Joint Venture	OCEAN NETWORK EXPRESS HAPAG-LLOYD AKTIENGESELLSCHAFT YANG MING MARINE TRANSPORT CORP.	2018/04/06	- 90 days pre-notice	Far East to Red Sea	no	
Joint Venture	INTERASIA LINES, LTD. ORIENT OVERSEAS CONTAINER LINE LTD.	2019/04/11	- 90 days pre-notice	Japan to Southeast Asia	no	
Joint Venture	NEW GOLDEN SEA SHIPPING PTE. LTD. ORIENT OVERSEAS CONTAINER LINE LTD.	2018/10/12	- 90 days pre-notice	China to Southeast Asia	no	
Joint Venture	NEW GOLDEN SEA SHIPPING PTE.LTD. EVERGREEN MARINE CORP. LTD. OCEAN NETWORK EXPRESS INTERASIA LINES, LTD.	2020/01/07	- 90 days pre-notice	Far East to India & Pakistan	no	
Joint Venture	INTERASIA LINES, LTD. SEALAND MAERSK ASIA PTE. LTD.	2020/05/15	- 60 days pre-notice	China to Southeast Asia	no	
Joint Venture	YANG MING MARINE TRANSPORT CORP. SEALAND MAERSK ASIA PTE. LTD.	2020/12/08	- 60 days pre-notice	China to Southeast Asia	no	
Joint Venture	INTERASIA LINES, LTD. KOREA MARINE TRANSPORT CORPORATION GOLD STAR LINE BENGAL TIGER LINE PTE LTD.	2020/12/13	- 60 days pre-notice	China to East India	no	
Joint Venture	INTERASIA LINES, LTD. FEEDERTECH PTE. LTD. SINOKOR MERCHANT MARINE CO.,LTD. HEUNG A LINE CO., LTD.	2020/11/15	- 60 days pre-notice	China to West India	no	
Joint Venture	OCEAN NETWORK EXPRESS APL CO. PTE LTD.	2020/11/14	- 60 days pre-notice	China to Southeast Asia	no	
Joint Venture	APL CO. PTE LTD.	2014/12/28	- 90 days pre-notice	Taiwan to Southeast Asia	no	
Charter		2018/06/09	- 45 days pre-notice	Southeast Asia area	no	
Charter	BENGAL TIGER LINE PTE LTD.	2017/12/25	- 30 days pre-notice	Southeast Asia area	no	
Swap	COSCO SHIPPING LINES CO., LTD.	2013/05/03	- 90 days pre-notice	Asia to West Coast of South America	no	
Charter		2020/03/10	- 90 days pre-notice	China to Middle East area	no	
Charter		2020/04/25	- 2021/04/25	Asia to the West Coast of America	no	
Charter		2020/04/26	- 2021/04/26	Asia to the West Coast of America	no	
Charter		2020/05/03	- 2021/05/03	Asia to the West Coast of America	no	
Charter		CHINA UNITED LINES LTD.	2009/02/10	- 30 days pre-notice	Taiwan Cross- Strait service	no
Charter			2014/07/9	- 30 days pre-notice	Taiwan Cross- Strait service	no
Charter	2015/10/18		- 30 days pre-notice	Taiwan Cross- Strait service	no	
Charter	2020/10/30		- 30 days pre-notice	Taiwan to Southeast area	no	
Swap	CHENG LIE NAVIGATION CO. LTD.	2018/10/30	- 30 days pre-notice	Intra East Asia	no	
Joint Venture	EVERGREEN MARINE CORP. LTD.	2002/09/01	- 120 days pre-notice	Japan to South China	no	
Swap		2013/05/03	- 90 days pre-notice	Asia to the West Coast of America	no	
Swap		2017/01/22	- 45 days pre-notice	Intra East Asia	no	
Joint Venture		2017/09/13	- 60 days pre-notice	Japan to South China & Vietnam	no	
Joint Venture	GLOBAL FEEDER SHIPPING PTE LTD.	2016/05/13	- 90 days pre-notice	Middle East	no	
Swap		2016/09/30	- 60 days pre-notice	Middle East	no	
Charter		2020/03/30	- 30 days pre-notice	Middle East	no	
Joint Venture		2020/11/17	- 2021/07/13	Middle East	no	

Agreement	Counterparty	Period		Major Contents	Restrictions	
		From	To			
Swap	INTERASIA LINES, LTD.	2009/11/09	- 2021/05/30	Intra Southeast Asia	no	
Joint Venture		2010/05/06	- 90 days pre-notice	Japan/China to Southeast Asia	no	
Joint Venture		2011/09/11	- 90 days pre-notice	Japan to Southeast Asia	no	
Charter		2013/09/05	- 45 days pre-notice	Japan to Southeast Asia	no	
Charter		2013/09/22	- 45 days pre-notice	Southeast Asia to India	no	
Charter		2014/09/05	- 45 days pre-notice	Korea to Southeast Asia	no	
Charter		2015/09/09	- 2021/01/06	Japan/Taiwan to Southeast Asia	no	
Charter		2015/10/30	- 45 days pre-notice	China to Southeast Asia	no	
Charter		2017/01/03	- 2021/05/22	Intra Southeast Asia	no	
Joint Venture		2017/01/16	- 90 days pre-notice	Japan to Vietnam	no	
Joint Venture		2019/04/10	- 60 days pre-notice	China to Southeast Asia	no	
JV		2020/02/27	- 60 days pre-notice	China to Southeast Asia	no	
Charter		2017/11/27	- 45 days pre-notice	Japan to Southeast Asia	no	
Charter		2018/07/10	- 45 days pre-notice	Japan to Southeast Asia	no	
Charter		2018/09/01	- 45 days pre-notice	Northeast Asia to Southeast Asia	no	
Charter		2019/04/11	- 90 days pre-notice	Japan to Singapore & Malaysia	no	
Charter		2019/07/28	- 2021/08/14	China to Southeast Asia	no	
Joint Venture		2017/01/03	- 60 days pre-notice	Far East to India	no	
Joint Venture		2020/07/24	- 45 days pre-notice	Taiwan to Southeast Asia	no	
Joint Venture		2020/12/2	- 2021/09/09	China to Southeast Asia	no	
Charter		2019/09/11	- 45 days pre-notice	Southeast Asia to India	no	
Charter		2019/10/24	- 45 days pre-notice	Korea to Southeast Asia	no	
Charter		2019/12/03	- 90 days pre-notice	Japan to Southeast Asia	no	
Swap		2021/08/26	- 30 days pre-notice	South China to Philippine	no	
Charter		KOREA MARINE TRANSPORT CORPORATION	2018/05/11	- 45 days pre-notice	Northeast Asia to Southeast Asia	no
Swap		MINSHENG SHIPPING CO., LTD.	2005/04/28	- 60 days pre-notice	Taiwan Cross-Strait service	no
Swap	NEW GOLDEN SEA SHIPPING PTE.LTD.	2017/07/14	- 60 days pre-notice	China to Southeast Asia	no	
Joint Venture		2018/03/29	- 60 days pre-notice	South China to Southeast Asia	no	
Swap		2018/11/15	- 2021/04/30	Far East to India & Pakistan	no	
Swap		2019/12/06	- 30 days pre-notice	Intra Asia	no	
Charter		2020/12/09	- 30 days pre-notice	Intra Asia	no	
Charter	NEW PORT CYPRESS JOINT STOCK COMPANY	2015/10/04	- 30 days pre-notice	Southeast Asia	no	
Swap	OCEAN NETWORK EXPRESS	2020/10/15	- 30 days pre-notice	Japan to Southeast Asia	no	
Swap		2018/05/24	- 60 days pre-notice	India to Thailand	no	
Swap		2018/08/05	- 30 days pre-notice	Southeast Asia	no	
Swap		2018/04/01	- 90 days pre-notice	Japan to Singapore & Malaysia	no	
Joint Venture		SINOTRANS CONTAINER LINES CO., LTD..	2005/05/12	- 90 days pre-notice	Taiwan Cross-Strait Service	no
Joint Venture	2012/01/04		- 90 days pre-notice	Taiwan Cross-Strait Service	no	
Joint Venture	2017/01/03		- 60 days pre-notice	East China to Philippine	no	
Swap	2019/01/25		- 30 days pre-notice	Taiwan Cross-Strait Service	no	
Charter	2019/06/28		- 30 days pre-notice	China to Southeast Asia	no	
Charter	SOVEREIGN BASE LOGISTICS HOLDINGS CO. LTD.	2011/05/08	- 30 days pre-notice	Southeast Asia	no	
Joint Venture	SINOKOR MERCHANT MARINE CO.,LTD.	2019/09/19	- 30 days pre-notice	Korea to Southeast Asia	no	
Charter	SHANGHAI JINJIANG SHIPPING GROUP CO. LTD.	2019/06/07	- 45 days pre-notice	Taiwan Cross-Strait Service	no	
Charter	SMART POINT SHIPPING LTD.	2016/07/06	- 30 days pre-notice	Taiwan Cross-Strait service	no	
Charter	SITC CONTAINER LINES CO., LTD.	2019/06/28	- 30 days pre-notice	East China to Southeast Asia	no	
Charter		2019/06/28	- 30 days pre-notice	South China to Southeast Asia	no	
Swap		2019/08/01	- 30 days pre-notice	South China to Southeast Asia	no	
Charter		2020/11/03	- 2021/09/01	Southeast Asia to West Asia	no	
Charter		2020/02/24	- 2020/11/01	Korea to China service	no	
Joint Venture	X-PRESS FEEDERS	2020/11/03	- 60 days pre-notice	Southeast Asia to India	no	
Swap		2019/01/19	- 2021/04/07	Southeast Asia	no	
Charter	ORIENT OVERSEAS CONTAINER LINE LTD.	2020/10/31	- 30 days pre-notice	Southeast Asia	no	
Charter	YANG MING MARINE TRANSPORT CORP.	2017/07/07	- 90 days pre-notice	Asia to West Coast of South America	no	
Swap		2018/10/23	- 30 days pre-notice	Asia to Southeast Asia	no	

5.7.2 Long –Term Loan

Name of contract	Party	Contract Period	Primary content	Financial covenant
Bank Mortgage Loan	Chang Hwa Bank Chilin Branch	2016/07/28~2021/07/28	The principal shall be repaid in 6 successive semiannual installments.	-
Bank Mortgage Loan	Mega International Commercial Bank Head Office-Foreign Dept.	2016/08/08~2021/08/08	The principal shall be repaid in 15 successive quarterly installments.	-
Bank Mortgage Loan	Chang Hwa Bank Chilin Branch	2016/12/21~2021/12/21	The principal shall be repaid in 6 successive semiannual installments.	-
Bank Mortgage Loan	Mega International Commercial Bank Head Office-Foreign Dept.	2017/10/23~2022/10/23	The principal shall be repaid in 15 successive quarterly installments.	-
Bank Mortgage Loan	Land Bank of Taiwan Chang An Branch	2018/04/12~2023/04/12	The principal shall be repaid in 17 successive quarterly installments.	-
Bank Mortgage Loan	First Commercial Bank Chien Chen Branch	2018/06/12~2023/06/12	The principal shall be repaid in 10 successive semiannual installments.	-
Bank Mortgage Loan	Mizuho Bank Taipei Branch	2019/01/24~2024/01/24	The principal shall be repaid in 10 successive semiannual installments.	-
Bank Mortgage Loan	Mega International Commercial Bank Head Office-Foreign Dept.	2019/02/11~2024/02/11	The principal shall be repaid in 15 successive quarterly installments.	-
Bank Mortgage Loan	Bank of China Taipei Branch	2019/07/23~2024/07/23	The principal shall be repaid in 8 successive semiannual installments.	-
Bank Mortgage Loan	Hua Nan Bank Cheng Tung Branch	2019/11/18~2024/11/18	The principal shall be repaid in 8 successive semiannual installments.	-
Bank Mortgage Loan	First Commercial Bank Chien Chen Branch	2019/12/03~2024/12/03	The principal shall be repaid in 10 successive semiannual installments.	-
Bank Mortgage Loan	Chang Hwa Bank Chilin Branch	2020/06/29~2025/06/29	The principal shall be repaid in 6 successive semiannual installments.	-
Bank Mortgage Loan	Land Bank of Taiwan Chang An Branch	2020/10/08~2040/10/08	The principal shall be repaid in 216 successive monthly installments.	-
Bank Mortgage Loan	Land Bank of Taiwan Chang An Branch	2021/05/04~2041/05/04	The principal shall be repaid in 216 successive monthly installments.	-
Bank Mortgage Loan	First Commercial Bank Chien Chen Branch	2021/05/27~2026/05/27	The principal shall be repaid in 10 successive semiannual installments.	-
Bank Mortgage Loan	E.Sun Bank Taipei Branch	2021/06/25~2026/06/25	The principal shall be repaid in 10 successive semiannual installments.	-
Bank Mortgage Loan	Land Bank of Taiwan Chang An Branch	2021/07/20~2026/07/20	The principal shall be repaid in 17 successive quarterly installments.	-
Bank Mortgage Loan	First Commercial Bank Chien Chen Branch	2021/10/15~2026/10/15	The principal shall be repaid in 10 successive semiannual installments.	-
Commercial Paper	China Bills Finance Corporation	2018/06/15~2023/06/11	The principal shall be repaid a time.	-
Commercial Paper	International Bills Finance Corporation	2018/06/15~2023/06/11	The principal shall be repaid a time.	-
Commercial Paper	China Bills Finance Corporation	2020/09/15~2023/09/14	The principal shall be repaid a time.	-
Commercial Paper	Ta Ching Bills Finance Corporation	2020/12/14~2023/12/13	The principal shall be repaid a time.	-
Commercial Paper	International Bills Finance Corporation	2020/12/29~2023/12/28	The principal shall be repaid a time.	-
Commercial Paper	China Bills Finance Corporation	2021/01/15~2025/01/14	The principal shall be repaid a time.	-
Commercial Paper	Mega Bills Finance Co. Ltd	2021/01/21~2025/01/20	The principal shall be repaid a time.	-
Bank Credit Loan	MUFG Bank, Ltd. Taipei Branch	2018/06/19~2021/06/18	The principal shall be repaid in 2 successive 2nd and 3rd year installments.	-
Bank Credit Loan	Taipei Star Bank Chang-an Branch	2017/12/21~2022/12/21	The principal shall be repaid in 16 successive quarterly installments.	-
Bank Credit Loan	First Commercial Bank Chien Chen Branch	2019/02/11~2024/02/11	The principal shall be repaid in 10 successive semiannual installments.	-
Bank Credit Loan	Jhsun Bank Xinyi Branch	2021/12/27~2023/12/08	The principal shall be repaid a time.	-
Bank Mortgage Loan	Taiwan Cooperative Bank Cheng-Tung Branch	2012/07/20~2022/07/20	The principal shall be repaid in 20 successive semiannual installments.	-
Bank Mortgage Loan	Mega International Commercial Bank Singapore Branch	2019/12/19~2026/12/19	The principal shall be repaid in 21 successive quarterly installments.	-
Bank Mortgage Loan	Land Bank of Taiwan Chang An Branch	2012/04/12~2022/04/12	The principal shall be repaid in 28 successive quarterly installments.	-
Bank Mortgage Loan	Land Bank of Taiwan Chang An Branch	2013/08/14~2023/08/14	The principal shall be repaid in 28 successive quarterly installments.	-
Bank Mortgage Loan	Japan Bank for International Cooperation/Citi Bank	2020/11/30~2033/04/28	The principal shall be repaid in 24 successive semiannual installments.	Financial Covenants
Bank Mortgage Loan	Mega International Commercial Bank Singapore Branch	2021/03/01~2028/03/01	The principal shall be repaid in 21 successive quarterly installments.	-
Bank Mortgage Loan	Land Bank of Taiwan Singapore Branch	2021/03/01~2028/03/01	The principal shall be repaid in 21 successive quarterly installments.	-



Financial Highlights

6.1 Summarized financial statements for the past 5 years

6.1.1 Summarized consolidated balance sheets

Unit: TWD thousand

Item	Year	Financial data in the past five years (Note 1)					2022 as of Mar. 31 (Note 2)
		2021	2020	2019	2018	2017	
Current Assets		132,697,578	31,336,570	27,514,862	23,652,827	30,047,229	-
Property, Plant and Equipment		82,634,574	54,166,521	43,728,724	43,419,203	42,680,442	-
Right-of-Use		18,245,877	7,727,240	5,097,810	-	-	-
Intangible Assets		75,808	81,857	77,322	95,730	53,262	-
Other Assets		24,026,988	15,285,430	11,185,534	9,869,590	3,732,871	-
Total Assets		257,680,825	108,597,618	87,604,252	77,037,350	76,513,804	-
Current Liabilities	Before distribution	48,060,731	24,749,262	16,722,195	20,827,805	20,894,731	-
	After distribution	(Note 3)	26,967,560	18,496,833	22,171,272	22,003,880	-
Non-current Liabilities		65,047,654	39,676,014	34,533,592	21,392,140	21,439,456	-
Total Liabilities	Before distribution	113,108,385	64,425,276	51,255,787	42,219,945	42,334,187	-
	After distribution	(Note 3)	66,643,574	53,030,425	43,563,412	43,443,336	-
Equity attributable to owners of parent		144,275,026	43,902,409	36,104,182	34,584,452	33,966,960	-
Common Stock		24,401,273	22,182,975	22,182,975	22,182,975	22,182,975	-
Capital surplus		1,271,775	1,271,775	1,271,775	1,261,681	1,261,681	-
Retained Earnings	Before distribution	122,589,473	23,687,262	14,169,113	11,950,496	11,649,786	-
	After distribution	(Note 3)	21,468,964	12,394,475	11,607,029	10,540,637	-
Other Equity		(3,987,495)	(3,239,603)	(1,519,681)	(810,700)	(1,127,482)	-
Treasury Stock		0	0	0	0	0	-
Non-Controlling Interest		297,414	269,933	244,283	232,953	212,657	-
Total stockholders' equity	Before distribution	144,572,440	44,172,342	36,348,465	34,817,405	34,179,617	-
	After distribution	(Note 3)	41,954,044	34,573,827	33,473,938	33,070,468	-

Note 1: The summarized financial data for 2017~2021 have been certified by CPA.

Note 2: There is no financial data for 2022Q1 certified or reviewed by CPA as of date of publication.

Note 3: Retained earnings distribution has not been resolved by the Shareholder's Meeting.

6.1.2 Summarized consolidated comprehensive income statements

Unit: TWD thousand

Item	Year	Financial data in the past five years (Note 1)					2022 as of Mar. 31 (Note 2)
		2021	2020	2019	2018	2017	
Operating revenue		228,005,453	81,880,182	72,951,183	66,778,676	60,769,645	-
Gross profit		134,652,600	17,581,367	7,230,018	5,002,376	7,115,417	-
Operating income		127,673,391	12,781,658	2,851,286	989,001	3,141,810	-
Non-operating income & expense		1,521,349	1,468,337	1,703,907	788,306	(22,769)	-
Net income before income tax		129,194,740	14,249,995	4,555,193	1,777,307	3,119,041	-
Profit after tax from continuing operations		103,417,228	11,357,488	3,587,706	1,137,238	2,558,975	-
Losses from discontinued segments		0	0	0	0	0	-
Profit (Loss) from this period		103,417,228	11,357,488	3,587,706	1,137,238	2,558,975	-
Other comprehensive profit and loss (Net value after tax)		(769,977)	(1,748,561)	(706,100)	849,956	(1,795,703)	-
Total Comprehensive profit and loss from this period		102,647,251	9,608,927	2,881,606	1,987,194	763,272	-
Net earnings attributable to owners of parent		103,342,908	11,316,981	3,573,703	1,117,906	2,541,889	-
Net earnings attributable to non-controlling interest		74,320	40,507	14,003	19,332	17,086	-
Total comprehensive profit and loss attributable to owners of parent		102,590,915	9,572,865	2,863,197	1,967,988	746,329	-
Total comprehensive profit and loss attributable to non-controlling interest		56,336	36,062	18,409	19,206	16,943	-
Earnings per share (Note 3)		42.35	4.64	1.46	0.46	1.04	-

Note 1: The summarized financial data for 2017~2021 have been certified by CPA.

Note 2: There is no financial data for 2022Q1 certified or reviewed by CPA as of date of publication.

Note 3: Base on retroactive adjustment calculation.

6.1.3 Summarized balance sheets

Unit: TWD thousand.

Item	Year	Financial data in the past five years (Note 1)					2022 as of Mar. 31
		2021	2020	2019	2018	2017	
Current Assets		71,336,110	26,510,110	20,708,950	17,064,593	23,231,178	N/A
Property, Plant and Equipment		33,657,439	20,976,137	17,953,542	14,683,088	12,944,060	
Right-of-Use		120,322,046	74,302,608	85,001,414	-	-	
Intangible Assets		74,245	80,514	76,285	94,240	52,139	
Other Assets		120,269,262	45,047,625	37,258,492	34,814,941	28,305,282	
Total Assets		345,659,102	166,916,994	160,998,683	66,656,862	64,532,659	
Current Liabilities	Before distribution	50,798,787	25,909,864	19,695,635	15,462,430	15,409,683	
	After distribution	(Note 2)	28,128,162	21,470,273	16,805,897	16,518,832	
Non-current Liabilities		150,585,290	97,104,721	105,198,866	16,609,980	15,156,016	
Total Liabilities	Before distribution	201,384,077	123,014,585	124,894,501	32,072,410	30,565,699	
	After distribution	(Note 2)	125,232,883	126,669,139	33,415,877	31,674,848	
Common Stock		24,401,272	22,182,975	22,182,975	22,182,975	22,182,975	
Capital surplus		1,271,775	1,271,775	1,271,775	1,261,681	1,261,681	
Retained Earnings	Before distribution	122,589,473	23,687,262	14,169,113	11,950,496	11,649,786	
	After distribution	(Note 2)	21,468,964	12,394,475	10,607,029	10,540,637	
Other Equity		(3,987,495)	(3,239,603)	(1,519,681)	(810,700)	(1,127,482)	
Treasury Stock		0	0	0	0	0	
Total stockholders' equity	Before distribution	144,275,025	43,902,409	36,104,182	34,584,452	33,966,960	
	After distribution	(Note 2)	41,684,111	34,329,544	33,240,985	32,857,811	

Note 1: The summarized financial data for 2017~2021 have been certified by CPA.

Note 2: Retained earnings distribution has not been resolved by the Shareholder's Meeting.

6.1.4 Summarized comprehensive income statements

Unit: TWD thousand

Item	Year	Financial data in the past five years (Note 1)					2022 as of Mar. 31
		2021	2020	2019	2018	2017	
Operating revenue		116,005,228	61,915,516	59,102,119	53,934,045	50,300,722	N/A
Gross profit		58,788,261	9,187,405	3,378,077	345,724	4,454,136	
Operating income		54,713,637	6,534,039	1,147,748	(1,611,199)	2,346,116	
Non-operating income & expense		73,972,242	7,540,399	3,293,183	3,281,587	687,103	
Net income before income tax		128,685,879	14,074,438	4,440,931	1,670,390	3,033,219	
Profit after tax from continuing operations		103,342,908	11,316,981	3,573,703	1,117,906	2,541,889	
Losses from discontinued segments		0	0	0	0	0	
Profit (Loss) from this period		103,342,908	11,316,981	3,573,703	1,117,906	2,541,889	
Other comprehensive profit and loss (Net value after tax)		(751,993)	(1,744,116)	(710,506)	850,082	(1,795,560)	
Total Comprehensive profit and loss from this period		102,590,915	9,572,865	2,863,197	1,967,988	746,329	
Earnings per share (Note2)		42.35	4.64	1.46	0.46	1.04	

Note 1: The summarized financial data for 2017~2021 have been certified by CPA.

Note 2: Base on retroactive adjustment calculation.

6.1.5 CPA and Audit results for the past 5 years

Year	CPA name	Audit results
2017	Chen Yi Chun Chiang Chung Yi	Unqualified opinion.
2018	Chen Yi Chun Chiang Chung Yi	Unqualified opinion.
2019	Chen Yi Chun Chiang Chung Yi	Unqualified opinion.
2020	Kuo Rou Lan Chiang Chung Yi	Unqualified opinion.
2021	Kuo Rou Lan Chen Jun-Kuang	Unqualified opinion.

6.2 Summarized financial analysis for the past 5 years

6.2.1 Consolidated financial analysis

Item		Year	Financial analysis in the past five years(Note 1)					2022 as of Mar. 31 (Note 2)
			2021	2020	2019	2018	2017	
Financial structure (%)	Debt ratio		43.89	59.32	58.51	54.80	55.33	-
	Ratio of long-term capital to property, plant and equipment		253.67	154.80	162.09	129.46	130.32	-
Solvency	Current ratio (%)		276.10	126.62	164.54	113.56	143.80	-
	Quick ratio (%)		266.50	116.89	151.34	105.95	136.46	-
	Times interest earned		178.00	28.02	7.58	4.14	6.98	-
Operating Performance	Accounts receivable turnover (turns)		41.18	27.81	28.39	22.80	22.59	-
	Average collection period		8.86	13.12	12.85	16.01	16.15	-
	Inventory turnover (turns)		-	-	-	-	-	-
	Accounts payable turnover (turns)		9.45	7.79	8.34	8.50	8.07	-
	Average days in sales		-	-	-	-	-	-
	Property, plant and equipment turnover (turns)		3.33	1.67	1.67	1.55	1.41	-
	Total assets turnover (turns)		1.24	0.83	0.89	0.87	0.80	-
Profitability	Return on total assets (%)		56.79	12.01	5.03	2.07	3.92	-
	Return on equity (%)		109.58	28.21	10.08	3.30	7.47	-
	Ratio to issued capital of pre-tax income (%)		529.46	64.24	20.53	8.01	14.06	-
	Profit ratio (%)		45.36	13.87	4.92	1.70	4.21	-
	Earnings per share (\$)		42.35	4.64	1.46	0.46	1.04	-
Cash flow (%)	Cash flow ratio		275.91	70.98	47.97	24.03	33.88	-
	Cash flow adequacy ratio		224.09	96.63	99.52	121.74	112.48	-
	Cash reinvestment ratio		52.93	12.44	5.59	3.61	5.73	-
Leverage	Operating leverage		1.18	2.11	5.91	3.98	4.56	-
	Financial leverage		1.01	1.04	1.32	2.33	1.20	-

Reasons for financial ratios of 2021 increased/decreased more than 20% comparing to 2020:

1. Debt ratio decreased since Cash and cash equivalents increased.
2. Ratio of long-term capital to property, plant and equipment increased since deferred tax liabilities & retained earnings increased.
3. Current ratio & Quick ratio increased since current assets increased.
4. Times interest earned increased since net income before income tax and interest expense increased.
5. Accounts receivable turnover, property, plant and equipment turnover & total assets turnover increased, and average collection period decreased, since operating revenue increased.
6. Accounts payable turnover increased since operating costs increased.
7. Return on total assets, return on equity, ratio to issued capital of pre-tax income, profit ratio & earnings per share increased since net income before tax increased.
8. Cash flow ratio, cash reinvestment ratio & cash reinvestment ratio increased since net cash provided by operating activities increased.
9. Operating leverage decreased since income from operations decreased.

Note 1: The financial data for 2017~2021 have been certified by CPA

Note 2: There is no financial data for 2022Q1 certified or reviewed by CPA as of date of publication

1. Financial structure

- (1) Debt ratio = total liabilities / total assets
- (2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment

2. Solvency

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

3. Operating performance

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

4. Profitability

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

5. Cash flow

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

6. Leverage

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

6.2.2 Financial analysis

Item	Year	Financial analysis in the past five years (Note 1)					2022 as of Mar. 31
		2021	2020	2019	2018	2017	
Financial structure (%)	Debt ratio	58.26	73.70	77.57	48.12	47.36	N/A
	Ratio of long-term capital to property, plant and equipment	876.06	672.23	787.05	348.66	379.50	
Solvency	Current ratio (%)	140.43	102.32	105.14	110.36	150.76	
	Quick ratio (%)	138.30	96.98	97.35	103.06	143.42	
	Times interest earned	65.47	9.79	3.51	5.68	10.29	
Operating Performance	Accounts receivable turnover (turns)	67.66	59.53	60.79	33.77	29.36	
	Average collection period	5.39	6.13	6.00	10.80	12.43	
	Inventory turnover (turns)	-	-	-	-	-	
	Accounts payable turnover (turns)	5.23	7.50	9.00	9.69	9.05	
	Average days in sales	-	-	-	-	-	
	Property, plant and equipment turnover (turns)	4.25	3.18	3.62	3.90	4.45	
	Total assets turnover (turns)	0.45	0.38	0.52	0.82	0.79	
Profitability	Return on total assets (%)	40.95	7.68	4.38	2.14	4.41	
	Return on equity (%)	109.84	28.29	10.11	3.26	7.47	
	Ratio to issued capital of pre-tax income (%)	527.37	63.45	20.02	7.53	13.67	
	Profit ratio (%)	89.08	18.28	6.05	2.07	5.05	
	Earnings per share (\$)	42.35	4.64	1.46	0.46	1.04	
Cash flow (%)	Cash flow ratio	126.46	54.27	51.29	1.10	13.05	
	Cash flow adequacy ratio	233.62	129.45	83.65	58.41	71.03	
	Cash reinvestment ratio	32.65	15.40	12.48	(1.47)	1.72	
Leverage	Operating leverage	1.28	2.83	11.54	(6.63)	4.87	
	Financial leverage	1.04	1.32	(1.84)	0.82	1.16	

Reasons for financial ratios of 2021 increased/decreased more than 20% comparing to 2020:

1. Debt ratio decreased since investments accounted for using equity method & right of use assets increased.
2. Ratio of long-term capital to property, plant and equipment increased since non current lease liabilities & retained earnings increased.
3. Current ratio & Quick ratio increased since current assets increased.
4. Times interest earned increased since net income before income tax and interest expense increased.
5. Accounts payable turnover increased since operating costs increased.
6. Property, plant and equipment turnover increased since operating revenue increased.
7. Return on total assets, return on equity, ratio to issued capital of pre-tax income, profit ratio & earnings per share increased since net income before tax increased.
8. Cash flow ratio, cash reinvestment ratio & cash reinvestment ratio increased since net cash provided by operating activities increased.
9. Operating leverage & financial leverage decreased since income from operations decreased.

Note 1: The financial data for 2017~2021 have been certified by CPA.

1. Financial structure

(1) Debt ratio = total liabilities / total assets

(2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment

2. Solvency

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets – inventories – prepaid expenses) / current liabilities

(3) Times interest earned = net income before income tax and interest expense / interest expenses

3. Operating performance

(1) Turnover of receivable (including accounts receivable and receivable-trade notes) = net operating revenue / average receivable-trade (including accounts receivable and receivable-trade notes)

(2) Average collection days = 365 / turnover of receivable

(3) Turnover of inventories = operating cost / average inventories

(4) Turnover of payable (including accounts payable and notes payable-trade) = operating cost / average payable-trade

(5) Average sales days = 365 / turnover of inventories

(6) Turnover of property, plant and equipment (times) = net operating revenue / average net property, plant and equipment

(7) Turnover of total assets (times) = net operating revenue / average total assets

4. Profitability

(1) Return on total assets = [net income after tax + interest expense × (1 – tax rate)] / average total assets

(2) Return on equity = net income after tax / average total equity

(3) Profit margin = net income after tax / net operating revenue

(4) Earnings per share = (net income after tax – dividend of prefer stock) / weighted average number of outstanding shares

5. Cash flow

(1) Cash flow ratio = net cash provided by operating activities / current liabilities

(2) Cash flow adequacy ratio = net cash provided by operating activities for past 5 years / (fixed assets expenditure + inventories increase + cash dividend) for past 5 years

(3) Cash reinvestment ratio = (net cash provided by operating activities – cash dividend) / (property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage

(1) Operating leverage = (net operating revenue – variable operating cost and expense) / operating profit

(2) Financial leverage = operating profit / (operating profit – interest expenses)

6.3 Audit Committee's Review Report for Fiscal Year 2021

6.3.1 Audit Committee's Review Report for Fiscal Year 2021 (Consolidated)

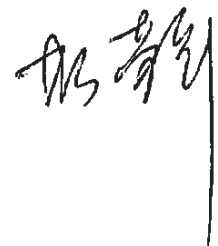
The Board of Directors has prepared the Company's consolidated financial statements for 2021 and consolidated business report for 2021. Of which, the Company's consolidated financial statements for 2021 have been audited by the CPA firm of KPMG through entrustment by the Board of Directors, and an audit 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 2022

WAN HAI LINES LTD.

Chairman of the Audit committee:

Rung-Nian Lai



Mar.15, 2022

6.3.2 Audit Committee's Review Report for Fiscal Year 2021

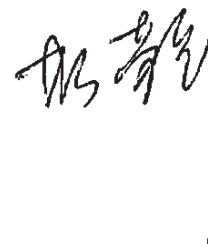
The Board of Directors has prepared the Company's financial statements for 2021, business report and earnings distribution. Of which, the Company's financial statements for 2021 have been audited by the CPA firm of KPMG through entrustment by the Board of Directors, and an audit report with unqualified 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 2022

WAN HAI LINES LTD.

Chairman of the Audit committee:

Rung-Nian Lai



Mar.15, 2022

6.4 Consolidated Financial Statements for Fiscal Year 2021

6.4.1 Independent Auditor's Report

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, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2021 and 2020 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)(a) “ Uncertainty associated with the assumptions and estimations for revenue recognition” and Note(6)(v) “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. Additions of Property, plant and equipment

Please refer to note(4)(l) “Property, plant and equipment” and note(6)(j) “Property, plant and equipment”.

How the matter was addressed in our audit

The total amount of the Group’s property, plant and equipment accounts for a high proportion of the total assets, and the Group has material additions of property, plant and equipment this year. Consequently, this is one of the key areas our audit focused on.

Our principal audit procedures included:

Checking the total amount of the Company’s Table of Additions to Table of Aggregation Changes.

Checking out the huge addition of property, plant and equipment to the relevant vouchers. Performing on-site observation and stocktaking of representative Property, plant and equipment.

Other Matter

Wan Hai Lines Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, 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 Chun Kuang Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial statements of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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

CONSOLIDATED BALANCE SHEETS

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021.12.31		2020.12.31	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (note 6(a))	\$ 103,001,818	40	15,765,903	15
1110 Current financial assets at fair value through profit or loss (note 6(b))	6,261,076	2	4,844,840	5
1137 Current financial assets at amortized cost (note 6(d))	63,717	-	-	-
1150 Notes receivable, net (notes 6(i) and 6(v))	72,604	-	52,358	-
1170 Accounts receivable, net (notes 6(u) and 6(v))	7,356,998	3	3,589,346	3
1140 Current contract assets (note 6(x))	7,855,522	3	1,530,849	1
1200 Other receivables, net (note 7)	1,026,753	-	1,425,327	1
1330 Inventories (note 6(g))	3,855,688	2	1,887,030	2
1475 Receivables from agents (note 7)	1,873,574	1	1,213,957	1
1479 Other current assets (note 8)	1,349,828	1	1,026,960	1
	132,697,578	52	31,336,570	29
Non-current assets:				
1517 Non-current financial assets at fair value through other comprehensive income (note 6(e))	\$ 5,010,691	2	4,487,899	4
1550 Investments accounted for using equity method, net (note 6(h))	1,249,446	-	1,178,944	1
1600 Property, plant and equipment (notes 6(j), (k) and (9))	82,634,574	32	54,166,521	50
1755 Right-of-use assets (note 6(k))	18,245,677	7	7,727,240	7
1760 Investment property (note 6(l))	3,779,794	2	3,770,753	4
1780 Intangible assets (note 6(m))	75,808	-	81,857	-
1900 Other non-current assets (notes 6(s), (8) and (9))	13,987,057	5	5,847,834	5
	124,983,247	48	77,261,048	71
	\$ 257,680,825	100	108,597,618	100
Liabilities and Equity				
Current liabilities:				
Short-term borrowings (note 6(n))	\$ 30,000	-	50,000	-
Current financial liabilities for hedging (notes 6(e) and (q))	985,592	-	818,459	1
Accounts payable (note 7)	11,378,608	5	8,386,638	8
Other payables (note 7)	5,973,102	2	2,994,247	3
Current tax liabilities (note 6(s))	10,553,576	5	1,221,166	1
Current lease liabilities (note 6(q))	8,381,559	3	1,202,970	1
Current portion of long-term loans (notes 6(o), 6(p) and (8))	8,025,040	3	7,445,416	7
Payables to agents (note 7)	138,137	-	127,385	-
Other current liabilities (notes 6(v) and (7))	2,595,117	1	2,502,981	2
	48,060,731	19	24,749,262	23
Non-current liabilities:				
Non-current financial liabilities for hedging (notes 6(e) and (q))	2,576,487	1	2,855,649	3
Bonds payable (note 6(p))	9,000,000	4	12,600,000	11
Long-term borrowings (notes 6(x) and (8))	26,296,338	10	15,785,110	14
Deferred tax liabilities	19,065,776	7	4,157,326	4
Non-current lease liabilities (note 6(q))	6,233,316	3	2,854,667	2
Accrued pension liabilities non-current (note 6(r))	638,379	-	687,775	1
Guarantee deposits received	1,147,338	-	735,487	-
	65,047,654	25	39,676,014	36
	113,108,385	44	64,425,276	59
Equity attributable to owners of parent (notes 6(i) and (t)):				
Share capital:				
Ordinary share	24,401,273	10	22,182,975	21
Capital surplus	1,271,775	1	1,271,775	1
Retained earnings:				
Legal reserve	8,354,970	3	7,225,691	7
Special reserve	3,239,603	1	1,519,682	1
Retained earnings-unappropriated	110,994,900	43	14,941,889	14
	122,589,473	47	23,687,262	22
Other equity interest:				
Exchange differences on translation of foreign financial statements	(4,617,000)	(2)	(3,465,395)	(3)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	445,677	-	75,448	-
Gains (losses) on hedging instruments (note 6(e))	183,828	-	150,344	-
	(3,987,492)	(2)	(3,239,603)	(3)
	144,275,026	56	43,902,409	41
	297,414	-	269,933	-
	144,572,440	56	44,172,342	41
	\$ 257,680,825	100	108,597,618	100

Seeing accompanying notes to financial statements.

(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, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (notes (6)(v) and (7))	\$ 228,005,453	100	81,880,182	100
5000	Operating costs (notes (6)(g) and (7))	93,352,853	41	64,298,815	78
	Gross profit	134,652,600	59	17,581,367	22
6200	Total administrative expenses	6,973,835	3	4,799,709	6
6450	Expected credit loss (gain)(note(6)(f))	5,374	-	-	-
	Total operating expenses	6,979,209	3	4,799,709	6
	Income from operations	127,673,391	56	12,781,658	16
	Non-operating income and expenses (notes (6)(h) and (6)(x)):				
7100	Interest income	82,315	-	71,877	-
7010	Other income	320,721	-	320,420	-
7020	Other gains and losses	1,651,628	1	1,399,993	2
7050	Finance costs	(729,914)	-	(527,398)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	196,599	-	203,445	-
	Total non-operating income and expenses	1,521,349	1	1,468,337	2
7900	Profit before tax	129,194,740	57	14,249,995	18
7950	Less: Income tax expenses	25,777,512	11	2,892,507	4
	Net Profit	103,417,228	46	11,357,488	14
	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	(10,323)	-	(31,848)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	370,229	-	275,824	-
8349	Less: Income tax related to components of other comprehensive income that may not be reclassified subsequently	6,222	-	7,654	-
	Total items that may not be reclassified subsequently to profit and loss	366,128	-	251,630	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation	(1,169,976)	(1)	(2,128,947)	(2)
8368	Gains (losses) on hedging instrument	33,484	-	116,840	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	387	-	11,916	-
	Total items that may be reclassified subsequently to profit and loss	(1,136,105)	(1)	(2,000,191)	(2)
	Other comprehensive income (net of tax)	(769,977)	(1)	(1,748,561)	(2)
8500	Total comprehensive income	\$ 102,647,251	45	9,608,927	12
	Profit (loss), attributable to:				
8610	Owners of the parent company	\$ 103,342,908	46	11,316,981	14
8620	Non-controlling interests	74,320	-	40,507	-
		\$ 103,417,228	46	11,357,488	14
	Comprehensive income attributable to:				
8710	Owners of the parent company	\$ 102,590,915	45	9,572,865	12
8720	Non-controlling interests	56,336	-	36,062	-
		\$ 102,647,251	45	9,608,927	12
9750	Basic earnings per share (New Taiwan Dollar) (note (6)(u))	\$ 42.35		4.64	
9850	Diluted earnings per share (New Taiwan Dollar) (note (6)(u))	\$ 42.27		4.63	

Seeing accompanying notes to financial statements.

(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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Other Equity Items		Total
	Stock	Retained Earnings			Foreign Currency Translation Differences Arising from Foreign Operations	Unrealized Gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total Equity Attributable to Owners of Parent	Non-controlling Interests	
		Common Stock	Capital Surplus	Legal reserve						
Balance at January 1, 2020	22,182,975	1,271,775	6,869,483	810,700	6,488,930	(1,352,809)	(200,376)	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	(1,744,116)	(4,445)	(1,748,561)
Total comprehensive income (loss)	-	-	-	-	11,292,787	(2,112,586)	275,824	9,572,865	36,062	9,608,927
Appropriation of retained earnings:										
Legal reserve	-	-	356,208	-	(356,208)	-	-	-	-	-
Reversal of special reserve	-	-	-	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 2020.12.31	22,182,975	1,271,775	7,225,691	1,519,682	14,941,889	(3,465,395)	75,448	43,902,409	269,933	44,172,342
Net income	-	-	-	-	103,342,908	-	-	103,342,908	74,320	103,417,228
Other comprehensive income (loss)	-	-	-	-	(4,101)	(1,151,605)	370,229	(751,993)	(17,984)	(769,977)
Total comprehensive income (loss)	-	-	-	-	103,338,807	(1,151,605)	370,229	102,590,915	56,336	102,647,251
Appropriation of retained earnings:										
Legal reserve	-	-	1,129,279	-	(1,129,279)	-	-	-	-	-
Special reserve appropriated	-	-	-	1,719,921	(1,719,921)	-	-	-	-	-
Cash dividends	-	-	-	-	(2,218,298)	-	-	(2,218,298)	-	(2,218,298)
Stock dividends of ordinary share	2,218,298	-	-	-	(2,218,298)	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(28,855)	(28,855)
Balance at December 31, 2021	24,401,273	1,271,775	8,354,970	3,239,603	110,994,900	(4,617,000)	445,677	144,275,026	297,414	144,572,440

See accompanying notes to financial statements.

(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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 129,194,740	14,249,995
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	13,784,877	5,768,605
Amortization expense	56,402	67,986
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	5,374	-
Net (gain) loss on financial assets at fair value through profit or loss	(1,274,831)	(783,642)
Interest expense	729,914	527,398
Interest revenue	(82,315)	(71,877)
Dividend income	(319,224)	(320,420)
Share of income of associates and joint ventures accounted for using equity method	(196,599)	(203,445)
Gain on disposal of property, plant and equipment	(240,440)	(208,852)
Loss (gain) on unrealized foreign exchange gain	82,967	(403,295)
Others	(5,451)	(1,269)
Total adjustments to reconcile profit (loss)	<u>12,540,674</u>	<u>4,371,189</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	(141,405)	8,039
Contract assets	(6,304,673)	(797,160)
Notes receivable	(20,246)	(12,623)
Accounts receivable (including related parties)	(3,773,026)	(1,382,571)
Other receivables	396,572	(243,992)
Inventories	(1,968,658)	109,423
Receivables from agents	(659,617)	(274,877)
Other current assets	(242,861)	(222,886)
Total changes in operating assets, net	<u>(12,713,914)</u>	<u>(2,816,647)</u>
Changes in operating liabilities, net:		
Accounts payable (including related parties)	2,991,970	262,259
Other payables	1,987,966	781,973
Payables to agents	10,752	114,822
Other current liabilities	91,204	858,825
Accrued pension liabilities	(59,719)	(47,497)
Total changes in operating liabilities, net	<u>5,022,173</u>	<u>1,970,382</u>
Total changes in operating assets and liabilities	<u>(7,691,741)</u>	<u>(846,265)</u>
Total adjustments	<u>4,848,933</u>	<u>3,524,924</u>
Cash inflow generated from operations	134,043,673	17,774,919
Income taxes paid	(1,437,141)	(207,890)
Net cash provided by operating activities	<u>132,606,532</u>	<u>17,567,029</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(163,017)	(548,058)
Acquisition of financial assets at amortized cost	(63,717)	-
Acquisition of investments accounted for using equity method	-	(385)
Acquisition of property, plant and equipment	(34,338,701)	(17,235,041)
Proceeds from disposal of property, plant and equipment	334,132	342,340
Acquisition of intangible assets	(49,842)	(22,888)
Acquisition of investment property	(45,332)	(2,071,850)
Other non-current assets	(8,384,486)	(1,626,584)
Interest received	80,193	77,575
Dividends received	443,620	439,723
Net cash used in investing activities	<u>(42,187,150)</u>	<u>(20,645,168)</u>
Cash flows from financing activities:		
Increase in short-term loans	(20,000)	(20,000)
Proceeds from issuing bonds	-	2,500,000
Repayments of bonds	(3,800,000)	-
Proceeds from long-term loans	18,267,783	12,463,723
Repayment of long-term loans	(6,307,447)	(8,027,117)
Guarantee deposits received	412,802	150,430
Payments of lease liabilities	(7,339,116)	(998,801)
Cash dividends paid	(2,218,298)	(1,774,638)
Interest paid	(733,225)	(557,631)
Change in non-controlling interests	(28,855)	(10,412)
Net cash used in financing activities	<u>(1,766,356)</u>	<u>3,725,554</u>
Foreign exchange rate effects	(1,417,111)	(360,972)
Net increase in cash and cash equivalents	<u>87,235,915</u>	<u>286,443</u>
Cash and cash equivalents, beginning of period	<u>15,765,903</u>	<u>15,479,460</u>
Cash and cash equivalents, end of period	<u>\$ 103,001,818</u>	<u>15,765,903</u>

See accompanying notes to financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company History

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

(2) Approval Date and Procedures of the Consolidated Financial Statements

The Board of Directors approved and issued the consolidated financial statements on March 15, 2022.

(3) New Standards, Amendments and Interpretations adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of Significant Accounting Policies

The accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

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(a) Statement of compliance

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

(b) Basis of preparation

1. Basis of measurement

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

- 1) Financial instruments measured at fair value through profits or losses are measured at fair value;
- 2) Fair value through other comprehensive income is measured at fair value; and
- 3) Hedging financial instruments are measured at fair value;
- 4) The net defined benefit liability (asset) is recognized as the fair value of plan assets, less the present value of the defined benefit obligation, with a limit based on a defined benefit asset.

2. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Basis of Consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to , variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from Intra-group transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

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2. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding %		Note
			2021.12.31	2020.12.31	
The Company	Wan Hai Lines (Singapore) Pte. Ltd. (WHL Singapore)	International freight transportation, agency services for transport affairs, vessel leasing	100.00 %	100.00 %	
The Company	T.K. Logistics International Co., Ltd. (TK)	Managing container terminals and storage facilities	55.00 %	55.00 %	
The Company	k.k. WH Corporation (WH Corporation)	Operating and managing container yard and vessel leasing	100.00 %	100.00 %	
The Company	Wan Hai Lines (Germany) GmbH (WHL Germany)	International freight transportation and agency services for transport affairs	- %	- %	Completed liquidation process on March 2020.
The Company	Bao Sheng Shipping Agency Co., Ltd. (BS)	Agency services for transportation affair and contracting ocean shipping and related services	70.01 %	70.01 %	
WHL Singapore	Wan Hai Line (M) Sdn. Bhd. (WHL Malaysia)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL Singapore	Wan Hai Lines (HK) Ltd. (WHL Hong Kong)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL Singapore	Wan Hai Lines (Phils.), Inc. (WHL Phils.)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL Singapore	Wan Hai Lines (Korea) Ltd. (WHL Korea)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL Singapore	Wan Hai International Pte. Ltd. (WHL INTL.)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL Singapore	Yi Chun Shipping Agencies Sdn. Bhd. (Yi Chun)	ODD operation	100.00 %	100.00 %	
WHL Singapore	Wan Hai (Vietnam) Ltd. (WHL Vietnam)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	

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Name of investor	Name of subsidiary	Principal activity	Shareholding %		Note
			2021.12.31	2020.12.31	
WHL Singapore	Wan Hai Lines (Thailand) Ltd. (WHL Thailand)	International freight transportation and agency services for transport affairs	49.00 %	49.00 %	The Company did not directly or indirectly hold over one-half of the voting rights of WHL-Thailand; however, the subsidiary WHL Singapore occupies three of the five seats on the board of WHL-Thailand. As a result, WHL Singapore has a direct control over WHL-Thailand.
WHL Singapore 、 WHL INTL	WanHai Lines Ecuador S.A. (WHL Ecuador)	International freight transportation and agency services for transport affairs	100.00 %	51.00 %	The Company acquired the non-controlling interest in January 2021, increasing its equity from 51% to 100%.
WHL Singapore	Wan Hai Lines (USA) Ltd. (WHL USA)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL Singapore	Bravely International Pte. Ltd. (BI)	International freight transportation and investment	100.00 %	100.00 %	
WHL Singapore	HE CHUN LOGISTICS COMPANY LTD. (HE CHUN)	ODD operations	100.00 %	100.00 %	
WHL Singapore	Wan Hai Shipping Limited.	International freight transportation and agency services for transport affairs	70.00 %	70.00 %	
WHL Singapore 、 WHL INTL.	Wan Hai Lines Peru S.A.C.(WHL Peru)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL USA	Wan Hai Lines (Arizona) LLC (WHL Arizona)	House rental and management services	100.00 %	100.00 %	
WHL INTL.	Wan Hai Lines (India) PVT Ltd. (WHL India)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL INTL.	Infinite Marine Investment Co., Ltd.	Investment	100.00 %	100.00 %	
BI	Bravely (Myanmar) Transport and Logistics Company LTD. (Bravely (Myanmar))	Managing container, storage and logistics services	80.00 %	80.00 %	
WHL Hong Kong	Guangzhou Wan Hai Information Technology Ltd. (GZIT)	Information software service	100.00 %	100.00 %	

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Name of investor	Name of subsidiary	Principal activity	Shareholding %		Note
			2021.12.31	2020.12.31	
WHL Hong Kong	Dawin Logistics (International) Ltd. (Dawin)	Transportation and storage services	100.00 %	100.00 %	
Dawin	Shenzhen Uniwin International Logistics Ltd. (Shenzhen Uniwin)	Freight transportation and agency services for transport affairs	100.00 %	100.00 %	
Dawin	Blue Ocean Logistics (Shanghai) Ltd. (Blue)	Containers, storage and international transportation services	100.00 %	100.00 %	
Shenzhen Uniwin	Clipper International Shipping Agency Ltd. (Clipper)	International shipping agency services	49.00 %	49.00 %	The Company did not directly or indirectly hold over one-half of the voting rights of Clipper; however, the subsidiary, Shenzhen Uniwin, occupies four of the five seats on the board of Clipper. As a result, the Company has direct control over Clipper.
Shenzhen Uniwin	Shenzhen Yong Chun International Shipping Management Co., Ltd. (SZYC)	International shipping management	90.00 %	90.00 %	

3. Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currency

1. Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) qualifying cash flow hedges to the extent that the hedges are effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprise cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The saving deposits which satisfied the definition above and held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes, are reported as cash equivalents.

Bank overdrafts that are repayable on demand and from an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

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Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated—e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, receivables from agents, guarantee deposit paid and other financial assets) and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group considers a time deposit to have low credit risk when its trading counterparties’ credit risk ratings are equivalent to the globally understood definition of ‘investment grade’.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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2. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3. Hedge accounting

The Group designates certain hedging instruments (which include non-derivatives in respect of foreign currency risk) as cash flow hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

1) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under 'other equity — gains (losses) on hedging instruments', limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

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Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Group expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(h) Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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(j) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 “Joint Arrangements” defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 “Investments in Associates and Joint Ventures”, unless the Group qualifies for exemption from that Standard. Please refer to note (4)(i) for the application of the equity method.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(l) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	23 ~ 56 years
2) Vessel equipment	2 ~ 25 years
3) The major component of vessels: docking repair assets	2.5 years
4) Containers	1 ~ 10 years
5) Privileged wharf equipment	2 ~ 15 years
6) Other equipment	3 ~ 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date, and adjusted if appropriate.

(m) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of vessels, buildings, containers and other equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(n) Intangible assets

1. Recognition and measurement

Goodwill arising from the acquisition of a subsidiary is measured at cost less accumulated impairment loss.

Expenses related to research activities are recognized as profit or loss incurred.

Development expenditures are made only when they can be reliably measured, the technical or commercial viability of the product or process has been achieved, it is probable that future economic benefits will flow to the Company, and the Company intends and has sufficient resources to complete the development and use or sell the asset be capitalized.

Other development expenditures are recognized in profit or loss as incurred. After original recognition, capitalized development expenditure is measured at its cost less accumulated amortization and accumulated impairment.

Other intangible assets, including software and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

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3. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Software	1~5 years
2) Trademarks	3~10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(p) Revenue

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

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1) Service revenue

The Group provides vessel transportation services and recognizes revenue using percentage-of-completion of voyage method. If the Group has recognized revenue, but not have the right to collect bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional. When the payment has exceeded the services rendered, then the entitlement to consideration is recognized as a contract liability.

2) Rental revenue

The Group provides rental of vessels and containers and recognizes revenue using straight-line method over the lease term.

3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(q) Government grants

The Group recognizes an unconditional government grant as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(r) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity.

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The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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Deferred tax assets and liabilities are offset if the following criteria are met:

1. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

(u) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

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(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements, in conformity with the Regulations and the IFRSs endorsed by the FSC, requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the future period.

(a) Revenue recognition

The Group's cargo freight revenue is recognized using the percentage-of-completion of voyage method. The method is based on historical trend, and the high uncertainty of voyage days will lead to adjustments of the estimated value.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	<u>2021.12.31</u>	<u>2020.12.31</u>
Cash	\$ 120,721	72,288
Savings accounts	43,995,057	12,779,020
Time deposits	<u>58,886,040</u>	<u>2,914,595</u>
Cash and cash equivalents in statement of cash flows	<u>\$ 103,001,818</u>	<u>15,765,903</u>

Please refer to Note 6(y) for the interest rate analysis of financial assets and liabilities.

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

	<u>2021.12.31</u>	<u>2020.12.31</u>
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Stocks listed on domestic markets	\$ 6,249,968	4,836,764
Emerging stocks on domestic markets	<u>11,108</u>	<u>8,076</u>
Total	<u>\$ 6,261,076</u>	<u>4,844,840</u>

1. For subsequent measurement of the net gain or loss on fair value on financial instruments at FVTPL, please refer to Note 6(x).

2. As of December 31, 2021 and 2020, the Group's financial assets were not pledged as collateral.

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(c) Financial assets at fair value through other comprehensive income

	<u>2021.12.31</u>	<u>2020.12.31</u>
Equity investments at fair value through other comprehensive income		
Stocks listed on domestic markets	\$ 3,812,966	3,377,664
Stocks listed on foreign markets	718,420	660,115
Stocks unlisted on domestic markets	<u>479,305</u>	<u>450,120</u>
Total	<u>\$ 5,010,691</u>	<u>4,487,899</u>

1. Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

For the years ended December 31, 2021 and 2020, no strategic investments were disposed, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

The Group has acquired 20.29% ordinary shares in Da Nang Port Joint Stock Company (Da Nang Port JSC), and the main activities of Da Nang JSC are to provide wharf services. Since the Group only occupied one of the seven seats in the Board of Directors, and did not participate in any daily operation as well as policy-making processes of the Group, the Group did not have significant influence on Da Nang Port JSC.

2. For credit risk and market risk, please refer to Note 6(z).

3. As of December 31, 2021 and 2020, the financial assets of the Group had not been pledged as collateral.

(d) Financial assets at amortized cost

	<u>2021.12.31</u>	<u>2020.12.31</u>
Current	<u>\$ 63,717</u>	<u>-</u>

Financial assets at amortized cost are restricted bank deposits that do not meet the requirement of cash equivalents

The Group's financial assets at amortized cost were not pledged as collateral.

The Group's degree of exposure to credit risk and currency risk, please refer to note 6(z).

(e) Financial instruments used for hedging

The amounts at the reporting date relating to the lease liabilities designated as hedging instruments were as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Cash flow hedge:		
Financial liabilities used for hedging:		
Current lease liabilities	\$ 985,592	818,459
Non-current lease liabilities	<u>2,576,487</u>	<u>2,855,649</u>
Total	<u>\$ 3,562,079</u>	<u>3,674,108</u>

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The Group's strategy is to use lease liabilities to hedge its estimated foreign currency exposure in respect of highly probable future cash revenues. The amounts at the reporting date relating to the items designated as hedging instruments were as follows:

Items to be hedged	Financial assets or liabilities designated to be hedging instruments	Fair value		Time period(s) during which the future cash flows generated	Time period(s) during which the related gains or losses are expected to be recognized in the income statement
		2021.12.31	2020.12.31		
Freight revenue (USD)	Lease liabilities	\$ 2,525,174	2,312,368	2021~2026	2021~2026
WHL terminal revenue (JPY)	Lease liabilities	1,036,905	1,361,740	2021~2028	2021~2028

Items	2021	2020
Amounts recognized as other comprehensive income	\$ <u>33,484</u>	<u>116,840</u>

For the year ended December 31, 2021 and 2020, no ineffective portion of cash flow hedge that should be recognized in profit or loss, for reconciliation of each component of equity, and an analysis of other comprehensive income, please refer to note (6)(t).

(f) Notes receivable and accounts receivable

	2021.12.31	2020.12.31
Notes receivable	\$ 72,604	52,358
Accounts receivable	7,358,681	3,589,704
Less: Allowance for doubtful receivables	(1,683)	(358)
	\$ <u>7,429,602</u>	<u>3,641,704</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	2021.12.31		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 5,155,970	0%~0.0006%	-
Overdue 0~30 days	2,136,730	0%~0.0007%	-
Overdue 31~120 days	124,871	0%~0.002%	-
Overdue 121~365 days	9,309	0%~0.003%	-
Overdue more than 365 days	4,405	0%~100%	1,683
	\$ <u>7,431,285</u>		<u>1,683</u>

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	2020.12.31		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,480,669	0%~0.0006%	-
Overdue 0~30 days	1,080,306	0%~0.0007%	-
Overdue 31~120 days	64,530	0%~0.002%	-
Overdue 121~365 days	6,177	0%~0.003%	-
Overdue more than 365 days	<u>10,380</u>	0%~100%	<u>358</u>
	<u>\$ 3,642,062</u>		<u>358</u>

The movement in the allowance for notes and account receivables were as follows:

	For the years ended December 31,	
	2021	2020
Beginning balance	\$ 358	358
Impairment losses recognized	5,374	-
Impairment losses reversed	<u>(4,049)</u>	<u>-</u>
Ending balance	<u>\$ 1,683</u>	<u>358</u>

Please refer to (6)(z) for the credit risks and the currency risks of the notes receivable, accounts receivable, other receivables and receivables from agents of the Group.

Notes and accounts receivables of the Group had not been pledged as collateral.

(g) Inventories

	2021.12.31	2020.12.31
Light marine diesel oil	\$ 386,371	162,961
Heavy marine diesel oil	3,202,284	1,604,937
Fresh lubricating oil	<u>267,033</u>	<u>132,528</u>
Subtotal	3,855,688	1,900,426
Less: Allowance for inventory valuation and obsolescence losses	-	<u>(13,396)</u>
Total	<u>\$ 3,855,688</u>	<u>1,887,030</u>

For the year ended December 31, 2021, the net realizable value increased and the reversals amounting to \$13,344 thousand were recognized in gains on inventory value recoveries, because the previous reasons that caused the net realizable value of inventories lower than its costs have disappeared.

For the year ended December 31, 2020, the write-downs of the inventories to net realizable value amounting to \$13,081 thousand was included in operating costs.

As of December 31, 2021 and 2020, the Group's inventories were not pledged as collateral.

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(h) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Associates	\$ 1,065,800	1,002,203
Joint venture	<u>183,646</u>	<u>176,741</u>
	<u>\$ 1,249,446</u>	<u>1,178,944</u>

1. Associates

For the first half of 2017, the Group acquired 16.5% of the shares of Hai Phong International Container Terminal Company Ltd. (HICT) for USD 6,459 thousand in cash. The Group occupied one seat in the Board of Directors of HICT, and participated its finance and operating policy decision. Therefore, the Group has significant influence on it, and accounts for it using equity method.

The financial information of individually non-significant associates using equity method included in the consolidated financial statements were as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
The carrying amount of individually non-significant associates' equity	<u>\$ 1,065,800</u>	<u>1,002,203</u>
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Attributable to the Group:		
Profit (loss) from continuing operations	\$ 167,459	180,974
Total comprehensive income	<u>\$ 167,459</u>	<u>180,974</u>

2. Joint venture

The financial information of individually non-significant joint venture using equity method included in the consolidated financial statements were as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
The carrying amount of individually non-significant joint venture equity	<u>\$ 183,646</u>	<u>176,741</u>
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Attributable to the Group:		
Profit (loss) from continuing operations	\$ 29,140	22,471
Total comprehensive income	<u>\$ 29,140</u>	<u>22,471</u>

3. Collateral

The Group did not provide any investment accounted for using equity method as collaterals for its loans.

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(i) Acquisition of non-controlling interests

In January 2021, the Group increased the interest from 51% to 100% to acquire WanHai Lines Ecuador S.A. The Group did not transact the non-controlling interest during the year ended December 31, 2020.

Changes in ownership interest resulting from acquiring WanHai Lines Ecuador S.A. which affect the owners' equity in the parent company were summarized as follows:

The book value of non-controlling interest acquired	\$ 8,722
Value of consideration transferred to non-controlling interest	<u>(8,722)</u>
Difference between the actual price and book value of subsidiary equity acquisition	<u>\$ -</u>

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	Land	Buildings	Vessels	Containers	Other equipment	Privileged wharf equipment	Total
Cost:							
Balance at January 1, 2021	\$ 2,230,863	2,164,184	72,070,455	27,654,227	2,017,603	2,691,909	108,829,241
Additions	-	507	19,913,295	14,829,314	542,637	46,339	35,332,092
Reclassification	-	-	-	-	68,349	3,804	72,153
Disposals	-	-	(1,077,057)	(365,868)	(46,116)	(1,078)	(1,490,119)
Effect of movements in exchange rates	(577)	(22,752)	(1,208,715)	-	(39,735)	(2,502)	(1,274,281)
Balance at December 31, 2021	<u>\$ 2,230,286</u>	<u>2,141,939</u>	<u>89,697,978</u>	<u>42,117,673</u>	<u>2,542,738</u>	<u>2,738,472</u>	<u>141,469,086</u>
Balance at January 1, 2020	\$ 659,350	1,589,301	66,722,536	25,988,559	1,881,536	2,401,587	99,242,869
Additions	1,573,962	642,428	12,187,667	2,276,647	166,773	112,395	16,959,872
Reclassification	-	-	-	-	26,159	180,020	206,179
Disposals	-	-	(2,538,929)	(610,978)	(31,383)	-	(3,181,290)
Effect of movements in exchange rates	(2,449)	(67,545)	(4,300,819)	(1)	(25,482)	(2,093)	(4,398,389)
Balance at December 31, 2020	<u>\$ 2,230,863</u>	<u>2,164,184</u>	<u>72,070,455</u>	<u>27,654,227</u>	<u>2,017,603</u>	<u>2,691,909</u>	<u>108,829,241</u>
Depreciation and impairment loss:							
Balance at January 1, 2021	\$ -	505,874	39,825,782	11,968,137	1,067,780	1,295,147	54,662,720
Depreciation	-	50,768	3,440,773	2,317,818	212,415	160,341	6,182,115
Disposals	-	-	(1,037,767)	(315,219)	(45,582)	(988)	(1,399,556)
Effect of movements in exchange rates	-	(10,400)	(584,525)	-	(14,980)	(862)	(610,767)
Balance at December 31, 2021	<u>\$ -</u>	<u>546,242</u>	<u>41,644,263</u>	<u>13,970,736</u>	<u>1,219,633</u>	<u>1,453,638</u>	<u>58,834,512</u>
Balance at January 1, 2020	\$ -	487,045	41,972,338	10,980,670	930,860	1,143,232	55,514,145
Depreciation	-	42,871	2,688,512	1,559,186	182,799	152,410	4,625,778
Disposals	-	-	(2,453,864)	(571,718)	(31,294)	-	(3,056,876)
Effect of movements in exchange rates	-	(24,042)	(2,381,204)	(1)	(14,585)	(495)	(2,420,327)
Balance at December 31, 2020	<u>\$ -</u>	<u>505,874</u>	<u>39,825,782</u>	<u>11,968,137</u>	<u>1,067,780</u>	<u>1,295,147</u>	<u>54,662,720</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Vessels</u>	<u>Containers</u>	<u>Other equipment</u>	<u>Privileged wharf equipment</u>	<u>Total</u>
Carrying amounts:							
Balance at December 31, 2021	\$ <u>2,230,286</u>	<u>1,595,697</u>	<u>48,053,715</u>	<u>28,146,937</u>	<u>1,323,105</u>	<u>1,284,834</u>	<u>82,634,574</u>
Balance at January 1, 2020	\$ <u>659,350</u>	<u>1,102,256</u>	<u>24,750,198</u>	<u>15,007,889</u>	<u>950,676</u>	<u>1,258,355</u>	<u>43,728,724</u>
Balance at December 31, 2020	\$ <u>2,230,863</u>	<u>1,658,310</u>	<u>32,244,673</u>	<u>15,686,090</u>	<u>949,823</u>	<u>1,396,762</u>	<u>54,166,521</u>

As of December 31, 2021 and 2020, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings and guaranteed financing; please refer to note (8).

(k) Right-of-use assets

The Group leases many assets including wharfs, buildings, containers, vessel equipment, and other equipment. Information about leases for which the Group as a lessee is presented below:

	<u>Wharfs</u>	<u>Buildings</u>	<u>Containers</u>	<u>Others</u>	<u>Vessel Equipment</u>	<u>Total</u>
Cost:						
Balance as of January 1, 2021	\$ 4,903,290	283,794	3,078,058	77,916	1,248,992	9,592,050
Additions	-	29,526	840,462	6,867	17,743,192	18,620,047
Decreases	-	(14,315)	(2,123)	(5,645)	(552,086)	(574,169)
Remeasurement	(2,201)	40,848	54,349	131	-	93,127
Effect of changes in foreign exchange rates	(1,539)	(5,416)	-	(1,510)	(144,755)	(153,220)
Balance as of December 31, 2021	\$ <u>4,899,550</u>	<u>334,437</u>	<u>3,970,746</u>	<u>77,759</u>	<u>18,295,343</u>	<u>27,577,835</u>
Balance as of January 1, 2020	\$ 4,297,368	268,389	1,375,646	46,442	-	5,987,845
Additions	30,235	31,405	1,710,439	44,473	1,280,985	3,097,537
Decreases	(56,583)	(13,745)	(105,739)	(11,574)	-	(187,641)
Remeasurement	634,949	8,671	97,712	197	-	741,529
Effect of changes in foreign exchange rates	(2,679)	(10,926)	-	(1,622)	(31,993)	(47,220)
Balance as of December 31, 2020	\$ <u>4,903,290</u>	<u>283,794</u>	<u>3,078,058</u>	<u>77,916</u>	<u>1,248,992</u>	<u>9,592,050</u>
Accumulated depreciation and impairment losses:						
Balance as of January 1, 2021	\$ 933,464	120,637	684,948	26,793	98,968	1,864,810
Depreciation	475,432	68,464	722,467	19,277	6,285,579	7,571,219
Decreases	-	(14,271)	(2,123)	(5,597)	(30,672)	(52,663)
Effect of changes in foreign exchange rates	(213)	(2,188)	-	(555)	(48,452)	(51,408)
Balance as of December 31, 2021	\$ <u>1,408,683</u>	<u>172,642</u>	<u>1,405,292</u>	<u>39,918</u>	<u>6,305,423</u>	<u>9,331,958</u>
Balance as of January 1, 2020	\$ 468,709	63,431	339,996	17,899	-	890,035
Depreciation	477,857	72,047	450,691	18,910	102,103	1,121,608
Decreases	(12,860)	(12,126)	(105,739)	(9,887)	-	(140,612)
Effect of changes in foreign exchange rates	(242)	(2,715)	-	(129)	(3,135)	(6,221)
Balance as of December 31, 2020	\$ <u>933,464</u>	<u>120,637</u>	<u>684,948</u>	<u>26,793</u>	<u>98,968</u>	<u>1,864,810</u>

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	<u>Wharfs</u>	<u>Buildings</u>	<u>Containers</u>	<u>Others</u>	<u>Vessel Equipment</u>	<u>Total</u>
Carrying amount:						
Balance as of December 31, 2021	\$ <u>3,490,867</u>	<u>161,795</u>	<u>2,565,454</u>	<u>37,841</u>	<u>11,989,920</u>	<u>18,245,877</u>
Balance as of January 1, 2020	\$ <u>3,828,659</u>	<u>204,958</u>	<u>1,035,650</u>	<u>28,543</u>	-	<u>5,097,810</u>
Balance as of December 31, 2020	\$ <u>3,969,826</u>	<u>163,157</u>	<u>2,393,110</u>	<u>51,123</u>	<u>1,150,024</u>	<u>7,727,240</u>

(1) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Company. The leases of investment properties contain an initial non-cancellable lease term of 2 to 10 years. Some leases provide the lessees with options to extend at the end of the term.

For all investment property leases, the rental income is fixed under the contracts.

Information about investment property of the Group is presented below:

	<u>Owned property</u>		
	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2021	\$ 2,959,343	845,576	3,804,919
Purchases	-	45,332	45,332
Effect of changes in foreign exchange rates	(2,076)	(2,950)	(5,026)
Balance at December 31, 2021	\$ <u>2,957,267</u>	<u>887,958</u>	<u>3,845,225</u>
Balance at January 1, 2020	\$ 1,409,448	344,597	1,754,045
Purchases	1,558,714	513,136	2,071,850
Effect of changes in foreign exchange rates	(8,819)	(12,157)	(20,976)
Balance at December 31, 2020	\$ <u>2,959,343</u>	<u>845,576</u>	<u>3,804,919</u>
Depreciation and impairment losses:			
Balance at January 1, 2021	\$ -	34,166	34,166
Depreciation	-	31,543	31,543
Effect of changes in foreign exchange rates	-	(278)	(278)
Balance at December 31, 2021	\$ <u>-</u>	<u>65,431</u>	<u>65,431</u>
Balance at January 1, 2020	\$ -	13,821	13,821
Depreciation	-	21,219	21,219
Effect of changes in foreign exchange rate	-	(874)	(874)
Balance at December 31, 2020	\$ <u>-</u>	<u>34,166</u>	<u>34,166</u>

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	<u>Owned property</u>		
	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Carrying amount:			
Balance at December 31, 2021	\$ <u>2,957,267</u>	<u>822,527</u>	<u>3,779,794</u>
Balance at January 1, 2020	\$ <u>1,409,448</u>	<u>330,776</u>	<u>1,740,224</u>
Balance at December 31, 2020	\$ <u>2,959,343</u>	<u>811,410</u>	<u>3,770,753</u>
Fair value:			
Balance at December 31, 2021			\$ <u>4,348,772</u>
Balance at December 31, 2020			\$ <u>4,162,744</u>

The fair value of investment properties in America at December 31, 2021 and 2020, is based on market value. The yield method under the income approach would have been used by calculating cash flow generated from rental operations if there was no active market for the investment properties. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

The fair value of investment properties (as measure or disclosed in the financial statements) in Taiwan at December 31, 2021 and 2020 was based on valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The yield method under the income approach would have been used by calculating cash flow generated from rental operations if there was no active market for the investment properties. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3. The ranges of yields applied to the net annual rentals used to determine the fair value of properties in the year of 2021 and 2020 were as follows:

<u>Location</u>	<u>2021</u>	<u>2020</u>
America	6%~6.5%	6%~6.5%
Taiwan	1.58%~2.18%	1.59%~2.11%

The investment properties are commercial real estates which were bought for operation planning in Taiwan and America in 2020, 2019, and 2017. That property has been currently leasing out for rental income, and no contingent rents are charged. The rent revenue is \$65,733 thousand and \$41,345 thousand for the year 2021 and 2020, respectively.

The details of investment property that has been pledged as collateral for long-term borrowings and financing lines on December 31, 2021, please refer to note (8).

As of December 31, 2020, the investment property of the Group had not been pledged as collateral.

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(m) Intangible assets

The costs of intangible assets, amortization, and impairment loss of the Group in 2021 and 2020 were as follows:

	<u>Computer software</u>	<u>Trademarks</u>	<u>Total</u>
Costs:			
Balance at January 1, 2021	\$ 158,530	4,057	162,587
Additions	49,774	68	49,842
Reclassification	580	-	580
Disposals	(46,390)	(82)	(46,472)
Effect of movement in exchange rates	(608)	-	(608)
Balance at December 31, 2021	<u>\$ 161,886</u>	<u>4,043</u>	<u>165,929</u>
Balance at January 1, 2020	\$ 164,282	4,081	168,363
Additions	22,595	293	22,888
Reclassification	49,585	-	49,585
Disposals	(77,575)	(317)	(77,892)
Effect of movement in exchange rates	(357)	-	(357)
Balance at December 31, 2020	<u>\$ 158,530</u>	<u>4,057</u>	<u>162,587</u>
Amortization and impairment loss:			
Balance at January 1, 2021	\$ 79,306	1,424	80,730
Amortization for the year	55,975	427	56,402
Disposals	(46,390)	(82)	(46,472)
Effect of movement in exchange rates	(539)	-	(539)
Balance at December 31, 2021	<u>\$ 88,352</u>	<u>1,769</u>	<u>90,121</u>
Balance at January 1, 2020	\$ 89,726	1,315	91,041
Amortization for the year	67,560	426	67,986
Disposals	(77,709)	(317)	(78,026)
Effect of movement in exchange rates	(271)	-	(271)
Balance at December 31, 2020	<u>\$ 79,306</u>	<u>1,424</u>	<u>80,730</u>
Carrying amounts:			
Balance at December 31, 2021	<u>\$ 73,534</u>	<u>2,274</u>	<u>75,808</u>
Balance at December 31, 2020	<u>\$ 79,224</u>	<u>2,633</u>	<u>81,857</u>
Balance at January 1, 2020	<u>\$ 74,556</u>	<u>2,766</u>	<u>77,322</u>

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1. Recognition of amortization and impairment

The amortization of intangible assets and their impairment losses are included in the statement of comprehensive income:

	<u>2021</u>	<u>2020</u>
Operating costs	\$ <u>27,764</u>	<u>20,655</u>
Operating expense	\$ <u>28,638</u>	<u>47,331</u>

(n) Short-term borrowings

The borrowings were summarized as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Unsecured bank loans	\$ <u>30,000</u>	<u>50,000</u>
Unused short-term credit lines	\$ <u>4,903,206</u>	<u>3,840,988</u>
Range of interest rates	<u>1.26%-1.40%</u>	<u>1.40%</u>

1. Issuance and repayment of short-term borrowings

For the years ended December 31, 2021 and 2020, the proceeds from short-term borrowings amounted to \$1,330,000 thousand and \$9,660,000 thousand respectively and the repayments amounted to \$1,350,000 thousand and \$9,680,000 thousand, respectively.

2. Collateral for bank loan

There were no assets pledged as collateral for the short-term borrowing of the Group.

(o) Long-term borrowings

The borrowings were summarized as follows:

	<u>Expiration date</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Unsecured bank loans – USD	2022/12/21 ~ 2024/02/11	\$ 466,678	695,475
Unsecured bank loans – TWD	2023/12/08	500,000	2,150,000
Secured bank loans – USD	2022/04/12 ~ 2028/03/01	15,256,743	10,845,062
Secured bank loans – TWD	2040/10/08 ~ 2041/05/04	3,013,000	1,949,667
Secured bank loans – JPY	2033/04/28	6,675,905	980,461
Commercial paper	2023/06/11 ~ 2025/01/20	4,810,000	2,810,000
Less: Discount on commercial paper		(948)	(139)
Current portion		<u>(4,425,040)</u>	<u>(3,645,416)</u>
Total		\$ <u>26,296,338</u>	<u>15,785,110</u>
Unused long-term credit lines		\$ <u>25,130,760</u>	<u>15,762,000</u>
Range of interest rates		<u>0.20%~1.11%</u>	<u>0.26%~2.80%</u>

For information on the Group's interest risk, currency risk and liquidity risk, please refer to note 6(z).

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1. Issuance and repayment of long-term borrowings

For the years ended December 31, 2021 and 2020, the proceeds from long-term borrowings amounted to \$18,267,783 thousand and \$12,463,723 thousand respectively, and the repayment amounted to \$6,307,447 thousand and \$8,027,117 thousand, respectively.

2. Collateral for long-term borrowings

For the collateral for long-term borrowings, please refer to note 8. The Group applied for credit lines from banks, but had not pledged any asset as collateral, and the assets will be pledged as collateral at the time of drawdown. As of December 31, 2021, the unused long-term credit lines are \$10,616,150 thousand.

3. Financial ratio covenant

A subsidiary, Wan Hai Lines (Singapore) Pte Ltd., entered into loan agreements with financial institutions, under which, this subsidiary and the Group shall maintain certain financial ratios (i.e. equity ratio, security ratio, etc.) on balance sheet date. Otherwise, the loan will be payable immediately if the financial institution considers the loan shall be due.

(p) Bonds payable

	2021.12.31			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bond-2017 first domestic bond issue	TWD	1.55%	2022/06/26	\$ 2,100,000
Unsecured bond-2019 first domestic bond issue	TWD	0.95%~1.05%	2022/06/18-2024/06/18	4,800,000
Unsecured bond-2019 second domestic bond issue	TWD	0.97%~1.07%	2024/10/07-2026/10/07	3,200,000
Unsecured bond-2020 first domestic bond issue	TWD	0.97%	2025/10/23	2,500,000
Total				<u>\$ 12,600,000</u>
Current				\$ 3,600,000
Non-current				<u>9,000,000</u>
Total				<u>\$ 12,600,000</u>

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	2020.12.31			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bond-2014 first domestic bond issue	TWD	1.95%	2021/08/14	\$ 800,000
Unsecured bond-2016 first domestic bond issue	TWD	1.18%	2021/06/21	3,000,000
Unsecured bond-2017 first domestic bond issue	TWD	1.55%	2022/06/26	2,100,000
Unsecured bond-2019 first domestic bond issue	TWD	0.95%~1.05%	2022/06/18- 2024/06/18	4,800,000
Unsecured bond-2019 second domestic bond issue	TWD	0.97%~1.07%	2024/10/07- 2026/10/07	3,200,000
Unsecured bond-2020 first domestic bond issue	TWD	0.97%	2025/10/23	2,500,000
Total				\$ 16,400,000
Current				\$ 3,800,000
Non-current				12,600,000
Total				\$ 16,400,000

1. Unsecured bond-2014 first domestic bond issue

The Company issued an unsecured corporate bond in August 2014. It was the Company's first domestic bond issue in 2014 and was effective upon submission to the regulatory authority on June 17, 2014. The issuance terms were as follows:

1) Issue amount

TWD 1,800,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD 1,000,000 thousand and series B amounting to TWD 800,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance dates are August 14, 2014; the maturity periods for series A and B are five and seven years, respectively.

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 1.65%

2) Series B: 1.95%

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6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bondholders apply for repayment after that date.

7) Redemption on the maturity date

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

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

9) Trustee

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

10) Agency for payment of principal and interest

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

11) Underwriter: None.

12) Announcement

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

2. Unsecured bond-2016 first domestic bond issue

The Company issued an unsecured corporate bond in June 2016. It was the Company's first domestic bond issue in 2016 and was effective upon submission to the regulatory authority on June 14, 2016. The issuance terms were as follows:

1) Issue amount

TWD3,000,000 thousand.

2) Nominal amount

Par value TWD1,000 thousand per unit.

3) Issuance period

The issuance date is June 21, 2016; the maturity date is June 21, 2021; the maturity period is five years.

4) Issued price: at par value

5) Nominal interest rate: 1.18%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bond holders apply for repayment after that date.

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7) Redemption on the maturity date

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

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

9) Trustee

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

10) Agency for payment of principal and interest

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

11) Underwriter: MasterLink Securities Corporation.

12) Announcement

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

3. Unsecured bond-2017 first domestic bond issue

The Company issued an unsecured corporate bond in June 2017. It was the Company's first domestic bond issue in 2017 and was effective upon submission to the regulatory authority on June 15, 2017. The issuance terms were as follows:

1) Issue amount

TWD 2,100,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance date is June 26, 2017; the maturity date is June 26, 2022; the maturity period is five years.

4) Issued price: at par value

5) Nominal interest rate: 1.55%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bond holders apply for repayment after that date.

7) Redemption on the maturity date

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

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

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9) Trustee

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

10) Agency for payment of principal and interest

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

11) Underwriter: Yuanta Securities Corporation is the primary underwriter.

12) Announcement

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

4. Unsecured bond-2019 first domestic bond issue

The Company issued an unsecured corporate bond in June 2019. It was the Company's first domestic bond issue in 2019 and was effective upon submission to the regulatory authority on June 6, 2019. The issuance terms were as follows:

1) Issue amount

TWD 4,800,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD 1,500,000 thousand and series B amounting to TWD 3,300,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance dates are June 18, 2019; the maturity periods for series A and B are three and five years, respectively.

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 0.95%

2) Series B: 1.05%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bondholders apply for repayment after that date.

7) Redemption on the maturity date

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

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

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9) Trustee

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

10) Agency for payment of principal and interest

Jih Sun International Bank Ltd., Xinyi Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11) Underwriter: Yuanta Securities Corporation is the primary under writer.

12) Announcement

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

5. Unsecured bond-2019 second domestic bond issue

The Company issued an unsecured corporate bond in October 2019. It was the Company's second domestic bond issue in 2019 and was effective upon submission to the regulatory authority on September 27, 2019. The issuance terms were as follows:

1) Issue amount

TWD 3,200,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD 1,200,000 thousand and series B amounting to TWD 2,000,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance dates are October 7, 2019; the maturity periods for series A and B are five and seven years, respectively.

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 0.97%

2) Series B: 1.07%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bondholders apply for repayment after that date.

7) Redemption on the maturity date

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

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

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9) Trustee

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

10) Agency for payment of principal and interest

Jih Sun International Bank Ltd., Xinyi Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11) Underwriter: Master Link Securities Corporation is the primary under writer.

12) Announcement

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

6. Unsecured bond-2020 first domestic bond issue

The Company issued an unsecured corporate bond in October 2020. It was the Company's first domestic bond issue in 2020 and was effective upon submission to the regulatory authority on October 15, 2020. The issuance terms were as follows:

1) Issue amount

TWD 2,500,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance date is October 23, 2020; the maturity date is October 23, 2025; the maturity period is five years.

4) Issued price: at par value

5) Nominal interest rate: 0.97%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bond holders apply for repayment after that date.

7) Redemption on the maturity date

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

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

9) Trustee

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

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10) Agency for payment of principal and interest

Jih Sun International Bank Ltd., Xinyi Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11) Underwriter: MasterLink Securities Corporation is the primary underwriter.

12) Announcement

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

(q) Lease liabilities

The amounts of lease liabilities were as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Current	\$ <u>9,367,151</u>	<u>2,021,429</u>
Non-current	\$ <u>8,899,803</u>	<u>5,710,316</u>

Please refer to note (6)(y) for the analyses of the due date.

For December 31, 2021 and 2020, the Group's lease liabilities recognized as current financial liabilities for hedging were \$985,592 thousand and \$818,459 thousand; non-current financial liabilities for hedging were \$2,576,487 thousand and \$2,855,649 thousand; current lease liabilities were \$8,381,559 thousand and \$1,202,970 thousand; non-current lease liabilities were \$6,323,316 thousand and \$2,854,667 thousand, respectively.

The amounts recognized in profit or loss were as follows:

	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	<u>333,534</u>	<u>139,289</u>
Variable lease payments not included in the measurement of lease liabilities	<u>12,287</u>	<u>11,808</u>
Expenses relating to short-term leases	<u>4,712,746</u>	<u>4,119,185</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>580,484</u>	<u>665,028</u>

The amounts recognized in statement of cash flow were as follows:

	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>12,978,167</u>	<u>5,934,111</u>

1. Wharf, and container leases

The Group leases wharfs and containers for its operating needs. The leases of wharfs typically run for a period of 3 to 20 years, and of containers for 1 to 11 years.

Some payments for wharf leases depend on the variation of loading capacity, in addition, the Group has decided to apply recognition exemptions to some containers and not to recognize right-of-use assets and lease liabilities for short-term leases or leases of low-value assets.

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2. Building leases

The Group leases buildings for its office space. The leases of office space typically run for a period for 1 to 18 years. Some leases depend on the fluctuations of local consumer price index; others are not recognized as right-of-use assets and lease liabilities, because the Group has decided to apply recognition exemptions for short-term leases or leases of low-value asset; yet other leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

3. Vessel leases

The Group leases vessels for its operating needs, usually for a period of 1 to 2.5 years. Some lease payments are subject to market prices and exchange rate fluctuations, others are typically short-term. The Group has decided to apply recognition exemptions for short-term leases and not to recognize right-of-used assets and lease liabilities.

4. Other leases

The Group leases machinery or equipment for its operating needs, usually for a period of 1 to 5.5 years. Some leases are typically short-term or low-value assets that the Group has decided to apply recognition exemptions, and not to recognize right-of-use assets and lease liabilities.

(r) Employee benefits

1. Defined benefit plans

The reconciliation of the Group's present value of defined benefit obligation and fair value of plan assets was as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Present value of defined benefit obligation	\$ 1,414,464	1,399,646
Fair value of plan assets	<u>(776,085)</u>	<u>(711,871)</u>
Recognized liabilities for defined benefit obligations	<u>\$ 638,379</u>	<u>687,775</u>

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Group's pension reserve account balance amounted to \$776,085 thousand at the end of the reporting period. The information used to calculate pension fund assets includes the asset allocation and yield of the fund. Please refer to the information published on the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

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

	<u>2021</u>	<u>2020</u>
Defined benefit obligation at January 1	\$ 1,399,646	1,353,399
Current service costs and interest cost	59,944	61,522
Remeasurement on the net defined benefit liability		
— Actuarial loss (gain) arising from changes in financial assumptions	18,917	51,397
Benefit paid	<u>(64,043)</u>	<u>(66,672)</u>
Defined benefit obligation at December 31	<u>\$ 1,414,464</u>	<u>1,399,646</u>

3) Movements of defined benefit plan assets

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

	<u>2021</u>	<u>2020</u>
Fair value of plan assets at January 1	\$ 711,871	649,976
Interest income	3,828	5,001
Remeasurement on the net defined benefit liability		
— Return on plan assets (excluding current interest)	8,594	19,549
Contribution paid by employer	65,368	62,729
Benefit paid	<u>(13,576)</u>	<u>(25,384)</u>
Fair value of plan assets at December 31	<u>\$ 776,085</u>	<u>711,871</u>

4) Expenses recognized in profit or loss

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

	<u>2021</u>	<u>2020</u>
Current service costs	\$ 52,899	51,804
Net interest of net liabilities (assets) for defined benefit obligation	3,217	4,717
	<u>\$ 56,116</u>	<u>56,521</u>
Operating costs	\$ 53,216	52,309
Operating expenses	<u>2,900</u>	<u>4,212</u>
	<u>\$ 56,116</u>	<u>56,521</u>

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5) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

	<u>2021</u>	<u>2020</u>
Discount rate	0.51 %	0.52 %
Future salary increase rate	3.00 %	3.00 %

The Group will pay to the defined benefit plans which amounted to \$66,885 thousand within 1 year after the report day of 2021.

The weighted-average lifetime of the defined plans is 2~16 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>Influences of defined benefit obligation</u>	
	<u>Increased 0.50%</u>	<u>Decreased 0.50%</u>
December 31, 2021		
Discount rate	\$ (65,883)	67,178
Future salary increasing rate	58,277	(58,418)
December 31, 2020		
Discount rate	(66,045)	71,352
Future salary increasing rate	62,449	(58,635)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

2. Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$60,645 thousand and \$56,683 thousand for the years ended December 31, 2021 and 2020, respectively.

3. The foreign Group's pension costs under the local law were \$57,752 thousand and \$49,253 thousand for the years ended December 31, 2021 and 2020, respectively.

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(s) Income taxes

1. Income tax expense

The amount of income tax was as follows:

	<u>2021</u>	<u>2020</u>
Current income tax expense:		
Current period	\$ 10,941,220	1,377,773
Adjustment for prior periods	<u>53,168</u>	<u>(37,953)</u>
	<u>10,994,388</u>	<u>1,339,820</u>
Deferred tax expense (benefit):		
Origination and reversal of temporary differences	<u>14,783,124</u>	<u>1,552,687</u>
Income tax expense	<u>\$ 25,777,512</u>	<u>2,892,507</u>

For the years ended December 31, 2021 and 2020, no income taxes were recognized in equity and other comprehensive income.

The amount of income tax recognized in other comprehensive income for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ (6,222)</u>	<u>(7,654)</u>
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>\$ (387)</u>	<u>(11,916)</u>

The reconciliation of income tax and profit before tax for 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Profit excluding income tax	<u>\$ 129,194,740</u>	<u>14,249,995</u>
Income tax using the Company's domestic tax rate	\$ 25,838,948	2,849,999
Effect of tax rates in foreign jurisdiction	12,933,200	1,164,042
Change in tax rate	376	(6,490)
Non-deductible expense	46,964	533,360
Tax-exempt income	(13,084,673)	(1,928,066)
Tax incentive	(11,060)	(9,884)
Recognition of previously unrecognized tax losses	(235)	(178)
Current-year losses for which unrecognized deferred tax asset was recognized	-	889
Change in unrecognized temporary difference	1,469	1,815
Under (Over) provision in prior periods	53,282	296,947
Income tax credit	-	(9,963)
Others	<u>(759)</u>	<u>36</u>
Total	<u>\$ 25,777,512</u>	<u>2,892,507</u>

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2. Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

	Investment (loss) gain under the equity method	Deferred depreciation expense	Others	Total
Deferred Tax Liabilities:				
Balance at January 1, 2021	\$ 3,118,490	1,036,180	2,656	4,157,326
Debit (Credit) Income statement	14,652,432	257,407	(914)	14,908,925
Foreign currency translation difference for foreign operations	-	(680)	205	(475)
Balance at December 31, 2021	<u>\$ 17,770,922</u>	<u>1,292,907</u>	<u>1,947</u>	<u>19,065,776</u>
Balance at January 1, 2020	\$ 1,850,930	863,886	20,299	2,735,115
Debit (Credit) Income statement	1,267,560	173,488	(17,802)	1,423,246
Foreign currency translation difference for foreign operations	-	(1,194)	159	(1,035)
Balance at December 31, 2020	<u>\$ 3,118,490</u>	<u>1,036,180</u>	<u>2,656</u>	<u>4,157,326</u>
	Defined Benefit Plans	Loss Carryforward	Others	Total
Deferred Tax Assets:				
Balance at January 1, 2021	\$ 74,263	303,284	49,022	426,569
(Debit) Credit Income statement	(13,405)	(303,284)	139,205	(177,484)
(Debit) Credit Other Comprehensive Income	6,222	-	387	6,609
Foreign currency translation difference for foreign operations	(1,258)	-	(397)	(1,655)
Balance at December 31, 2021	<u>\$ 65,822</u>	<u>-</u>	<u>188,217</u>	<u>254,039</u>
Balance at January 1, 2020	\$ 78,782	264,361	193,815	536,958
(Debit) Credit Income statement	(12,111)	38,923	(156,253)	(129,441)
(Debit) Credit Other Comprehensive Income	7,654	-	11,916	19,570
Foreign currency translation difference for foreign operations	(62)	-	(456)	(518)
Balance at December 31, 2020	<u>\$ 74,263</u>	<u>303,284</u>	<u>49,022</u>	<u>426,569</u>

3. Examination and Approval

The Company's income tax returns through 2017 were examined and approved by the tax authority.

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(t) Capital and other equity

As of December 31, 2021 and 2020, the Company's authorized capital consisted of 3,600,000 thousand shares and 2,500,000 thousand shares, amounting to \$36,000,000 thousand and \$25,000,000 thousand, with par value of \$10 (New Taiwan dollars) per share. All of the issued shares were ordinary shares, consisting of 2,440,127 thousand shares and 2,218,297 thousand shares, respectively, and the funds had been received.

The Company for the years ended December 31, 2021 and 2020 Reconciliation of outstanding shares :

(in thousands)	Ordinary shares	
	2021	2020
Balance at January 1, 2021	2,218,297	2,218,297
Share dividends	221,830	-
Balance at December 31, 2021	2,440,127	2,218,297

1. Issuance of ordinary shares

A resolution was passed during the general meeting of the shareholders held on July 20, 2021, for the issuance of 221,830 thousand new shares for unappropriated retained earnings, amounting to \$2,218,298 thousand. The Company has received approval from the Financial Supervisory Commission on August 5, 2021, for this capital increase, with September 13, 2021, as the date of capital increase.

2. Capital surplus

The balance of capital surplus was as follows:

	2021.12.31	2020.12.31
Premium on ordinary shares	\$ 22,839	22,839
Paid-in capital in excess of par value through conversion of corporate bond	1,222,787	1,222,787
The actual differences between the equity and the book value of subsidiaries' disposal	10,094	10,094
Change in equity of subsidiaries accounted for under equity method	16,055	16,055
	\$ 1,271,775	1,271,775

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

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3. Retained earnings

The industry of the Group is highly changeable and capital intensive. The Group is in the stable growing stage. Therefore, in consideration of the future capital needs of long-term financial plans, and to meet the cash flow needs of the shareholders, the Group's articles of incorporation require that after-tax earnings shall first be offset against any deficit, and 10% of the remaining balance, plus the balance of items exclusive of after-tax net profit included in unappropriated retained earnings, shall be set aside as legal reserve, and special reserves are to be provided according to the regulations. If there is a requirement for the expansion of transportation equipment and an improvement of the financial structure, the Group may set aside a special reserve.

If there is still a remaining balance, the Group shall allocate upward of 10% of it, and is allowed to combine with the beginning unappropriated retained earnings, through the Board of Directors to take the Group's capital needs, capital budgets and other factors into account, and also to give consideration to the interests of shareholders and the Group's long-term financial planning, submits the dividend and bonus distribution proposal to be approved by shareholders' meeting, then the amount will be distributed.

The distribution ration of stock dividends or cash dividends must be done in accordance with the current year's actual profit, capital position, and capital expansion program. The proportion of cash dividends may not be lower than 10% of the total dividends.

1) Legal reserve

When the Group incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash. Only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reserve

By appropriating the distributable earnings, the Group will record the net deduction of other shareholders' equity in the current year and recognize the special reserve from the profit and loss of current period and the unappropriated retained earnings in the previous period, when distributing the 2019 annual earnings in 2020, the special reserve shall be made up from the profit and loss in the current period and the undistributed earnings of the previous period. When distributing the 2020 annual earnings in 2021, the items other than the income after-tax of the current period shall be added to the income after-tax of the current period and included in the undistributed amount of the current period. The amount of the appropriated earnings and the unappropriated earnings of the previous period shall be added to the special reserve. For the deduction amount of other shareholders' equity accumulated in the previous period, the special reserve shall not be distributed from the undistributed surplus in the previous period. If there is a subsequent reversal in the amount of the deduction of other shareholders' equity, the earnings may be appropriated according to the reversal.

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3) Earnings distribution

The earnings distribution for 2020 and 2019 was decided by the general meeting of shareholders held on July 20, 2021 and June 23, 2020, respectively. The relevant dividend distribution to shareholders was as follows:

	2020		2019	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.00	2,218,298	0.80	1,774,638
Shares	1.00	<u>2,218,298</u>	-	-
Total		<u>\$ 4,436,596</u>		<u>1,774,638</u>

4. Other equity (net after tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instrument	NCI
Balance at January 1, 2021	\$ (3,465,395)	75,448	150,344	269,933
Net profit (loss)	-	-	-	74,320
Foreign currency translation differences	(1,151,605)	-	-	(17,984)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	370,229	-	-
Gains (losses) from changes in the fair value of the hedging instrument:				
-Exchange rate risk for anticipated transactions	-	-	189,105	-
Gains (losses) from changes in fair value of the hedging instrument that will be reclassified to profit or loss:				
-Exchange rate risk for anticipated transactions	-	-	(155,621)	-
Cash dividends from subsidiaries paid to non-controlling interest	-	-	-	(20,133)
Subsidiaries buy back non-controlling interest	-	-	-	(8,722)
Balance at December 31, 2021	<u>\$ (4,617,000)</u>	<u>445,677</u>	<u>183,828</u>	<u>297,414</u>
Balance at January 1, 2020	\$ (1,352,809)	(200,376)	33,504	244,283
Net profit (loss)	-	-	-	40,507
Foreign currency translation differences	(2,112,586)	-	-	(4,445)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	275,824	-	-
Gains (losses) from changes in the fair value of the hedging instrument:				
-Exchange rate risk for anticipated transactions	-	-	113,698	-
Gains (losses) from changes in fair value of the hedging instrument that will be reclassified to profit or loss:				
-Exchange rate risk for anticipated transactions	-	-	3,142	-
Capital increase in subsidiaries non-controlling interest	-	-	-	1,907
Cash dividends from subsidiaries paid to non-controlling interest	-	-	-	(12,319)
Balance at December 31, 2020	<u>\$ (3,465,395)</u>	<u>75,448</u>	<u>150,344</u>	<u>269,933</u>

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(u) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Basic earnings per share		
Profit attributable to common shareholders	\$ <u>103,342,908</u>	<u>11,316,981</u>
Weighted-average number of common shares (retrospective adjustments)	<u>2,440,127</u>	<u>2,440,127</u>
Basic earnings per share (In Dollars of New Taiwan Dollars)	\$ <u>42.35</u>	<u>4.64</u>
Diluted earnings per share		
Profit attributable to common shareholders (adjusted for the effects of all dilutive potential common shares)	\$ <u>103,342,908</u>	<u>11,316,981</u>
Weighted-average number of common shares (Basic) (retrospective adjustments)	2,440,127	2,440,127
Effects of employee stock compensation	<u>4,560</u>	<u>3,519</u>
Weighted average number of common shares (adjusted for the effects of all dilutive potential common shares)	<u>2,444,687</u>	<u>2,443,646</u>
Diluted earnings per share (In Dollars of New Taiwan Dollars)	\$ <u>42.27</u>	<u>4.63</u>

(v) Revenue from contracts with customers

1. Disaggregation of revenue

	<u>2021</u>	<u>2020</u>
Primary geographical markets:		
Asia	\$ 64,525,543	46,581,636
the Middle East, India, Red Sea	37,506,897	17,636,991
United States, South America	<u>125,973,013</u>	<u>17,661,555</u>
	\$ <u>228,005,453</u>	<u>81,880,182</u>
Main service line:		
Freight	\$ 222,069,998	77,165,128
Rentals	2,850,337	3,040,436
WHL terminal	851,229	811,996
Other service	<u>2,233,889</u>	<u>862,622</u>
	\$ <u>228,005,453</u>	<u>81,880,182</u>

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2. Contract balances

	<u>2021.12.31</u>	<u>2020.12.31</u>	<u>2020.1.1</u>
Notes receivable	\$ 72,604	52,358	39,735
Accounts receivable	7,358,681	3,589,704	2,207,133
Less: allowance for doubtful receivables	(1,683)	(358)	(358)
Total	<u>\$ 7,429,602</u>	<u>3,641,704</u>	<u>2,246,510</u>
Contract assets	<u>\$ 7,835,522</u>	<u>1,530,849</u>	<u>733,689</u>
Contract liabilities (recognized as other current liabilities)	<u>\$ 305,976</u>	<u>241,658</u>	<u>223,257</u>

For details on accounts receivable and allowance for impairment, please refer to note 6(f).

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(w) Remuneration of employees and directors

According to the Group's Articles, once the Group has annual profit, it should appropriate no less than 0.6% of the profit to its employees and no higher than 1% to its directors as remuneration. However, if the Group has accumulated deficits, the profit should be reversed to offset the deficit.

For the years ended December 31, 2021 and 2020, the Group estimated its employee remuneration amounting to \$777,558 thousand and \$143,617 thousand, respectively, and the estimated amount of the remunerations to directors' were 129,593 thousand and 143,617 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Group's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2021 and 2020.

(x) Non-operating income and expenses

1. Interest income

The details of interest income for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 82,302	71,829
Other interest income	13	48
	<u>\$ 82,315</u>	<u>71,877</u>

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2. Other revenue

The details of other revenue for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Dividend revenue	\$ 319,224	320,420
Other revenue	1,497	-
	<u>\$ 320,721</u>	<u>320,420</u>

3. Other gains and losses

The details of other gains and losses for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Foreign exchange gains	\$ 47,137	272,359
Gain (loss) on financial assets at fair value through profit or loss	1,274,831	783,642
Gain on disposal of property, plant and equipment	240,440	208,852
Other gains	89,220	135,140
	<u>\$ 1,651,628</u>	<u>1,399,993</u>

4. Finance costs

The details of finance costs for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Interest expense:		
Bank loans	\$ 208,905	203,476
Bonds payable	167,808	167,465
Commercial paper	19,667	17,168
Lease liabilities	333,534	139,289
	<u>\$ 729,914</u>	<u>527,398</u>

(y) Financial instruments

1. Credit risks

1) Credit risks exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Since the Group has considerable customers worldwide and does not concentrate its transactions significantly with any single customer or in similar areas, the Group has no concentration of credit risk. The Group mitigates the credit risks by continuously monitoring customers' credit risk and credit ratings, however, the Group's policy usually does not require the customers to provide collateral.

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3) Credit risk of receivables

For credit risk exposure of note and trade receivables, please refer to note 6(f). Other financial assets at amortized cost includes other receivables, receivables from agents and time deposits etc.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g). There are no significant expected losses on other receivables and the financial assets at amortized cost by assessment.

2. Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2021							
Non-derivative financial liabilities							
Short-term borrowings	\$ 30,000	30,033	30,033	-	-	-	-
Secured bank loans	24,945,648	26,153,072	2,132,843	2,320,268	4,735,045	9,644,826	7,320,090
Unsecured bank loans	966,678	979,783	112,259	111,884	168,974	586,666	-
Commercial paper	4,809,052	4,871,205	11,017	12,068	2,831,964	2,016,156	-
Account payables (including related parties)	11,378,608	11,378,608	11,378,608	-	-	-	-
Other payables	5,973,102	5,973,102	5,973,102	-	-	-	-
Payables to agents	138,137	138,137	138,137	-	-	-	-
Bonds payable	12,600,000	12,989,670	3,681,450	57,290	91,940	9,158,990	-
Lease liabilities (partial recognized as financial liabilities for hedging)	18,266,954	18,942,441	5,367,143	4,088,601	4,575,240	3,291,594	1,619,863
Guarantee deposits received (recognized as other current liabilities and non-current guarantee deposits received)	1,233,524	1,233,524	1,233,524	-	-	-	-
	\$ 80,341,703	82,689,575	30,058,116	6,590,111	12,403,163	24,698,232	8,939,953
December 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings	\$ 50,000	50,175	50,175	-	-	-	-
Secured bank loans	13,775,190	14,326,853	1,621,950	1,675,846	3,094,098	5,337,504	2,597,455
Unsecured bank loans	2,845,475	2,891,741	372,010	120,437	938,270	1,461,024	-
Commercial paper	2,809,861	2,829,575	3,466	3,576	7,132	2,815,401	-
Account payables (including related parties)	8,386,638	8,386,638	8,386,638	-	-	-	-
Other payables	2,994,247	2,994,247	2,994,247	-	-	-	-
Payables to agents	127,385	127,385	127,385	-	-	-	-
Bonds payable	16,400,000	16,979,410	3,116,850	872,890	3,738,740	7,229,530	2,021,400
Lease liabilities (partial recognized as financial liabilities for hedging)	7,731,745	8,306,741	999,176	1,045,877	1,537,635	2,697,933	2,026,120
Guarantee deposits received (recognized as other current liabilities and other non-current guarantee deposits received)	820,722	820,722	820,722	-	-	-	-
	\$ 55,941,263	57,713,487	18,492,619	3,718,626	9,315,875	19,541,392	6,644,975

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The Group is do not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

3. Currency risk

1) Currency risk exposure

The Group's significant exposure to foreign currency risks was as follows:

Functional currency	Exchange rate	Foreign currency	2021.12.31	
			Foreign currency (in thousands)	Carrying amount (in thousands of TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	27.66	USD	\$ 1,743,674	48,221,317
TWD	0.24	JPY	40,942,514	9,834,667
TWD	4.34	CNY	1,532,165	6,651,285
TWD	3.55	HKD	140,581	498,520
TWD	20.44	SGD	5,943	121,447
USD	1.35	SGD	6,817	139,310
TWD	6.62	MYR	23,518	155,652
TWD	0.54	PHP	277,622	150,394
<u>Non-monetary items</u>				
TWD	0.0012	VND	588,637,000	713,824
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	27.66	USD	908,821	25,133,434
TWD	0.24	JPY	35,498,430	8,526,962
TWD	4.34	CNY	438,409	1,903,180
TWD	3.55	HKD	240,656	853,403
TWD	0.83	THB	573,914	475,625
TWD	0.37	INR	1,131,322	419,843

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Functional currency	Exchange rate	Foreign currency	2020.12.31	
			Foreign currency (in thousands)	Carrying amount (in thousands of TWD)
Financial assets				
<u>Monetary items</u>				
TWD	28.10	USD	\$ 587,861	16,518,892
TWD	4.30	CNY	1,004,463	4,319,842
TWD	0.27	JPY	5,885,431	1,603,613
TWD	0.38	INR	1,113,320	428,200
TWD	0.94	THB	157,478	147,701
TWD	6.99	MYR	16,015	111,948
<u>Non-monetary items</u>				
TWD	0.0012	VND	542,430,000	660,268
Financial liabilities				
<u>Monetary items</u>				
TWD	28.10	USD	549,370	15,437,307
TWD	4.30	CNY	784,765	3,374,996
TWD	0.27	JPY	8,728,432	2,378,250
TWD	3.62	HKD	278,476	1,009,427
TWD	0.38	INR	903,349	347,442
TWD	0.94	THB	282,042	264,532

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, payables to agents, financial assets at fair value through profit or loss, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the TWD against the USD, HKD and JPY etc. as at December 31, 2021 and 2020, would have increased (decreased) the net profit before tax by \$321,277 thousand and \$36,078 thousand, respectively; the cash flow hedge would have increased (decreased) the equity by \$35,621 thousand and \$36,741 thousand, respectively. This analysis assumes that all other variables remain constant, and is performed on the same basis for the years ended December 31, 2021 and 2020.

3) Foreign Exchange Gain or Loss on Monetary Items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange gains (including realized and unrealized portions) amounted to \$47,137 thousand and \$272,359 thousand, respectively.

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4. Interest rate analysis

Please refer to the notes on liquidity risk management and the Group's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 1%, the Group's net profit before tax would have increased or decreased by \$201,764 thousand and \$163,502 thousand, respectively, for the years ended December 31, 2021 and 2020 with all other variable factors remaining constant. This is mainly due to the Group's borrowings at variable rates.

5. Other market price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the comprehensive income as illustrated below:

	For the years ended December 31,			
	For the years ended December 31,		For the years ended December 31,	
	2021		2020	
Prices of securities at the reporting date	Other comprehensive income after tax	Net income (loss)	Other comprehensive income after tax	Net income (loss)
Increasing 1%	\$ 45,314	50,089	40,378	38,759
Decreasing 1%	(45,314)	(50,089)	(40,378)	(38,759)

6. Fair value information

1) The Categories and Fair Values of Financial Instruments

The Group assesses its financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis by using the fair value method.

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liability, disclosure of fair value information is not required:

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	December 31, 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value though profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss—domestic listed stocks	\$ 6,249,968	6,249,968	-	-	6,249,968
Non-derivative financial assets mandatorily measured at fair value through profit or loss—domestic emerging stocks	11,108	11,108	-	-	11,108
Subtotal	<u>6,261,076</u>	<u>6,261,076</u>	<u>-</u>	<u>-</u>	<u>6,261,076</u>
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	3,812,966	3,812,966	-	-	3,812,966
Foreign listed stocks	718,420	718,420	-	-	718,420
Unquoted equity instrument measured at fair value	479,305	-	-	479,305	479,305
Subtotal	<u>5,010,691</u>	<u>4,531,386</u>	<u>-</u>	<u>479,305</u>	<u>5,010,691</u>
Financial assets at amortized cost					
Cash and cash equivalents	103,001,818	-	-	-	-
Current financial assets at amortized cost	63,717	-	-	-	-
Notes receivable	72,604	-	-	-	-
Accounts receivable	7,356,998	-	-	-	-
Contract assets	7,835,522	-	-	-	-
Other receivables	1,026,753	-	-	-	-
Receivables from agents	1,873,574	-	-	-	-
Guarantee deposits paid (recognized as other current assets and other non-current assets)	225,209	-	-	-	-
Subtotal	<u>121,456,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 132,727,962</u>	<u>10,792,462</u>	<u>-</u>	<u>479,305</u>	<u>11,271,767</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 30,000	-	-	-	-
Accounts payable	11,378,608	-	-	-	-
Other payables	5,973,102	-	-	-	-
Lease liabilities (including financial liabilities for hedging)	18,266,954	-	-	-	-
Payables to agents	138,137	-	-	-	-
Bonds payable (including current portion)	12,600,000	-	-	-	-
Long-term borrowings (including current portion)	30,721,378	-	-	-	-
Guarantee deposits received (recognized as other current liabilities and other non-current guarantee deposits received)	1,233,524	-	-	-	-
Total	<u>\$ 80,341,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss—domestic listed stocks	\$ 4,836,764	4,836,764	-	-	4,836,764
Non-derivative financial assets mandatorily measured at fair value through profit or loss—domestic emerging stocks	8,076	8,076	-	-	8,076
Subtotal	<u>4,844,840</u>	<u>4,844,840</u>	<u>-</u>	<u>-</u>	<u>4,844,840</u>
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	3,377,664	3,377,664	-	-	3,377,664
Foreign listed stocks	660,115	660,115	-	-	660,115
Unquoted equity instrument measured at fair value	450,120	-	-	450,120	450,120
Subtotal	<u>4,487,899</u>	<u>4,037,779</u>	<u>-</u>	<u>450,120</u>	<u>4,487,899</u>
Financial assets at amortized cost					
Cash and cash equivalents	15,765,903	-	-	-	-
Notes receivable	52,358	-	-	-	-
Accounts receivable	3,589,346	-	-	-	-
Contract assets	1,530,849	-	-	-	-
Other receivables	1,425,327	-	-	-	-
Receivable from agents	1,213,957	-	-	-	-
Guarantee deposits paid (recognized as other current assets and other non-current assets)	259,510	-	-	-	-
Subtotal	<u>23,837,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 33,169,989</u>	<u>8,882,619</u>	<u>-</u>	<u>450,120</u>	<u>9,332,739</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 50,000	-	-	-	-
Accounts payable	8,386,638	-	-	-	-
Other payables	2,994,247	-	-	-	-
Lease liabilities (including financial liabilities for hedging)	7,731,745	-	-	-	-
Payable to agents	127,385	-	-	-	-
Bonds payable (including current portion)	16,400,000	-	-	-	-
Long-term borrowings (including current portion)	19,430,526	-	-	-	-
Guarantee deposits received (recognized as other current liabilities and other non-current guarantee deposits received)	820,722	-	-	-	-
Total	<u>\$ 55,941,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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2) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

If quoted prices in active markets are available, the prices are established as fair values. Market prices published by major stock exchange and OTC market, where high volume of central government bonds are traded, are the foundation of fair value of debt instruments with quoted market price in an active market and listed equity instruments.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high-ask spreads is an indication of non-active market.

If the Groups' financial instruments have an active market, wherein their fair values are determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to the quoted market prices.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data, e.g. yield curves from OTC and average quoted rates of commercial paper from Reuters quote system at the reporting date.

If the Groups' financial instruments do not have an active market, wherein their fair values are determined as follows:

Unquoted equity instrument:

The Company estimates the fair values by using the comparable trading company approach on the assumption that the fair values are calculated on the basis of the investees' book value per share and equity multipliers derived from comparable trading companies' quoted prices. The discount effect resulting from the lack of market liquidity has been taken into account.

Unquoted equity instrument:

The Company estimates the fair values by using the comparable trading company approach on the assumption that the fair values are calculated on the basis of the investees' EBITDA and earnings multipliers derived from comparable trading companies' quoted prices. The discount effect resulting from the lack of market liquidity has been taken into account.

Unquoted debt instrument:

The Company estimates the fair values by using the comparable trading debt approach, and utilizes the statistic model to determine the relationship between the value of debt investment and its related conditions and variables.

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3) For the years ended December 31, 2021 and 2020, there were no transferring of fair value hierarchy.

4) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income	
	Non-derivative mandatorily measured at fair value through profit or loss	Unquoted equity instruments	Total
Opening balance, January 1, 2021	\$ -	450,120	450,120
Total gains and losses recognized:			
In other comprehensive income	-	29,185	29,185
Ending balance, December 31, 2021	<u>\$ -</u>	<u>479,305</u>	<u>479,305</u>
Opening balance, January 1, 2020	\$ 1,157,131	469,985	1,627,116
Total gains and losses recognized:			
In profit or loss	(15,531)	-	(15,531)
In other comprehensive income	-	(19,865)	(19,865)
Disposal	(1,141,600)	-	(1,141,600)
Ending balance, December 31, 2020	<u>\$ -</u>	<u>450,120</u>	<u>450,120</u>

For the years ended December 31, 2021 and 2020, the total gains and losses that were included in “other gains and losses” and “unrealized gains (losses) on financial assets at fair value through other comprehensive income” were as follows:

	2021	2020
Total gains and losses recognized:		
In other comprehensive income, and presented in “unrealized gains or losses from financial assets at fair value through other comprehensive income”	\$ 29,185	(19,865)

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through other comprehensive income – unlisted equity investments”.

Most of the Group's fair value measurements in Level 3 consist of only one significant unobservable input (except for the unlisted equity instrument). Because the significant unobservable inputs of equity instruments are independent of each other, there are no correlation between these inputs.

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Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income — Unlisted equity investments	Comparable trading company method	<ul style="list-style-type: none"> · Liquidity-adjusted discount rate (28% on December 31, 2021 and 2020) · Price-to-book ratio (0.70 and 0.73 on December 31, 2021 and 2020, respectively) · EBITDA multiplier (10.30 and 9.67 on December 31, 2021 and 2020, respectively) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> · the liquidity-adjusted discount rate were lower (higher). · the price-to-book ratio were higher (lower). · the EBITDA multiplier were higher (lower).

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurements in financial instruments fair values are reasonable, but if the Group uses different valuation models or variables, the measurements may vary.

For fair value measurements in Level 3, changing one or more of the variables would have the following effects:

	Input	Positive and negative changes	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2021						
Financial assets at fair value through other comprehensive income						
Unlisted equity investment	Discount rate	1%	\$ -	-	6,657	(6,657)
Unlisted equity investment	Price-to-book ratio multiplier	1%	-	-	4,671	(4,671)
Unlisted equity investment	EBITDA multiplier	1%	-	-	124	(124)
			\$ -	-	11,452	(11,452)
December 31, 2020						
Financial assets at fair value through other comprehensive income						
Unlisted equity investment	Discount rate	1%	\$ -	-	6,252	(6,252)
Unlisted equity investment	Price-to-book ratio multiplier	1%	-	-	4,362	(4,362)
Unlisted equity investment	EBITDA multiplier	1%	-	-	123	(123)
			\$ -	-	10,737	(10,737)

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The favorable and unfavorable effects represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the correlations and variances among the inputs.

(z) Financial risk management

1. Overview

The Group has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

2. Risk management framework

The Company's "Policy and Procedures for Risk Management" (hereinafter referred to as the "Policy and Procedures") have been established by the Audit Committee and the Board of Directors in May 2021, and serve as the highest guiding principles and procedures for the Company's risk management. The Policies and Procedures clearly define the Company's management goals, organizational structure and responsibilities, and management procedures to effectively identify, measure, and control all various risks of the Company. In this way, the Company may contain the risks incurred from business operation in an acceptable range, to ensure the continuity of operation and protect the rights and interests of stakeholders.

In accordance with the Policy and Procedures, each department had established a risk management team in 2021, which is led by the respective department head, to be responsible for the risk management implementation in daily operations. The Strategy Research Unit (SRU) of the President Office will coordinate and review the suitability and adequacy of the risk management implemented by each team. The SRU is also responsible for submitting a risk management report to the Audit Committee and the Board of Directors annually.

3. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment.

1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk. Since the Group has considerable customers worldwide and does not concentrate transactions significantly with any single customer or in similar areas, The Group has no concentration of credit risk. The Group mitigates the credit risks by monitoring customers' credit risk and credit ratings continuously, however, the Group's policy usually doesn't require the customers to provide collateral.

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The Board of Directors has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment terms are offered. The Group's review includes external ratings, when available, and in some cases bank references.

Credit limits are established for each customer, which represent the maximum open amount without requiring approval from the General Manager's office; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on an advance received basis.

2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide guarantee to subsidiaries. The detailed information is stated in note 13.

4. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group has unused credit line for \$30,033,966 thousand and \$19,602,988 thousand, as of December 31, 2021 and 2020.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the TWD and US Dollars (USD). The currencies used in these transactions are denominated in TWD, USD and EUR.

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In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group adopts a policy of ensuring that 53.46% of its exposure to changes in interest rates on borrowings is on a fixed-rate basis.

3) Other market price risk

The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved and managed by the Board of Directors.

(aa) Capital management

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to its shareholders and other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-equity ratio is as follow:

	2021.12.31	2020.12.31
Total liabilities	\$ 113,108,385	64,425,276
Less: Cash and cash equivalents	(103,001,818)	(15,765,903)
Net debt	<u>\$ 10,106,567</u>	<u>48,659,373</u>
Total equity	<u>\$ 144,572,440</u>	<u>44,172,342</u>
Debt-to-equity ratio	<u>6.99 %</u>	<u>110.16 %</u>

(ab) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the year ended December 31, 2021 and 2020 were as follows:

1. Acquired right-of-use assets through leasing, please refer to notes (6)(k).

Reconciliation of liabilities arising from financing activities were as follows:

	2021.1.1	Cash flows	Non-cash changes		2021.12.31
			Others	Foreign exchange movement	
Long-term borrowings	\$ 19,430,526	11,959,527	-	(668,675)	30,721,378
Short-term borrowings	50,000	(20,000)	-	-	30,000
Bonds payable	16,400,000	(3,800,000)	-	-	12,600,000
Lease liabilities (partial recognized as financial liabilities for hedging)	7,731,745	(7,339,116)	17,874,325	-	18,266,954
Total liabilities from financing activities	<u>\$ 43,612,271</u>	<u>800,411</u>	<u>17,874,325</u>	<u>(668,675)</u>	<u>61,618,332</u>

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	2020.1.1	Cash flows	Non-cash changes		2020.12.31
			Others	Foreign exchange movement	
Long-term borrowings	\$ 15,730,733	4,436,714	-	(736,921)	19,430,526
Short-term borrowings	70,000	(20,000)	-	-	50,000
Bonds payable	13,900,000	2,500,000	-	-	16,400,000
Lease liabilities (partial recognized as financial liabilities for hedging)	5,128,986	(998,801)	3,601,560	-	7,731,745
Total liabilities from financing activities	\$ <u>34,829,719</u>	<u>5,917,913</u>	<u>3,601,560</u>	<u>(736,921)</u>	<u>43,612,271</u>

(7) Related-Party Transactions

(a) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
ALPHA TOTAL SOLUTION PTE. LTD.	Subsidiary of APLI
HAI PHONG INTERNATIONAL CONTAINER TERMINAL CO LTD. (HAI PHONG)	An associate
Hyaline Shipping (HK) Co., Ltd.	Same director with the Group
INTERASIA LINES (M) SDN. BHD.	Related party in substance
INTERASIA LINES SINGAPORE PTE. LTD.	Related party in substance
PHUC XUAN MARITIME SERVICE CO., LTD.	Joint Venture
TRANSTOTAL AGENCIA MARITIMA S.A. (TAM S.A.)	Related party in substance
Wan Hai Lines (Japan), Ltd. (WHL Japan)	Same director with the Group
Wan Hai Lines (UAE) LLC. (WHL UAE)	An associate
Apezgo Digital Information Co., Ltd.	Subsidiary of APLI
Formosa Wonderland Co., Ltd.	Related party in substance
New World Container services Corporation	Subsidiary of APLI
Taipei Port Container Terminal Corp. (Taipei Port)	Corporate director of the Group
Ennea Solar Energy LLC.	Related party in substance
An Chun Tally Co., Ltd.	Related party in substance
ASIA PACIFIC LOGISTICS INTERNATIONAL CO., LTD. (APLI)	Related party in substance
AP PETROLEUM BUSINESS CO., LTD	Subsidiary of APLI
AP INTERNATIONAL TRAVEL SERVICE CO., LTD.	Subsidiary of APLI
JOHNSON CHECKER CO., LTD	Related party in substance
Express Container Terminal Corp. (ECTC)	Related party in substance

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<u>Name of related party</u>	<u>Relationship with the Company</u>
QINGDAO PORT AND WIN INTERNATIONAL LOGISTICS CO., LTD.	Joint Venture
CHIEN LAI ENTERPRISE CO., LTD	Related party in substance
Taian Insurance Co., Ltd.	Related party in substance
SUNSHINE SHIHLIN PAPER HOTEL	Related party in substance
New Safety Transportation Corp. (NSaTC)	Related party in substance
Shin Sheng Transportation CO. LTD (Shin Sheng)	Related party in substance
Tan Cang-Cai Mep International Terminal Co., Ltd. (Tan Cang-Cai Mep)	An associate
New Sincere Transportation Corp. (NSTC)	Related party in substance
Wan Chun International Corp. (WCIC)	Subsidiary of ECTC
Interasia Lines Taiwan, Ltd.	Related party in substance
Universal Checker Co., Ltd.	Related party in substance
Wan Hai Charity Foundation	Related party in substance
New Speed Transportation & Terminal Co., Ltd. (NS)	Related party in substance

(b) Significant transactions with related parties

1. Sales to related parties:

	<u>2021</u>	<u>2020</u>
Other related parties	\$ 3,280,978	1,994,674
Joint venture	13,592	8,933
	<u>\$ 3,294,570</u>	<u>2,003,607</u>

The transaction terms with related parties were not significantly different from those of sales to third parties. The average collection period for notes and accounts receivable pertaining to such sales transactions ranged from one to three months, while the average collection period for routine sales transactions was within one month.

2. Consideration for services related to the entity:

	<u>2021</u>	<u>2020</u>
Associate	\$ 312,251	145,558
Joint venture	1,903	1,754
Other related parties	5,036,201	3,523,941
	<u>\$ 5,350,355</u>	<u>3,671,253</u>

The transaction terms with related parties were not significantly different from those with the third parties. The average payment period for notes and accounts payable pertaining to such purchase transactions ranged from one to two months, which was similar to that of other normal vendors.

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3. Receivables from related parties and other assets

Receivables of the Group from related parties were as follows :

<u>Item</u>	<u>Related party categories</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Accounts receivable	Other related parties	\$ 193,258	146,139
Other receivables	Associate	-	183
Other receivables	Other related parties	39,060	64,610
Receivables from agents	Other related parties— WHL Japan	1,310,422	981,342
Receivables from agents	Associate	34,693	31,604
		<u>\$ 1,577,433</u>	<u>1,223,878</u>

4. Payables to related parties and other liabilities

Payables of the Group to related parties were as follows:

<u>Item</u>	<u>Related party categories</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Accounts payable	Other related parties	\$ 263,959	267,272
Accounts payable	Joint venture	6,806	6,425
Other payables	Other related parties	7,148	6,530
Other current liabilities	Other related parties	13,409	5,273
		<u>\$ 291,322</u>	<u>285,500</u>

5. Other related-party transactions

For the years ended December 31, 2021 and 2020, the Group received payments of claims from other related parties amounting to \$1,722 thousand and \$1,336 thousand, respectively.

For the years ended December 31, 2021 and 2020, the Group received payments of manpower support service from other related parties amounting to \$19,424 thousand and \$18,097 thousand, respectively.

For the years ended December 31, 2021 and 2020, the Group's miscellaneous purchases, etc. from other related parties amounting to \$46,623 thousand and \$31,062 thousand, respectively.

For the year ended December 31, 2020, the Group sold the property, plant and equipment to related parties amounting to \$224 thousand, and the gains on disposal were \$151 thousand.

6. Leasing

The Group rented office buildings from its related parties to be used as its offices, and 10-18 years lease contracts were signed. The rental fees were determined based on nearby office rental rates, therefore, the total value of the contracts was \$18,465 thousand. For the years ended December 31, 2021 and 2020, the Group recognized the amount of \$457 thousand and \$456 thousand as interest expense, respectively. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to \$11,022 thousand and \$11,647 thousand, respectively.

The Group rented containers from its other related parties, 1.5-11 years lease contracts were signed. The rental fees were determined based on market price, therefore, the total value of the contract was \$62,622 thousand. For the years ended December 31, 2021 and 2020, the Group recognized the amount of \$892 thousand and \$977 thousand as interest expense, respectively. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to \$41,480 thousand and \$47,069 thousand, respectively.

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(c) Key management personnel remuneration

Key management personnel remuneration comprised:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 212,480	192,756
Post-employment benefits	181	170
	<u>\$ 212,661</u>	<u>192,926</u>

(8) Pledged Assets

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Objective</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Time deposits (recognized in other current assets)	Registration of container storage and truck lease contract	\$ 5,528	6,184
Time deposits (recognized in other non-current assets)	Refundable deposits of harbor bureau and lease contract for wharf	104,505	104,505
Guarantee deposit paid (recognized in other non-current assets)	Lease contract for wharf, building lease contract and lawsuit	115,176	148,821
Containers (recognized in Property, plant and equipment)	Long-term loans	11,169,759	9,109,185
Vessel equipment (recognized in Property, plant and equipment)	Long-term loans	23,897,774	13,051,797
Land and Buildings (recognized in Property, plant and equipment)	Long-term loans	2,200,645	2,516,131
Land and Buildings (recognized in investment property)	Long-term loans	1,519,953	-
		<u>\$ 39,013,340</u>	<u>24,936,623</u>

(9) Significant Contingencies and Commitments

(a) Contract for port rental

To increase the quality of service and to decrease the cost of operations, the Group entered into a contract to lease a wharf in Japan in March 2003, and renewed it in April 2008. The renewed lease period is 20 years, from March 2008 to March 2028. As of December 31, 2021, the lease deposit amounting to JPY 255,775,000 (approximately TWD 61,439 thousand) was listed in other non-current assets.

The Group cooperated with the Kaohsiung Harbor Bureau to rent the No. 63 and 64 wharfs in August 1994, and renewed the contract in December 2016, for an eight-year lease term. The Group has paid the guarantee deposit of \$40,000 thousand, which is listed under other non-current assets.

The Group cooperated with the Taichung Harbor Bureau to rent Taichung wharf No. 34 and 35 in December 1999, and renewed the contract in August 2018 for a fifteen-year lease term. The Group has paid the guarantee deposit of \$33,400 thousand, which is listed under other non-current assets.

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Since February 2006, the Group has leased the hinterland of West 29 wharf to West 32 wharf from the Keelung Harbor Bureau. The lease term is 30 years from the day after the completion of the joint venture construction of warehouse facilities and acceptance by the Harbor Bureau.

(b) Vessel construction contract

Considering the Group's current fleet deployment and long-term development plan, the Group decided to acquire eight container ships of 3,036 TEUs from JAPAN MARINE UNITED CORPORATION, and twelve container ships of 2,038 TEUs from CHINA SHIPBUILDING TRADING COMPANY, LTD. and GUANGZHOU WENCHONG SHIPYARD CO., LTD, costing JPY 37,680,000 thousand and USD 315,936 thousand (approximately TWD 20,137,000 thousand), respectively. As of December 31, 2021, eight of 3,036 TEUs ships and eight of 2,028 TEUs ships have been transferred, the Group has prepaid \$1,237,771 thousand as prepayments for equipment (listed in other non-current assets).

In January 2021, the Group approved to purchase 12 container ships from JAPAN MARINE UNITED CORPORATION and NIHON SHIPYARD CO., LTD., with a carrying capacity of 3,013 TEUs, at a total transaction amount of USD 565,200 thousand (approximately TWD 15,786,000 thousand) for long-term development and fleet allocation considerations. As of December 31, 2021, the Group has prepaid the amount of \$2,474,846 thousand, which was recognized in other non-current assets.

In March 2021, the Group approved to purchase 5 container ships from HYUNDAI HEAVY INDUSTRIES CO. LTD., with a carrying capacity of 13,200 TEUs, at a total transaction amount of USD 562,034 thousand (approximately TWD 16,034,817 thousand) for operational purpose. As of December 31, 2021, the Group has prepaid the amount of \$3,108,608 thousand, which was recognized in other non-current assets.

In May 2021, the Group approved to construct 4 container ships from SAMSUNG HEAVY INDUSTRIES CO., LTD., also to purchase 4 container ships from the above supplier, with a carrying capacity of 13,100 TEUs, at a total transaction amount of USD 445,600 thousand (approximately TWD 12,414,416 thousand) and a range between USD 474,000 to USD 500,000 thousand (approximately between TWD 13,082,400 to TWD 13,800,000 thousand), respectively, for operational purpose. As of December 31, 2021, the Group has prepaid the amount of \$4,299,058 thousand, which was recognized in other non-current assets.

In June 2021, the Group approved to purchase 12 container ships from NIHON SHIPYARD CO., LTD. and JAPAN MARINE UNITED CORPORATION, with a carrying capacity of 3,055 TEUs, at a total transaction amount of range between JPY 60,840,000 thousand to JPY 64,800,000 thousand (approximately between TWD 15,291,072 to TWD 16,286,349 thousand) for operational purpose. As of December 31, 2021, the Group has prepaid the amount of \$1,529,107 thousand, which was recognized in other non-current assets.

(c) Vessel purchase contract

For the year ended December 31, 2021, the Group signed a contract to purchase 9 second-hand container ships at a total price of USD 291,800 thousand (approximately TWD 8,069,729 thousand), as of December 31, 2021, 5 ships have been transferred, and the Group has prepaid \$329,602 thousand as prepayments for equipment (listed in other non-current assets).

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(d) As of December 31, 2021, the total amount claimed for damages to the Group is approximately \$86,545 thousand, and the related cases are under negotiation or under trial.

(10) Losses Due to Major Disasters: None.

(11) Significant Subsequent Events

The Group officially signed a contract with the Kaohsiung Port Authority in January 2022 to lease Kaohsiung Port No. 79, No. 80 and No. 81. The lease term is from July 2023 to June 2043, the lease term lasts for 20 years, and the right-of-use asset of \$6,613,421 thousand will be recognized.

For operational purposes, the Group signed a contract with the seller STAROCEAN MARINE CO., LTD. in January 2022 to purchase two 1,781 TEU container ships, with the transaction amount of USD 86,000 thousand (approximately TWD 2,387,360 thousand).

For operational purposes, the Group signed a contract with the seller Cape Magnus Shipping Company Ltd. in February 2022 to purchase a 2,741 TEU container ship, with the transaction price of USD 53,000 thousand (approximately TWD 1,465,715 thousand), and the transfer has been completed.

For operational purposes, the Group signed a contract with the seller MS "ALLEGORIA" Schiffahrtsgesellschaft mbH & Co. KG in March 2022 to purchase a 2,741 TEU container ship, with the transaction amount of USD 109,500 (approximately TWD 3,028,223 thousand).

In the consideration of the Group's asset allocation and efficiency of operation, the Group approved the second-hand vessel procurement through the resolution of the Board of Directors on March 15, 2022, with the price not more than USD 320,000 thousand (approximately TWD 8,899,200 thousand).

In consideration of the Group's long-term growth and development in the future and the continuous rise of shipbuilding costs in the market, the Group approved the newly-built vessel procurement through the resolution of the Board of Directors on March 15, 2022, with the price not more than USD 700,000 thousand (approximately TWD 19,467,000 thousand).

(12) Others

(a) Employee benefits, depreciation, depletion, and amortization expenses, categorized as operating cost or expense, were as follows:

By item	2021			2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	3,100,553	3,954,563	7,055,116	2,166,579	2,735,240	4,901,819
Labor and health insurance	28,867	272,633	301,500	26,134	176,032	202,166
Pension	69,547	104,966	174,513	67,917	94,540	162,457
Remuneration of directors	-	151,411	151,411	-	158,389	158,389
Others employee benefits	188,023	111,009	299,032	143,296	81,006	224,302
Depreciation	13,500,401	284,476	13,784,877	5,522,338	246,267	5,768,605
Amortization	27,764	28,638	56,402	20,655	47,331	67,986

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(13) Other Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2021:

1. Fund financing to other parties:

(In thousands of TWD)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 5)	Maximum limitation on fund financing (Note 5)
													Name	Value		
0	The Company	WHL Singapore	Other receivables related	Yes	8,551,500	8,296,500	-	-	1	-	Note (4)	-	Promissory note	8,296,500	57,710,010	57,710,010
1	WHL INTL.	WHL India	Other receivables related	Yes	78,389	-	-	-	1	-	Note (3)	-	-	-	89,155	89,155
2	WHL Singapore	Yi Chun	Other receivables related	Yes	85,515	82,965	24,890	1.53~1.64%	1	-	Note (4)	-	Promissory note	82,965	40,956,214	40,956,214

Note 1: Short-term financing.

Note 2: Repayment of loans.

Note 3: Acquisition of assets.

Note 4: Operating activities.

Note 5: Financing amount shall not exceed 40 percent of the lending company's net worth and the following:

- Individual funding loan limits of financing for single borrower who has business with the lending company cannot exceed the total transaction amount of the current year.
- Individual funding loan limits for short-term borrower cannot exceed 40 percent of the Company's net worth.
- The individual loaned amount between the foreign companies whose voting shares are wholly owned by the Company directly or indirectly, or the amount that the foreign companies whose voting shares are wholly owned by the Company directly or indirectly loaned to the Company, shall not exceed 40 percent of the lending company's net worth.

Note 6: Eliminated in the consolidated financial statement.

2. Guarantees and endorsements for other parties:

(In thousands of TWD)

Number	Name of the company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Amount of Property pledged on guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note2)	Parent company endorses/ guarantees to third parties on behalf of subsidiary	Subsidiary endorses/ guarantees to third parties on behalf of parent company	Endorsements guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 1)										
0	The Company	WHL Singapore	2	288,550,051	22,936,176	14,463,023	14,463,023	-	10.02 %	288,550,051	Y	N	N

Note 1: Relationship with the Company

- The companies with which it has business relations.
- Subsidiaries in which the company directly or indirectly holds more than 50% of its total outstanding common shares.
- The parent company which directly or indirectly holds more than 50% of its voting rights.
- Subsidiaries in which the company directly or indirectly holds more than 90% of its voting rights.
- Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
- Companies in same type of business providing guarantees of pre-sale contracts according to the regulation.

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Note 2: According to the Company's "Policy and Procedures for Guarantee and Endorsement":

1. External endorsements and guarantees made by the Company may not exceed 200% of the Company's net worth.
2. Endorsements and guarantees made to a single enterprise may not exceed 40% of the Company or its subsidiaries' net worth.
3. The total amount of endorsements and guarantees of the Company and its subsidiaries as a whole may not exceed 250% of the Company's net worth.
4. Endorsements and guarantees made by the Company and its subsidiaries to a single enterprise may not exceed 50% of the Company's net worth.
5. Endorsements and guarantees made by the Company to the subsidiaries, or subsidiaries to the Company, are not subject to the above-mentioned restrictions. However, the aggregate amount of endorsements/guarantees that the Company or its subsidiaries make for a single company may not exceed 200% of the net worth of the company providing guarantees.

Note 3: Eliminated in the consolidated financial statements.

3. Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of TWD/shares)

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Highest percentage of capital investment during the period	Notes
				Number of shares	Book value	Percentage of shares	Market value		
	<u>Domestic listed stocks:</u>								
The Company	GREATWALL ENTERPRISE CO., LTD.	-	Financial assets at fair value through profit or loss-current	12,983,696	693,329	1.52 %	693,329	1.52 %	
The Company	Formosa Plastics Corporation	-	Financial assets at fair value through profit or loss-current	376,288	39,134	0.01 %	39,134	0.01 %	
The Company	Formosa Chemicals & Fibre Corporation	-	Financial assets at fair value through profit or loss-current	245,480	19,835	- %	19,835	- %	
The Company	Tainan Spinning Co., Ltd.	-	Financial assets at fair value through profit or loss-current	11,366,898	290,424	0.69 %	290,424	0.69 %	
The Company	TAIYEN BIOTECH CO., LTD	-	Financial assets at fair value through profit or loss-current	1,108,000	36,786	0.55 %	36,786	0.55 %	
The Company	China Steel Corporation	-	Financial assets at fair value through profit or loss-current	2,291,162	80,992	0.01 %	80,992	0.01 %	
The Company	Delta Electronics, Inc.	-	Financial assets at fair value through profit or loss-current	4,354,000	1,197,350	0.17 %	1,197,350	0.17 %	
The Company	Hon Hai Precision Ind. Co., Ltd.	-	Financial assets at fair value through profit or loss-current	77,440	8,054	- %	8,054	- %	
The Company	Taiwan Semiconductor Manufacturing Co., Ltd	-	Financial assets at fair value through profit or loss-current	529,000	325,335	- %	325,335	- %	

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Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Highest percentage of capital investment during the period	Notes
				Number of shares	Book value	Percentage of shares	Market value		
The Company	Transcend Information, Inc.	-	Financial assets at fair value through profit or loss-current	89,111	6,514	0.02 %	6,514	0.02 %	
The Company	Amtran Technology Co., Ltd.	-	Financial assets at fair value through profit or loss-current	924,041	16,263	0.12 %	16,263	0.12 %	
The Company	Yang Ming Marine Transport Corp.	-	Financial assets at fair value through profit or loss-current	957,526	115,861	0.03 %	115,861	0.03 %	
The Company	China Airlines Ltd.	-	Financial assets at fair value through profit or loss-current	23,753,862	654,419	0.41 %	654,419	0.44 %	
The Company	Chinese Maritime Transport Ltd.	-	Financial assets at fair value through profit or loss-current	435,050	25,407	0.22 %	25,407	0.22 %	
The Company	Mega Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss-current	18,799,646	668,327	0.14 %	668,327	0.14 %	
The Company	Taishin Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss-current	20,356,132	385,749	0.18 %	385,749	0.33 %	
The Company	First Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss-current	17,502,208	428,804	0.14 %	428,804	0.14 %	
The Company	The Eslite Spectrum Corporation	-	Financial assets at fair value through profit or loss-current	1,078,000	64,249	2.27 %	64,249	2.27 %	
The Company	Shih Wei Navigation Co., Ltd.	-	Financial assets at fair value through profit or loss-current	775,888	35,070	0.28 %	35,070	0.28 %	
The Company	Taiwan Cooperative Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss-current	32,006,051	814,554	0.24 %	814,554	0.24 %	
The Company	Taiwan Secom Co., Ltd.	-	Financial assets at fair value through profit or loss-current	3,303,000	343,512	0.73 %	343,512	0.73 %	
The Company	<u>Domestic Emerging stocks:</u> TIGERAIR TAIWAN CO., LTD.	-	Financial assets at fair value through profit or loss-current	358,309	11,108	0.09 %	11,108	0.09 %	

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Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Highest percentage of capital investment during the period	Notes
				Number of shares	Book value	Percentage of shares	Market value		
The Company	<u>Domestic listed stocks:</u>								
	Shihlin Paper Corporation	Related party in substance	Financial assets at fair value through other comprehensive income-non-current	9,351,088	606,886	3.60 %	606,886	3.60 %	
The Company	Chungwa Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	27,520,000	3,206,080	0.35 %	3,206,080	0.35 %	
The Company	<u>Domestic unlisted stocks:</u>								
	Taipei Port Container Terminal Corp.	Related party in substance	Financial assets at fair value through other comprehensive income-non-current	79,315,476	467,145	15.25 %	467,145	15.25 %	
The Company	United Stevedoring Corporation	-	Financial assets at fair value through other comprehensive income-non-current	781,250	12,160	15.63 %	12,160	15.63 %	
WHL Singapore	<u>Foreign listed stocks:</u>								
	Da Nang Port Joint Stock Company	-	Financial assets at fair value through other comprehensive income-non-current	20,090,000	718,420	20.29 %	718,420	20.29 %	

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.
5. Acquisition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid in capital: None.
6. Disposition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.

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7. Buying/selling products for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:

Name of company	Name of Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable) (Note 1)	
The Company	Interasia Lines Taiwan	Related party in substance	Loading and unloading revenue	(107,330)	0.09 %	30 days	-	-	16,365	0.11 %	
The Company	WHL-Vietnam	Subsidiary	Commission fee	526,942	0.92 %	30 days	-	-	(18,942)	0.12 %	Note 2
The Company	Tan Cang-Cai Mep International Terminal Co., Ltd.	Associate	Terminal handling charges, container fee	177,040	0.31 %	30 days	-	-	-	- %	
The Company	Taipei Port	Corporate director of the company	Container fee, terminal handling charges	978,270	1.71 %	30 days	-	-	(5)	- %	
The Company	WHL-Singapore	Subsidiary	Rent income, commission revenue, shipping agent revenue	(6,425,667)	5.54 %	30 days	-	-	-	- %	Note 2
The Company	WHL-Singapore	Subsidiary	Charter hire cost, oil expense, joint venture cost	15,424,777	26.96 %	30 days	-	-	(7,568,346)	48.36 %	Note 2
The Company	IAL Singapore	Related party in substance	Joint venture revenue, container rental revenue, shipping agent revenue, charter hire income	(1,629,976)	1.41 %	30 days	-	-	46,594	0.32 %	
The Company	IAL Singapore	Related party in substance	Joint venture cost, container rental cost	636,911	1.11 %	30 days	-	-	-	- %	
The Company	WHL Hongkong	Subsidiary	Commission fee	2,827,655	4.94 %	30 days	-	-	(693,266)	4.43 %	Note 2
The Company	WHL (Japan)	Same director with the company	Commission fee	668,136	1.17 %	30 days	-	-	-	- %	
The Company	Hyaline	Same director with the company	Commission fee	552,081	0.96 %	30 days	-	-	-	- %	
The Company	NSTC	Related party in substance	Tow charge	694,334	1.21 %	30 days	-	-	(54,123)	0.35 %	
The Company	APLI	Related party in substance	Container fee	332,556	0.58 %	30 days	-	-	(5,675)	0.04 %	
The Company	WCIC	Related party in substance	Turnkey fee	180,133	0.31 %	30 days	-	-	(15,398)	0.10 %	

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Name of company	Name of Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable) (Note 1)	
The Company	NSaTC	Related party in substance	Tow charge, container fee	110,938	0.19 %	30 days	-	-	(4,888)	0.03 %	
The Company	WHL-Malaysia	Subsidiary	Commission fee	217,108	0.38 %	30 days	-	-	57,745	0.37 %	Note 2
The Company	New World Container services Corporation	Related party in substance	Container fee	145,699	0.25 %	30 days	-	-	(11,529)	0.07 %	
The Company	TK Logistics International Co., Ltd.	Subsidiary	Container fee, labor fee, terminal handling charge	120,325	0.21 %	30 days	-	-	(11,965)	0.08 %	Note 2
The Company	WHL-Thailand	Subsidiary	Commission fee	231,711	0.40 %	30 days	-	-	(394,054)	2.52 %	Note 2
The Company	WHL-Korea	Subsidiary	Commission fee	205,658	0.36 %	30 days	-	-	-	- %	Note 2
The Company	WHL-India	Subsidiary	Commission fee	300,605	0.53 %	30 days	-	-	(130,797)	0.84 %	Note 2
The Company	Shin Sheng	Related party in substance	Tow charge	101,951	0.18 %	30 days	-	-	(8,733)	0.06 %	
WHL-Singapore	The Company	Subsidiary	Rent expense, commission fee, shipping agent expense	6,425,667	10.60 %	30 days	-	-	-	- %	Note 2
WHL-Singapore	The Company	Subsidiary	Oil revenue, charter hire income, joint venture revenue	(14,576,330)	11.08 %	30 days	-	-	7,568,346	70.46 %	Note 2
WHL Hongkong	The Company	Subsidiary	Commission income	(2,827,655)	95.45 %	30 days	-	-	693,266	13.26 %	Note 2
WHL-Malaysia	The Company	Subsidiary	Commission income	(217,108)	99.94 %	30 days	-	-	(57,745)	26.07 %	Note 2
WHL-Thailand	The Company	Subsidiary	Commission income	(231,711)	90.73 %	30 days	-	-	394,054	87.10 %	Note 2
TK Logistics International Co., Ltd.	The Company	Subsidiary	Container revenue, service revenue	(120,325)	47.06 %	30 days	-	-	11,965	50.86 %	Note 2
WHL-Vietnam	The Company	Subsidiary	Commission income	(526,942)	100.00 %	30 days	-	-	18,942	3.64 %	Note 2
WHL-India	The Company	Subsidiary	Commission revenue	(300,605)	100.00 %	30 days	-	-	130,797	66.97 %	Note 2
WHL-Korea	The Company	Subsidiary	Commission revenue	(205,658)	98.05 %	30 days	-	-	-	- %	Note 2

Note 1: Including notes receivable / payable, accounts payable—related parties and receivable / payable from / to agents, contract assets.

Note 2: Eliminated in the consolidated financial statements.

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8. Accounts receivable from related parties for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company (Note 2)	Clipper	Subsidiary	1,623,210	- %	-	-	1,623,210	-
The Company (Note 2)	Shenzhen Uniwin International Logistics Ltd.	Subsidiary	658,475	- %	-	-	656,588	-
The Company (Note 2)	WHL-USA	Subsidiary	173,926	- %	-	-	173,891	-
The Company (Note 2)	WHL Phils.	Subsidiary	148,926	- %	-	-	148,926	-
The Company (Note 2)	WHL Ecuador	Subsidiary	106,356	- %	-	-	105,786	-
The Company (Note 2)	WHL (Japan)	Same director with the Company	1,310,422	- %	-	-	1,266,222	-
WHL-Singapore (Note 2)	The Company	Subsidiary	7,568,346	- %	-	-	7,568,346	-
WHL-HongKong (Note 2)	The Company	Subsidiary	693,266	- %	-	-	693,266	-
WHL-Thailand (Note 2)	The Company	Subsidiary	394,054	- %	-	-	277,349	-
Bao Sheng Shipping Agency Co., Ltd.	The Company	Subsidiary	195,973	- %	-	-	180,552	-
WHL-India (Note 2)	The Company	Subsidiary	130,797	- %	-	-	130,797	-
The Company (Note 3)	WHL-Singapore	Subsidiary	8,266,370	- %	-	-	5,112,800	-

Note 1: Eliminated in the consolidated financial statements.

Note 2: Including accounts receivable, contract assets and receivable from agent.

Note 3: Other receivable.

9. Derivative transactions: None.

10. Business relationships and significant inter-company transactions:

Number	Name of the company	Name of the counter-party	Existing relationship with the counter-party	Transaction details during 2021			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
0	The Company	WHL-Singapore	1	Account payable	(7,568,346)	No significant differences	2.94 %
0	The Company	WHL-Hongkong	1	Commission expense	2,827,655	No significant differences	1.24 %
0	The Company	WHL-Singapore	1	Rent income, Commission revenue, Shipping agent revenue	(6,425,667)	No significant differences	2.82 %
0	The Company	WHL-Singapore	1	Oil expense, Charter hire cost, Joint venture cost	15,424,777	No significant differences	6.77 %
0	The Company	WHL-Singapore	1	Other receivables	8,266,370	No significant differences	3.20 %

Note 1: numbers denote the following:

1. 0 represents the Company.
2. Subsidiaries are listed by names and numbered starting with 1.

Note 2: relationship with the listed companies:

1. The Company to subsidiary
2. Subsidiary to the Company
3. Subsidiary to subsidiary

Note 3: The disclosed amounts are above 1% of total assets for balance sheet accounts or 1% of total operating revenue for income statement accounts of the Group.

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(b) Information on investees

For the year ended December 31, 2021, the following is the information on investees (excluding investees in Mainland China):

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
The Company	Wan Hai Lines (Singapore) Pte. Ltd.	Singapore	Transportation and shipping agency service, chartering of ships, and international transportation and shipping agency services	21,983,099	21,983,099	979,399,234	100.00 %	108,663,044	100.00 %	73,488,913	73,975,748	Subsidiary (Note 2 - 3)
"	k.k. WH Corporation	Japan	Terminal operation and management service, and vessel rental service	7,141	7,141	500	100.00 %	22,892	100.00 %	1,355	1,355	Subsidiary (Note 3)
"	Tan Cang-Cai Mep International Terminal Co., Ltd.	Vietnam	Managing wharf and containers	259,917	259,917	-	21.33 %	441,208	21.33 %	361,292	77,064	Associate (Note 1)
"	T.K. Logistics International Co., Ltd.	Taiwan	Managing container terminals and storage facilities	143,000	143,000	14,300,000	55.00 %	153,914	55.00 %	14,000	7,699	Subsidiary (Note 3)
"	Bao Sheng Shipping Agency Co., Ltd.	Taiwan	Acting as agent for transportation affair and contracting ocean shipping and related services.	30,000	30,000	3,000,000	70.01 %	38,078	70.01 %	2,240	1,568	Subsidiary (Note 3)
"	Hai Phong International Container Terminal Co., Ltd.	Vietnam	Managing wharf and containers	598,211	598,211	-	16.50 %	581,631	16.50 %	296,108	48,858	Associate (Note 1)
WHL-Singapore	Wan Hai Lines (Phils.), Inc.	Philippines	Transportation and shipping agency services	5,991	5,991	901,540	100.00 %	16,411	100.00 %	5,675	5,675	Indirect subsidiary (Note 3)
"	Wan Hai Lines (H.K.) Limited	Hong Kong	Transportation and shipping agency services	695,246	695,246	160,000,000	100.00 %	3,776,266	100.00 %	2,195,702	2,195,702	Indirect subsidiary (Note 3)
"	Wan Hai Lines (M) Sdn. Bhd.	Malaysia	Transportation and shipping agency services	4,613	4,613	500,000	100.00 %	110,620	100.00 %	40,959	40,959	Indirect subsidiary (Note 3)
"	Yi Chun Shipping Agencies Sdn. Bhd.	Malaysia	ODD operations	1,845	1,845	200,000	100.00 %	16,117	100.00 %	(475)	(475)	Indirect subsidiary (Note 3)
"	Wan Hai Lines (Korea) Ltd.	Korea	Transportation and shipping agency services	11,019	11,019	80,000	100.00 %	83,195	100.00 %	69,952	69,952	Indirect subsidiary (Note 3)
"	Wan Hai International Pte. Ltd.	Singapore	Transportation and shipping agency services	239,979	239,979	10,312,460	100.00 %	638,436	100.00 %	250,233	250,233	Indirect subsidiary (Note 3)
"	Wan Hai Lines (Thailand) Ltd.	Thailand	Transportation and shipping agency services	4,732	4,732	49,000	49.00 %	116,169	49.00 %	107,307	52,580	Indirect subsidiary (Note 3)
"	Wan Hai (Vietnam) Ltd.	Vietnam	Transportation and shipping agency services	8,691	8,691	-	100.00 %	393,414	100.00 %	381,743	381,743	Indirect subsidiary (Note 1 - 3)
"	HE CHUN LOGISTICS COMPANY LTD.	Vietnam	ODD operations	60,857	60,857	-	100.00 %	92,737	100.00 %	36,568	36,568	Indirect subsidiary (Note 1 - 3)
"	Wan Hai Lines Peru S.A.C.	Peru	Transportation and shipping agency services	1,942	1,942	245,124	99.00 %	51,223	99.00 %	62,764	62,136	Indirect subsidiary (Note 3)
"	WanHai Lines Ecuador S.A.	Ecuador	Transportation and shipping agency services	10,246	1,627	99,000	99.00 %	36,615	99.00 %	19,613	19,417	Indirect subsidiary (Note 3)

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Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
WHL-Singapore	PHUC XUAN MARITIME SERVICE CO.,LTD.	Vietnam	Container yard business	9,186	9,186	-	49.00 %	30,051	49.00 %	43,840	21,481	Associate (Note 1)
"	Bravely International Pte. Ltd.	Singapore	Transportation and investment	625,026	625,026	28,262,221	100.00 %	77,373	100.00 %	(31,134)	(31,134)	Indirect subsidiary (Note 3)
"	WAN HAI LINES (USA) LTD.	America	Transportation and shipping agency services	437,514	437,514	284,381	100.00 %	448,880	100.00 %	22,167	22,167	Indirect subsidiary (Note 3)
"	Wan Hai Shipping Limited	Myanmar	Transportation and shipping agency services	1,075	1,075	35,000	70.00 %	873	70.00 %	295	206	Indirect subsidiary (Note 3)
WHL INTL.	Wan Hai Lines (UAE) LLC.	Dubai	Transportation and shipping agency services	1,365	1,365	147	49.00 %	42,961	49.00 %	84,770	41,537	Equity method
"	Infinite Marine Investment Co., Ltd.	Cayman	Investment	173,463	173,463	5,550,000	100.00 %	5,374	100.00 %	(212)	(212)	Indirect subsidiary (Note 3)
"	Wan Hai Lines (India) PVT Ltd.	India	Transportation and shipping agency services	69	69	10,000	100.00 %	366,162	100.00 %	215,904	215,904	Indirect subsidiary (Note 3)
"	Wan Hai Lines Peru S.A.C.	Peru	Transportation and shipping agency services	20	20	2,476	1.00 %	517	1.00 %	62,764	628	Indirect subsidiary (Note 3)
WHL INTL.	WanHai Lines Ecuador S.A.	Ecuador	Transportation and shipping agency services	178	-	1,000	1.00 %	370	1.00 %	19,613	196	Indirect subsidiary (Note 3)
WHL Hongkong	Dawin Logistics (International) Limited	Hong Kong	Managing container, storage and logistics services	570,480	570,480	144,640,000	100.00 %	894,317	100.00 %	150,650	150,650	Indirect subsidiary (Note 3)
Bravely International Pte. Ltd.	Bravely (Myanmar) Transport and Logistics Company Limited	Myanmar	Management container, storage and logistic service	127,584	127,584	4,000,000	80.00 %	68,757	80.00 %	3,063	2,450	Indirect subsidiary (Note 3)
WAN HAI LINES (USA) LTD.	Wan Hai Lines (Arizona) LLC.	America	House rental and management	359,760	359,760	-	100.00 %	362,089	100.00 %	9,807	9,807	Indirect subsidiary (Note 1 - 3)
Wan Hai Lines (India) PVT Ltd.	WH Logistics Private Limited	India	Managing container, storage and logistics services	395	-	100,000	50.00 %	284	50.00 %	(34)	(17)	Equity method

Note 1: Limited companies with no common shares issued.

Note 2: The difference is due to the unrealized gain /loss.

Note 3: Eliminated in the consolidated financial statements.

Note 4: The recognition of investment gains and losses in the current period is based on the financial reports of investment companies that have not been reviewed by accountants during the same period.

(c) Information on investment in Mainland China

1. Information on investment in Mainland China:

Name of the investee in Mainland China	Major operations	Issued capital	Method of investment	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Peak Holding Percentage	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Remittance amount	Recoverable amount							
Guangzhou Wan Hai Information Technology Ltd.	Information software service	7,922	(1)	-	-	-	-	870	100.00 %	100.00 %	870	22,433	-
Shenzhen Uniwin International Logistics Ltd.	Freight transportation and acting as agent for transport affairs	644,016	(1)	-	-	-	-	118,709	100.00 %	100.00 %	118,709	725,182	-
Clipper International Shipping Agency Ltd.	International shipping agency services	4,070	(1)	-	-	-	-	22,139	49.00 %	49.00 %	10,848	11,918	-

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

WAN HAI LINES LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Name of the investee in Mainland China	Major operations	Issued capital	Method of investment	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Peak Holding Percentage	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Remittance amount	Recoverable amount							
Blue Ocean Logistics (Shanghai) Ltd.	Containers, storage and international transportation services	32,596	(1)	-	-	-	-	32,228	100.00 %	100.00 %	32,228	94,666	-
Shenzhen Yong Chun International Shipping Management Co., Ltd.	International shipping management	29,068	(1)	-	-	-	-	6,307	90.00 %	90.00 %	5,676	38,674	-
Wan Hang Tours Co., Ltd.	Retailing and Catering management	287,330	(1)	-	-	-	-	(6,759)	50.00 %	50.00 %	(3,379)	113,921	-
Qingdao port and Win International Logistics Co., Ltd.	Container yard station	50,188	(1)	-	-	-	-	22,110	50.00 %	50.00 %	11,055	39,390	-

Note 1: Indirectly invested in Mainland China through investees.

Note 2: The investment income (loss) recognized in current period was audited and certified by the CPA of the Company.

2. Limitation on investment in Mainland China:

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
-	1,131,368	86,565,015

Note: The Company's investments in Mainland China were mostly from the investees' self-owned capital in indirect subsidiaries.

3. Significant transactions:

As of December 31, 2021, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Yi Chun Navigation Inc.		313,757,720	12.85 %
Asia Pacific Logistics International Co., Ltd.		194,539,837	7.97 %
TCEL		187,993,144	7.70 %
CCEL		187,993,144	7.70 %

(14) Segment Information

(a) General Information

The segment's operating results are reviewed regularly by the entity's chief operating decision maker to make decisions pertaining to the allocation of the resources of the segment and to assess its performance for which the discrete financial information is available. Only one reportable segment of the Group was identified, and it's mainly associated with the shipping operations.

(b) The Group has only one segment associated with shipping operations. Please refer to the Consolidated Balance Sheets and Consolidated Statements of comprehensive Income for its segment profit or loss, segment assets and segment liabilities.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WAN HAI LINES LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Entity – wide Information:

Geographical Areas:

The segments information of the Group that is identified based on geographical areas was as follow. Operating segments were identified based on the way in which revenues were classified according to customer's location, and non-current assets were classified according to the location of asset.

<u>By region</u>	<u>2021</u>	<u>2020</u>
Revenue from external customers:		
Asia	\$ 64,525,543	46,581,636
the Middle East, India, Red sea	37,506,897	17,636,991
America, South America	<u>125,973,013</u>	<u>17,661,555</u>
Total	<u>\$ 228,005,453</u>	<u>81,880,182</u>
<u>By region</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Non-current assets:		
Asia	\$ 117,669,181	70,462,916
India	270,667	144,260
America	<u>309,542</u>	<u>307,135</u>
Total	<u>\$ 118,249,390</u>	<u>70,914,311</u>

Non-current assets include property, plant and equipment, investment property, intangible assets, right-of-use assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and non-current assets of rights arising from an insurance contract.

(d) Information about Major Customers:

The Group's revenue from a single customer did not reach 10% of the consolidated operating income.

6.5 Financial Statements for Fiscal Year 2021

6.5.1 Independent Auditor's Report

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, 2021 and 2020, 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, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and 2020 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 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.

2. Additions of Property, plant and equipment

Please refer to note(4)(k) “Property, plant and equipment” and note(6)(i) “Property, plant and equipment”.

How the matter was addressed in our audit

The total amount of the Company’s property, plant and equipment accounts for a high proportion of the total assets, and the Company has material additions of property, plant and equipment this year. Consequently, this is one of the key areas our audit focused on.

Our principal audit procedures included:

Checking the total amount of the Company’s Table of Additions to Table of Aggregation Changes.
Checking out the huge addition of property, plant and equipment to the relevant vouchers. Performing on-site observation and stocktaking of representative property, plant and equipment.

Responsibilities of Management and Those Charged with Governance for the 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 statement. 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 Cheng-Chien Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2022

Notes to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial statements of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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

BALANCE SHEETS

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021.12.31		2020.12.31		2021.12.31		2020.12.31	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets:								
1100 Cash and cash equivalents (note (6)(a))	\$ 40,113,588	12	8,553,009	5	2100			
1110 Current financial assets at fair value through profit or loss (note (6)(b))	6,361,076	2	4,844,840	3	2126			
1137 Current financial assets at amortized cost (note (6)(d))	63,717	-	-	-	2170			
1150 Notes receivable, net (notes (6)(f) and 6(u))	69,697	-	49,698	-	2200			
1170 Accounts receivable, net (notes (6)(k), (6)(o) and (7))	1,991,562	1	1,316,196	1	2230			
1140 Current contract assets (note (6)(u))	7,835,522	2	1,530,849	1	2280			
1200 Other receivables, net (note (7))	8,870,244	3	5,542,057	3	2320			
1330 Inventories, net (note (6)(g))	800,139	-	1,160,891	1	2350			
1475 Receivables from agents (note (7))	4,703,644	1	3,073,816	2	2300			
1479 Other current assets, others (note (8) and (9))	626,921	-	438,754	-				
	<u>71,336,110</u>	<u>21</u>	<u>26,510,110</u>	<u>16</u>				
Non-current assets:								
1517 Non-current financial assets at fair value through other comprehensive income (note (6)(e))	4,292,271	1	3,827,784	2	2511			
1550 Investments accounted for using equity method, net (note (6)(h))	109,900,767	32	36,937,983	22	2540			
1600 Property, plant and equipment (notes (6)(i), (8) and (9))	33,657,439	9	20,976,137	13	2570			
1755 Right-of-use assets (note (6)(j))	120,322,046	35	74,302,608	45	2580			
1760 Investment property, net (notes (6)(k) and (8))	3,482,654	1	3,472,681	2	2640			
1780 Intangible assets (note (6)(l))	74,245	-	80,514	-	2645			
1900 Other non-current assets (notes (6)(r), (8) and (9))	2,593,570	1	809,177	-				
	<u>274,322,992</u>	<u>79</u>	<u>140,406,884</u>	<u>84</u>				
Liabilities and Equity								
Current liabilities:								
Short-term borrowings (note (6)(m))	\$ 985,592	-	-	-				
Current financial liabilities for hedging (notes (6)(e) and (p))	14,262,175	4	7,605,831	5				
Accounts payable (note (7))	3,466,154	1	1,439,458	1				
Other payables (note (7))	10,257,551	3	1,087,909	1				
Current tax liabilities (note (6)(n))	13,757,890	4	6,972,488	4				
Current lease liabilities (notes (6)(p) and (7))	6,478,817	2	6,547,118	4				
Current portion of long-term loans (notes (6)(o), (6)(q) and (8))	1,387,425	-	1,259,893	1				
Payables to agents (note(7))	203,182	-	178,708	-				
Other current liabilities (notes (u) and (7))	50,798,786	14	25,909,864	16				
	<u>98,976,492</u>	<u>28</u>	<u>43,902,409</u>	<u>26</u>				
Non-Current liabilities:								
Non-current financial liabilities for hedging (notes (6)(o) and (p))	2,576,487	1	2,855,649	2				
Bonds payable (note (6)(o))	9,000,000	3	12,600,000	8				
Long-term borrowings (notes (6)(o) and (8))	15,043,038	4	12,256,982	7				
Deferred tax liabilities (note (6)(r))	19,032,573	6	41,30,138	2				
Non-current lease liabilities (notes (6)(p) and (7))	104,536,417	30	64,825,024	39				
Accrued pension liabilities-non current (note(6)(q))	379,071	-	416,815	-				
Guarantee deposits received	17,704	-	20,113	-				
	<u>150,585,290</u>	<u>44</u>	<u>97,104,721</u>	<u>58</u>				
Total liabilities	<u>201,384,076</u>	<u>58</u>	<u>123,014,282</u>	<u>74</u>				
Equity (notes (6)(s) and (t)):								
Common stock	24,401,273	7	22,182,975	13				
Capital surplus	1,271,775	-	1,271,775	1				
Retained earnings:								
Legal reserve	8,354,970	2	7,225,691	4				
Special reserve	3,239,603	1	1,519,682	1				
Retained earnings-unappropriated	110,994,900	33	14,941,889	9				
	<u>122,589,473</u>	<u>36</u>	<u>23,687,262</u>	<u>14</u>				
Other equity interest:								
Exchange differences on translation of foreign financial statements	(4,617,000)	(1)	(3,465,395)	(2)				
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	445,677	-	75,448	-				
Gains (losses) on hedging instruments (note(6)(e))	183,828	-	150,344	-				
	<u>(3,987,492)</u>	<u>(1)</u>	<u>(3,239,603)</u>	<u>(2)</u>				
Total equity	<u>144,275,026</u>	<u>42</u>	<u>43,902,409</u>	<u>26</u>				
Total liabilities and equity	<u>\$ 345,659,102</u>	<u>100</u>	<u>166,916,994</u>	<u>100</u>				

Seeing accompanying notes to financial statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2021 and 2020

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

	2021		2020	
	Amount	%	Amount	%
4000 Operating revenue (notes (6)(u) and (7))	\$ 116,005,228	100	61,915,516	100
5000 Operating costs (notes (6)(g) and (7))	57,216,967	49	52,728,111	85
Gross profit	58,788,261	51	9,187,405	15
6200 Total administrative expenses	4,073,299	4	2,653,366	4
6450 Expected credit loss (gain)(note(6)(f))	1,325	-	-	-
Total operating expenses	4,074,624	4	2,653,366	4
Income from operations	54,713,637	47	6,534,039	11
Non-operating income and expenses (notes (6)(h) and (6)(w)):				
7100 Interest income	53,261	-	73,000	-
7010 Other income	284,012	-	284,984	-
7020 Other gains and losses	1,518,633	1	1,527,174	2
7050 Finance costs	(1,995,956)	(2)	(1,601,126)	(2)
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method	74,112,292	64	7,256,367	12
Total non-operating income and expenses	73,972,242	63	7,540,399	12
7900 Profit before tax	128,685,879	110	14,074,438	23
7950 Less: Income tax expenses(note(6)(r))	25,342,971	22	2,757,457	5
Net Profit	103,342,908	88	11,316,981	18
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	(31,109)	-	(38,268)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	301,470	-	98,056	-
8331 Gains (losses) on the remeasurements of defined benefit plans, subsidiaries, associates and joint ventures accounted for using equity method	20,786	-	6,420	-
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	68,759	-	177,768	-
8349 Less: Income tax related to components of other comprehensive income that may not be reclassified subsequently	6,222	-	7,654	-
Total items that may not be reclassified subsequently to profit and loss	366,128	-	251,630	-
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation	(1,151,992)	(1)	(2,124,502)	(3)
8368 Gains (losses) on hedging instrument	33,484	-	116,840	-
8399 Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	387	-	11,916	-
Total items that may be reclassified subsequently to profit and loss	(1,118,121)	(1)	(1,995,746)	(3)
8300 Other comprehensive income (net of tax)	(751,993)	(1)	(1,744,116)	(3)
Total comprehensive income	\$ 102,590,915	87	9,572,865	15
9750 Basic earnings per share (New Taiwan Dollars) (note (6)(t))	\$ 42.35		4.64	
9850 Diluted earnings per share (New Taiwan Dollars) (note (6)(t))	\$ 42.27		4.63	

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

STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Stock	Retained Earnings			Capital Surplus	Other Equity Items			Total
		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 comprehensive income	Gains (losses) on hedging instruments	
Balance at January 1, 2020	\$ 22,182,975	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 2020.12.31	22,182,975	7,225,691	1,519,682	14,941,889	(3,465,395)	75,448	150,344	43,902,409	
Net profit	-	-	-	103,342,908	-	-	-	103,342,908	
Other comprehensive income	-	-	-	(4,101)	(1,151,605)	370,229	33,484	(751,993)	
Total comprehensive income (loss)	-	-	-	103,338,807	(1,151,605)	370,229	33,484	102,590,915	
Appropriation and distribution of retained earnings:									
Legal reserve	-	1,129,279	-	(1,129,279)	-	-	-	-	
Special reserve appropriated	-	-	1,719,921	(1,719,921)	-	-	-	-	
Cash dividends	-	-	-	(2,218,298)	-	-	-	(2,218,298)	
Stock dividends of ordinary share	2,218,298	-	-	(2,218,298)	-	-	-	-	
Balance at December 31, 2021	\$ 24,401,273	8,354,970	3,239,603	110,994,900	(4,617,000)	445,677	183,828	144,275,026	

See accompanying notes to financial statements.

(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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 128,685,879	14,074,438
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	12,232,409	8,134,102
Amortization expense	55,731	67,247
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	1,325	-
Net (gain) loss on financial assets at fair value through profit or loss	(1,274,831)	(783,642)
Interest expense	1,995,956	1,601,126
Interest revenue	(53,261)	(73,000)
Dividend income	(282,715)	(284,984)
Investment income under the equity method	(74,112,292)	(7,256,367)
Gain on disposal of property, plant and equipment	(43,567)	(139,379)
Loss (gain) on unrealized foreign exchange	82,967	(403,295)
Gain on lease modification	(385,782)	(196,596)
Others	(154,861)	5,093
Total adjustments to reconcile profit (loss)	(61,938,921)	670,305
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in contract assets	(6,304,673)	(797,160)
Notes receivable	(19,999)	(10,242)
Accounts receivable (including related parties)	(676,691)	(641,967)
Other receivables	(544,798)	(112,564)
Inventories	360,752	246,003
Receivables from agents	(1,629,828)	(929,544)
Other current assets	(188,167)	5,071
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(141,405)	8,039
Total changes in operating assets, net	(9,144,809)	(2,232,364)
Changes in operating liabilities, net:		
Accounts payable (including related parties)	6,656,344	1,157,952
Other payables	1,051,601	414,224
Payables to agents	127,532	180,550
Other current liabilities	21,880	(22,705)
Accrued pension liabilities	(68,853)	(64,113)
Total changes in operating liabilities, net	7,788,504	1,665,908
Total changes in operating assets and liabilities	(1,356,305)	(566,456)
Total adjustments	(63,295,226)	103,849
Cash inflow generated from operations	65,390,653	14,178,287
Income taxes paid	(1,085,566)	(116,407)
Net cash provided by operating activities	64,305,087	14,061,880
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(163,017)	(546,916)
Acquisition of financial assets at amortized cost	(63,717)	-
Acquisition of property, plant and equipment	(14,338,740)	(5,022,920)
Proceeds from disposal of property, plant and equipment	97,189	194,288
Decrease in other receivables due from related parties	(2,784,560)	(4,636,500)
Acquisition of intangible assets	(48,882)	(21,757)
Acquisition of investment property	(35,687)	(2,068,722)
Other non-current assets	(2,035,846)	(230,904)
Interest received	52,161	77,968
Dividends received	368,323	371,999
Net cash used in investing activities	(18,952,776)	(11,883,464)
Cash flows from financing activities:		
Proceeds from issuing bonds	-	2,500,000
Repayments of bonds	(3,800,000)	-
Proceeds from long-term loans	7,887,815	9,650,640
Repayment of long-term loans	(5,053,769)	(7,250,083)
Guarantee deposit	185	14,098
Cash dividends paid	(2,218,298)	(1,774,638)
Lease repayments- principal portions	(8,591,167)	(5,468,600)
Interest paid	(2,016,498)	(1,623,145)
Net cash used in financing activities	(13,791,732)	(3,951,728)
Net increase (decrease) in cash and cash equivalents	31,560,579	(1,773,312)
Cash and cash equivalents at beginning of period	8,553,009	10,326,321
Cash and cash equivalents at end of period	\$ 40,113,588	8,553,009

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December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company History

Wan Hai Lines Ltd. (the Company) was incorporated as a company limited by shares on February 24, 1965, under the approval of the Ministry of Economic Affairs, ROC. The address of the Company's registered office is 10F, No. 136 Sung Chiang Rd., Taipei City. The Company is primarily involved in the business of international marine transportation, shipping agencies, container storage service, and the sale and rental of vessels and containers.

(2) Approval Date and Procedures of the Financial Statements

The Board of Directors approved and issued the financial statements on March 15, 2022.

(3) New Standards, Amendments and Interpretations adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of Significant Accounting Policies

The accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

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(b) Basis of preparation

1. Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) Hedging financial instruments are measured at fair value;
- 4) The net defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, with a limit based on a defined benefit asset.

2. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollars (TWD), which is the Company's functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(c) Foreign currency

1. Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) qualifying cash flow hedges to the extent that the hedges are effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The saving deposits which satisfied the definition above and held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes, are reported as cash equivalents.

Bank overdrafts that are repayable on demand and from an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

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Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated—e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, receivables from agents, guarantee deposit paid and other financial assets) and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a time deposit to have low credit risk when its trading counterparties' credit risk ratings are equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

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At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3. Hedge accounting

The Company designates certain hedging instruments (which include non-derivatives in respect of foreign currency risk) as cash flow hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

1) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under 'other equity — gains (losses) on hedging instruments', limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Company expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

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If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(g) Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Subsidiaries

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

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

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(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	23~56 years
2) Vessel equipment	2~18 years
3) Major component of vessels: docking repair assets	2.5 years
4) Containers	1~10 years
5) Privileged wharf equipment	2~15 years
6) Other equipment	3~15 years

Depreciation methods, useful lives and residual values, are reviewed at each reporting date, and adjusted if appropriate.

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(1) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

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When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Company will allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of vessels, buildings, containers and other equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(m) Intangible assets

1. Recognition and measurement

Goodwill arising from the acquisition of a subsidiary is measured at cost less accumulated impairment loss.

Expenses related to research activities are recognized as profit or loss incurred.

Development expenditures are made only when they can be reliably measured, the technical or commercial viability of the product or process has been achieved, it is probable that future economic benefits will flow to the Company, and the Company intends and has sufficient resources to complete the development and use or sell the asset be capitalized. Other development expenditures are recognized in profit or loss as incurred. Subsequent to original recognition, capitalized development expenditure is measured at its cost less accumulated amortization and accumulated impairment.

Other intangible assets, including software and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Software	2~5 years
2) Trademarks	3~10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(o) Revenue

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Service revenue

The Company provides vessel transportation services and recognizes revenue using percentage-of-completion of voyage method. If the Company has recognized revenue, but not have the right to collect bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional. When the payment has exceeded the services rendered, then the entitlement to consideration is recognized as a contract liability.

2) Rental revenue

The Company provides rental of vessels, slottage rental expense and containers and recognizes revenue using straight-line method over the lease term.

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Government grants

The Company recognizes an unconditional government grant as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

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(q) Employee benefits

1. Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as related service is provided.

2. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling if any (excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

1. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(t) Operating segments

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

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(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

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

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the future period.

(a) Revenue recognition

The Company's cargo freight revenue is recognized using the percentage-of-completion of voyage method. The method is based on historical trend, and the high uncertainty of voyage days will lead to adjustments of the estimated value.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	<u>2021.12.31</u>	<u>2020.12.31</u>
Cash	\$ 90,539	54,325
Savings accounts	31,842,214	8,016,024
Time deposits	<u>8,180,835</u>	<u>482,660</u>
Cash and cash equivalents in statement of cash flows	<u>\$ 40,113,588</u>	<u>8,553,009</u>

Please refer to Note 6(x) for the interest rate analysis of financial assets and liabilities.

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

	<u>2021.12.31</u>	<u>2020.12.31</u>
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Stocks listed on domestic markets	\$ 6,249,968	4,836,764
Emerging stocks on domestic markets	<u>11,108</u>	<u>8,076</u>
Total	<u>\$ 6,261,076</u>	<u>4,844,840</u>

1. For the net gain or loss on fair value on financial instruments at FVTPL, please refer to Note 6(w).

2. As of December 31, 2021 and 2020, the Company's financial assets were not pledged as collateral.

(c) Financial assets at fair value through other comprehensive income

	<u>2021.12.31</u>	<u>2020.12.31</u>
Equity investments at fair value through other comprehensive income		
Stocks listed on domestic markets	\$ 3,812,966	3,377,664
Stocks unlisted on domestic markets	<u>479,305</u>	<u>450,120</u>
Total	<u>\$ 4,292,271</u>	<u>3,827,784</u>

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1. Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes.

For the years ended December 31, 2021 and 2020, no strategic investments were disposed, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

For the years ended December 31, 2021 and 2020, the dividends of \$119,584 thousand and \$117,358 thousand related to equity investments at fair value through other comprehensive income, were recognized.

2. For credit risk and market risk, please refer to Note 6(y).

3. As of December 31, 2021 and 2020, the financial assets of the Company had not been pledged as collateral.

(d) Financial assets at amortized cost

	<u>2021.12.31</u>	<u>2020.12.31</u>
Current	\$ <u>63,717</u>	<u>-</u>

Financial assets at amortized cost are restricted bank deposits that do not meet the requirement of cash equivalents.

The Company's financial assets at amortized cost were not pledged as collateral.

The Company's degree of exposure to credit risk and currency risk, please refer to note 6(x).

(e) Financial instruments used for hedging

The amounts at the reporting date relating to the lease liabilities designated as hedging instruments were as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Cash flow hedge:		
Financial liabilities used for hedging:		
Current lease liabilities	\$ 985,592	818,459
Non-current lease liabilities	<u>2,576,487</u>	<u>2,855,649</u>
Total	\$ <u>3,562,079</u>	<u>3,674,108</u>

The Company's strategy is to use lease liabilities to hedge its estimated foreign currency exposure in respect of highly probable future cash revenues. The amounts at the reporting date relating to the items designated as hedging instruments were as follows:

Items to be hedged	Financial assets or liabilities designated to be hedging instruments	Fair value		Time period(s) during which the future cash flows generated	Time period(s) during which the related gains or losses are expected to be recognized in the income statement
		2021.12.31	2020.12.31		
Freight revenue (USD)	Lease liabilities	\$ 2,525,174	2,312,368	2021~2026	2021~2026
WHL terminal revenue (JPY)	Lease liabilities	1,036,905	1,361,740	2021~2028	2021~2028
	Items			<u>2021</u>	<u>2020</u>
	Amounts recognized as other comprehensive income			\$ <u>33,484</u>	<u>116,840</u>

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For the years ended December 31, 2021 and 2020, no ineffective portion of cash flow hedge that should be recognized in profit or loss, for reconciliation of each component of equity, and an analysis of other comprehensive income, please refer to note (6)(s).

(f) Notes receivable and accounts receivable

	<u>2021.12.31</u>	<u>2020.12.31</u>
Notes receivable	\$ 69,697	49,698
Accounts receivable	1,993,245	1,316,554
Less: Allowance for doubtful receivables	<u>(1,683)</u>	<u>(358)</u>
	<u><u>\$ 2,061,259</u></u>	<u><u>1,365,894</u></u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2021 and 2020. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of December 31, 2021 and 2020 was determined as follows:

	<u>2021.12.31</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 1,920,387	0%~0.0006%	1,683
Overdue 0~30 days	116,113	0%~0.0007%	-
Overdue 31~120 days	26,028	0%~0.002%	-
Overdue 121~365 days	231	0%~0.003%	-
Overdue more than 365 days	<u>183</u>	0%~100%	<u>-</u>
	<u><u>\$ 2,062,942</u></u>		<u><u>1,683</u></u>
	<u>2020.12.31</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 1,292,092	0%~0.0006%	358
Overdue 0~30 days	65,805	0%~0.0007%	-
Overdue 31~120 days	8,327	0%~0.002%	-
Overdue 121~365 days	28	0%~0.003%	-
Overdue more than 365 days	<u>-</u>	0%~100%	<u>-</u>
	<u><u>\$ 1,366,252</u></u>		<u><u>358</u></u>

The movement in the allowance for notes and accounts receivable were as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 358	358
Impairment losses recognized	<u>1,325</u>	<u>-</u>
Ending balance (equals to beginning balance)	<u><u>\$ 1,683</u></u>	<u><u>358</u></u>

Please refer to (6)(x) for the credit risks and the currency risks of the notes receivable, accounts receivable, other receivables and receivables from agents of the Company.

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As of December 31, 2021 and 2020, the notes and trade receivable of the Company had not been pledged as collateral.

(g) Inventories

	<u>2021.12.31</u>	<u>2020.12.31</u>
Light marine diesel oil	\$ 78,685	119,331
Heavy marine diesel oil	713,060	1,048,866
Fresh lubricating oil	<u>8,394</u>	<u>5,841</u>
Subtotal	800,139	1,174,038
Less: Allowance for inventory valuation and obsolescence losses	-	(13,147)
Total	<u>\$ 800,139</u>	<u>1,160,891</u>

For the year ended December 31, 2021, the net realizable value increased and the reversals amounted to \$13,147 thousand were recognized in cost of goods sold because the previous reason that caused the net realizable value of inventories lower than its cost has disappeared.

For the year ended December 31, 2020, the write-downs of inventories to net realizable value amounted to \$12,987 thousand. The write-downs were included in operating costs.

As of December 31, 2021 and 2020, the Company's inventories were not pledged as collateral.

(h) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Subsidiaries	\$ 108,877,928	35,967,363
Associates	<u>1,022,839</u>	<u>970,620</u>
	<u>\$ 109,900,767</u>	<u>36,937,983</u>

1. Subsidiaries

Please refer to the consolidated financial statements for the years ended December 31, 2021.

2. Associates

For the first half of 2017, the Company acquired 16.5% of the shares of Hai Phong International Container Terminal Company Ltd. (HICT) for USD6,459 thousand in cash. The Company gets one of HICT's directors, and participated its finance and operating policy decision. Therefore, the Company has significant influence on it, and accounts for it using equity method.

The financial information of individually non-significant equity method associates included in the financial statements were as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
The carrying amount of individually non-significant associates' equity	<u>\$ 1,022,839</u>	<u>970,620</u>

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	2021	2020
Attributable to the Company:		
Profit (loss) from continuing operations	\$ 125,921	149,785
Total comprehensive income	\$ 125,921	149,785

3. Collateral

As of December 31, 2021 and 2020, the Company's investments accounted for using equity method were not pledged as collateral.

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020, were as follows:

	Land	Buildings	Vessels	Containers	Other equipment	Privileged wharf equipment	Total
Cost:							
Balance at January 1, 2021	\$ 2,194,439	766,164	3,903,402	27,654,227	804,320	2,307,365	37,629,917
Additions	-	-	63,851	14,829,314	401,706	38,697	15,333,568
Reclassification	-	-	-	-	68,349	3,804	72,153
Disposals	-	-	-	(365,949)	(13,743)	-	(379,692)
Balance at December 31, 2021	\$ 2,194,439	766,164	3,967,253	42,117,592	1,260,632	2,349,866	52,655,946
Balance at January 1, 2020	\$ 620,477	123,736	3,814,756	25,988,525	746,315	2,031,044	33,324,853
Additions	1,573,962	642,428	88,646	2,276,647	50,957	96,301	4,728,941
Reclassification	-	-	-	-	26,159	180,020	206,179
Disposals	-	-	-	(610,945)	(19,111)	-	(630,056)
Balance at December 31, 2020	\$ 2,194,439	766,164	3,903,402	27,654,227	804,320	2,307,365	37,629,917
Depreciation and impairment loss:							
Balance at January 1, 2021	\$ -	77,942	3,133,746	11,968,137	432,605	1,041,350	16,653,780
Depreciation	-	15,323	107,070	2,317,818	101,032	132,518	2,673,761
Disposals	-	-	-	(315,291)	(13,743)	-	(329,034)
Balance at December 31, 2021	\$ -	93,265	3,240,816	13,970,664	519,894	1,173,868	18,998,507
Balance at January 1, 2020	\$ -	72,067	3,029,103	10,980,636	373,240	916,265	15,371,311
Depreciation	-	5,875	104,643	1,559,186	78,476	125,085	1,873,265
Disposals	-	-	-	(571,685)	(19,111)	-	(590,796)
Balance at December 31, 2020	\$ -	77,942	3,133,746	11,968,137	432,605	1,041,350	16,653,780
Carrying amounts:							
Balance at December 31, 2021	\$ 2,194,439	672,899	726,437	28,146,928	740,738	1,175,998	33,657,439
Balance at January 1, 2020	\$ 620,477	51,669	785,653	15,007,889	373,075	1,114,779	17,953,542
Balance at December 31, 2020	\$ 2,194,439	688,222	769,656	15,686,090	371,715	1,266,015	20,976,137

As of December 31, 2021 and 2020, the property, plant and equipment of the Company had been pledged as collateral for long-term borrowings and guaranteed financing; please refer to note (8).

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(j) Right-of-use assets

The Company leases many assets including wharfs, vessels, containers, and other equipment. Information about leases for which the Company as a lessee is presented below:

	<u>Wharfs</u>	<u>Vessels</u>	<u>Containers</u>	<u>Others</u>	<u>Total</u>
Cost:					
Balance as of January 1, 2021	\$ 4,231,562	77,617,146	3,078,058	25,507	84,952,273
Additions	-	-	840,462	-	840,462
Decreases	-	(32,636,632)	(2,123)	-	(32,638,755)
Remeasurement	(2,201)	84,380,963	54,349	-	84,433,111
Balance as of December 31, 2021	<u>\$ 4,229,361</u>	<u>129,361,477</u>	<u>3,970,746</u>	<u>25,507</u>	<u>137,587,091</u>
Balance as of January 1, 2020	\$ 3,595,337	86,246,985	1,375,646	14,972	91,232,940
Additions	1,276	14,294,058	1,710,439	11,706	16,017,479
Decreases	-	(12,635,174)	(105,739)	(1,171)	(12,742,084)
Remeasurement	634,949	(10,288,723)	97,712	-	(9,556,062)
Balance as of December 31, 2020	<u>\$ 4,231,562</u>	<u>77,617,146</u>	<u>3,078,058</u>	<u>25,507</u>	<u>84,952,273</u>
Accumulated depreciation and impairment losses:					
Balance as of January 1, 2021	\$ 870,303	9,083,887	684,948	10,527	10,649,665
Depreciation for the year	435,172	8,368,879	722,467	6,416	9,532,934
Decreases	-	(2,915,431)	(2,123)	-	(2,917,554)
Balance as of December 31, 2021	<u>\$ 1,305,475</u>	<u>14,537,335</u>	<u>1,405,292</u>	<u>16,943</u>	<u>17,265,045</u>
Balance as of January 1, 2020	\$ 432,346	5,454,565	339,996	4,619	6,231,526
Depreciation for the year	437,957	5,350,361	450,691	6,398	6,245,407
Decreases	-	(1,721,039)	(105,739)	(490)	(1,827,268)
Balance as of December 31, 2020	<u>\$ 870,303</u>	<u>9,083,887</u>	<u>684,948</u>	<u>10,527</u>	<u>10,649,665</u>
Carrying amount:					
Balance as of December 31, 2021	<u>\$ 2,923,886</u>	<u>114,824,142</u>	<u>2,565,454</u>	<u>8,564</u>	<u>120,322,046</u>
Balance as of January 1, 2020	<u>\$ 3,162,991</u>	<u>80,792,420</u>	<u>1,035,650</u>	<u>10,353</u>	<u>85,001,414</u>
Balance as of December 31, 2020	<u>\$ 3,361,259</u>	<u>68,533,259</u>	<u>2,393,110</u>	<u>14,980</u>	<u>74,302,608</u>

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(k) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Company. The leases of investment properties contain an initial non-cancellable lease term of 2 to 3 years, with the partial lessees having the options to extend at the end of the term.

For all investment property leases, the rental income is fixed under the contracts. Information about investment property of the Company is presented below:

	<u>Owned property</u>		
	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2021	\$ 2,828,223	663,883	3,492,106
Purchases	-	35,687	35,687
Balance at December 31, 2021	<u>\$ 2,828,223</u>	<u>699,570</u>	<u>3,527,793</u>
Balance at January 1, 2020	\$ 1,269,509	153,875	1,423,384
Purchases	1,558,714	510,008	2,068,722
Balance at December 31, 2020	<u>\$ 2,828,223</u>	<u>663,883</u>	<u>3,492,106</u>
Depreciation and impairment losses:			
Balance at January 1, 2021	\$ -	19,425	19,425
Depreciation for the year	-	25,714	25,714
Balance at December 31, 2021	<u>\$ -</u>	<u>45,139</u>	<u>45,139</u>
Balance at January 1, 2020	\$ -	3,995	3,995
Depreciation for the year	-	15,430	15,430
Balance at December 31, 2020	<u>\$ -</u>	<u>19,425</u>	<u>19,425</u>
Carrying amount:			
Balance at December 31, 2021	<u>\$ 2,828,223</u>	<u>654,431</u>	<u>3,482,654</u>
Balance at January 1, 2020	<u>\$ 1,269,509</u>	<u>149,880</u>	<u>1,419,389</u>
Balance at December 31, 2020	<u>\$ 2,828,223</u>	<u>644,458</u>	<u>3,472,681</u>
Fair value:			
Balance at December 31, 2021			<u>\$ 4,021,029</u>
Balance at December 31, 2020			<u>\$ 3,820,400</u>

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The fair value of investment properties (as measure or disclosed in the financial statements) in Taiwan at December 31, 2021 and 2020 was based on valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The yield method under the income approach would have been used by calculating cash flow generated from rental operations if there was no active market for the investment properties. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3. The ranges of yields applied to the net annual rentals used to determine the fair value of properties in the year of 2021 and 2020 were as follows:

<u>Location</u>	<u>2021</u>	<u>2020</u>
Taiwan	1.58%-2.18%	1.59%-2.11%

The investment property is a commercial real estate which was bought for operation planning on December 31, 2021 and 2020. That property has been currently leasing out for rental income, and no contingent rents are charged. The rent revenue is \$40,417 thousand and \$16,629 thousand for the year 2021 and 2020, respectively.

The details of investment property that has been pledged as collateral for long-term borrowings and financing lines on December 31, 2021, please refer to note (8).

As of December 31, 2020, the investment property of the Company had not been pledged as collateral.

(l) Intangible assets

The costs and amortization of the intangible assets of the Company for the years ended December 31, 2021 and 2020 were as follows:

	<u>Computer software</u>	<u>Trademarks</u>	<u>Total</u>
Costs:			
Balance at January 1, 2021	\$ 149,118	4,057	153,175
Additions	48,814	68	48,882
Reclassification	580	-	580
Disposals	<u>(46,390)</u>	<u>(82)</u>	<u>(46,472)</u>
Balance at December 31, 2021	<u>\$ 152,122</u>	<u>4,043</u>	<u>156,165</u>
Balance at January 1, 2020	\$ 155,510	4,081	159,591
Additions	21,464	293	21,757
Reclassification	49,719	-	49,719
Disposals	<u>(77,575)</u>	<u>(317)</u>	<u>(77,892)</u>
Balance at December 31, 2020	<u>\$ 149,118</u>	<u>4,057</u>	<u>153,175</u>

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	<u>Computer software</u>	<u>Trademarks</u>	<u>Total</u>
Amortization and impairment loss:			
Balance at January 1, 2021	\$ 71,237	1,424	72,661
Amortization for the year	55,304	427	55,731
Disposals	<u>(46,390)</u>	<u>(82)</u>	<u>(46,472)</u>
Balance at December 31, 2021	<u>\$ 80,151</u>	<u>1,769</u>	<u>81,920</u>
Balance at January 1, 2020	\$ 81,991	1,315	83,306
Amortization for the year	66,821	426	67,247
Disposals	<u>(77,575)</u>	<u>(317)</u>	<u>(77,892)</u>
Balance at December 31, 2020	<u>\$ 71,237</u>	<u>1,424</u>	<u>72,661</u>
Carrying amounts:			
Balance at December 31, 2021	<u>\$ 71,971</u>	<u>2,274</u>	<u>74,245</u>
Balance at December 31, 2020	<u>\$ 77,881</u>	<u>2,633</u>	<u>80,514</u>
Balance at January 1, 2020	<u>\$ 73,519</u>	<u>2,766</u>	<u>76,285</u>

1. Recognition of amortization and impairment

The amortization of intangible assets and their impairment losses are included in the statement of comprehensive income:

	<u>2021</u>	<u>2020</u>
Operating costs	<u>\$ 27,764</u>	<u>20,655</u>
Operating expense	<u>\$ 27,967</u>	<u>46,592</u>

(m) Short-term borrowings

	<u>2021.12.31</u>	<u>2020.12.31</u>
Unsecured bank loans	<u>\$ -</u>	<u>-</u>
Unused short-term credit lines	<u>\$ 4,774,432</u>	<u>3,732,456</u>

1. Issuance and repayment of short-term borrowings

For the years ended December 31, 2021 and 2020, the proceeds from short-term borrowings amounted to \$1,220,000 thousand and \$9,420,000 thousand respectively and the repayments amounted to \$1,220,000 thousand and \$9,420,000 thousand respectively.

2. Collateral for bank loan

There were no assets pledged as collateral for the short-term borrowings of the Company.

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(n) Long-term borrowings

The borrowings were summarized as follows:

	<u>Expiration date</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Unsecured bank loans - USD	2022/12/21-2024/02/11	\$ 466,678	695,475
Unsecured bank loans - TWD	2023/12/08	500,000	2,150,000
Secured bank loans - USD	2022/10/23-2026/10/15	9,133,125	7,399,097
Secured bank loans - TWD	2040/10/08-2041/05/04	3,013,000	1,949,667
Commercial paper	2023/06/11-2025/01/20	4,810,000	2,810,000
Less: Discount on commercial paper		(948)	(139)
Less: Current portion		<u>(2,878,817)</u>	<u>(2,747,118)</u>
Total		<u>\$ 15,043,038</u>	<u>12,256,982</u>
Unused long-term credit lines		<u>\$ 25,130,760</u>	<u>15,762,000</u>
Range of interest rates		0.20%~1.11%	0.26%~2.80%

For information on the Company's interest risk, currency risk and liquidity risk, please refer to note 6(x).

1. Issuance and repayment of long-term borrowings

For the years ended December 31, 2021 and 2020, the proceeds from long-term borrowings amounted to \$7,887,815 thousand and \$9,650,640 thousand respectively, and the repayment amounted to \$5,053,769 thousand and \$7,250,083 thousand, respectively.

2. Collateral for long-term borrowings

For the collateral for long-term borrowings, please refer to note (8). The Company applied for credit lines from banks, but had not pledged any asset as collateral, and the assets will be pledged as collateral at the time of drawdown. As of December 31, 2021, the unused long-term credit lines are \$10,616,150 thousand.

(o) Bonds payable

	<u>2021.12.31</u>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bond-2017 first domestic bond issue	TWD	1.55%	2022/06/26	\$ 2,100,000
Unsecured bond-2019 first domestic bond issue	TWD	0.95%~1.05%	2022/06/18~2024/06/18	4,800,000
Unsecured bond-2019 second domestic bond issue	TWD	0.97%~1.07%	2024/10/07~2026/10/07	3,200,000
Unsecured bond-2020 first domestic bond issue	TWD	0.97%	2025/10/23	<u>2,500,000</u>
Total				<u>\$ 12,600,000</u>
Current				\$ 3,600,000
Non-current				<u>9,000,000</u>
Total				<u>\$ 12,600,000</u>

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	2020.12.31			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bond-2014 first domestic bond issue	TWD	1.95%	2021/08/14	\$ 800,000
Unsecured bond-2016 first domestic bond issue	TWD	1.18%	2021/06/21	3,000,000
Unsecured bond-2017 first domestic bond issue	TWD	1.55%	2022/06/26	2,100,000
Unsecured bond-2019 first domestic bond issue	TWD	0.95%~1.05%	2022/06/18~2024/06/18	4,800,000
Unsecured bond-2019 second domestic bond issue	TWD	0.97%~1.07%	2024/10/07~2026/10/07	3,200,000
Unsecured bond-2020 first domestic bond issue	TWD	0.97%	2025/10/23	2,500,000
Total				\$ 16,400,000
Current				\$ 3,800,000
Non-current				12,600,000
Total				\$ 16,400,000

1. Unsecured bond-2014 first domestic bond issue

The Company issued an unsecured corporate bond in August 2014. It was the Company's first domestic bond issue in 2014 and was effective upon submission to the regulatory authority on June 17, 2014. The issuance terms were as follows:

1) Issue amount

TWD 1,800,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD 1,000,000 thousand and series B amounting to TWD 800,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance dates are August 14, 2014; the maturity periods for series A and B are five and seven years, respectively.

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 1.65%

2) Series B: 1.95%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bondholders apply for repayment after that date.

7) Redemption on the maturity date

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

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8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

9) Trustee

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

10) Agency for payment of principal and interest

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

11) Underwriter: None.

12) Announcement

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

2. Unsecured bond-2016 first domestic bond issue

The Company issued an unsecured corporate bond in June 2016. It was the Company's first domestic bond issue in 2016 and was effective upon submission to the regulatory authority on June 14, 2016. The issuance terms were as follows:

1) Issue amount

TWD 3,000,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance date is June 21, 2016; the maturity date is June 21, 2021; the maturity period is five years.

4) Issued price: at par value

5) Nominal interest rate: 1.18%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bond holders apply for repayment after that date.

7) Redemption on the maturity date

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

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

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9) Trustee

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

10) Agency for payment of principal and interest

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

11) Underwriter: MasterLink Securities Corporation.

12) Announcement

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

3. Unsecured bond-2017 first domestic bond issue

The Company issued an unsecured corporate bond in June 2017. It was the Company's first domestic bond issue in 2017 and was effective upon submission to the regulatory authority on June 15, 2017. The issuance terms were as follows:

1) Issue amount

TWD 2,100,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance date is June 26, 2017; the maturity date is June 26, 2022; the maturity period is five years.

4) Issued price: at par value

5) Nominal interest rate: 1.55%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bond holders apply for repayment after that date.

7) Redemption on the maturity date

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

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

9) Trustee

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

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10) Agency for payment of principal and interest

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

11) Underwriter: Yuanta Securities Corporation is the primary underwriter.

12) Announcement

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

4. Unsecured bond-2019 first domestic bond issue

The Company issued an unsecured corporate bond in June 2019. It was the Company's first domestic bond issue in 2019 and was effective upon submission to the regulatory authority on June 6, 2019. The issuance terms were as follows:

1) Issue amount

TWD 4,800,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD 1,500,000 thousand and series B amounting to TWD 3,300,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance dates are June 18, 2019; the maturity periods for series A and B are three and five years, respectively.

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 0.95%

2) Series B: 1.05%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bondholders apply for repayment after that date.

7) Redemption on the maturity date

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

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

9) Trustee

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

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10) Agency for payment of principal and interest

Jih Sun International Bank Ltd., Xinyi Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11) Underwriter: Yuanta Securities Corporation is the primary under writer.

12) Announcement

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

5. Unsecured bond-2019 second domestic bond issue

The Company issued an unsecured corporate bond in October 2019. It was the Company's second domestic bond issue in 2019 and was effective upon submission to the regulatory authority on September 27, 2019. The issuance terms were as follows:

1) Issue amount

TWD 3,200,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD 1,200,000 thousand and series B amounting to TWD 2,000,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance dates are October 17, 2019; the maturity periods for series A and B are five and seven years, respectively.

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 0.97%

2) Series B: 1.07%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bondholders apply for repayment after that date.

7) Redemption on the maturity date

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

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

9) Trustee

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

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10) Agency for payment of principal and interest

Jih Sun International Bank Ltd., Xinyi Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11) Underwriter: Master Link Securities Corporation is the primary under writer.

12) Announcement

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

6. Unsecured bond-2020 first domestic bond issue

The Company issued an unsecured corporate bond in June 2016. It was the Company's first domestic bond issue in 2020 and was effective upon submission to the regulatory authority on October 15, 2020. The issuance terms were as follows:

1) Issue amount

TWD 2,500,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance date is October 23, 2020; the maturity date is October 23, 2025; the maturity period is five years.

4) Issued price: at par value

5) Nominal interest rate: 0.97%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bond holders apply for repayment after that date.

7) Redemption on the maturity date

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

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

9) Trustee

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

10) Agency for payment of principal and interest

Jih Sun International Bank Xinyi Branch, LTD. is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

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11) Underwriter: MasterLink Securities Corporation is the primary underwriter.

12) Announcement

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

(p) Lease liabilities

The amounts of lease liabilities were as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Current	\$ <u>14,743,482</u>	<u>7,790,947</u>
Non-current	\$ <u>107,112,904</u>	<u>67,680,673</u>

Please refer to note (6)(x) for the analyses of the due date.

For the year ended December 31, 2021 and 2020, the Company's lease liabilities recognized as current financial liabilities for hedging were \$985,592 thousand and \$818,459 thousand, non-current financial liabilities for hedging were \$2,576,487 thousand and \$2,855,649 thousand, current lease liabilities were \$13,757,890 thousand and \$6,972,488 thousand, and non-current lease liabilities were \$104,536,417 thousand and \$64,825,024 thousand, respectively.

The amounts recognized in profit or loss were as follows:

	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	\$ <u>1,710,895</u>	<u>1,266,359</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>11,811</u>	<u>11,102</u>
Expenses relating to short-term leases	\$ <u>1,430,324</u>	<u>2,180,505</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>579,236</u>	<u>663,862</u>
Covid-19-related rent concessions	\$ <u>-</u>	<u>2,842</u>

The amounts recognized in statement of cash flow were as follows:

	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>12,323,433</u>	<u>9,590,428</u>

1. Wharf, and container leases

As of December 31, 2021, the Company leases wharfs and containers for its operating needs. The leases of wharfs typically run for a period of 4 to 15 years, and of containers for 1 to 11 years.

Some payments for wharf leases depend on the variation of loading capacity, in addition, the Company has decided to apply recognition exemptions to some containers and not to recognize right-of-use assets and lease liabilities for short-term leases or leases of low-value assets.

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2. Building leases

As of December 31, 2021, the Company leases buildings for its office space. The leases of office space are typically short-term leases that run within a year. The Company has decided to apply the recognition exemptions for its short-term leases, and not to recognize its right-of-use assets and lease liabilities.

3. Vessel leases

As of December 31, 2021, the Company leases vessels for its operating needs. The vessel leases run for a period of less than 1 year to 27 years. The Company has decided to apply recognition exemptions for short-term leases, and not to recognize right-of-use assets and lease liabilities.

4. Other leases

As of December 31, 2021, the Company leases other machinery or equipment for its operating needs typically run for a period of 3 to 5 years. Some leases are typically short-term leases or leases of low-value asset that the Company has decided to apply recognition exemptions, and not to recognize right-of-use assets and lease liabilities.

(q) Employee benefits

1. Defined benefit plans

	<u>2021.12.31</u>	<u>2020.12.31</u>
Present value of defined benefit obligation	\$ 1,155,156	1,128,686
Fair value of plan assets	<u>(776,085)</u>	<u>(711,871)</u>
Recognized liabilities for defined benefit obligations	<u>\$ 379,071</u>	<u>416,815</u>

The Company's defined benefit plans allocate pension reserve to its pension reserve account with Bank of Taiwan. Retirement pensions for each employee to which Labor Standards Act can be applied, are calculated on the basis of service seniority and the average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company's pension reserve account balance amounted to \$776,085 thousand at the end of the reporting period. The information used to calculate pension fund assets includes the asset allocation and yield of the fund. Please refer to the information published on the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

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

	<u>2021</u>	<u>2020</u>
Defined benefit obligation at January 1	\$ 1,128,686	1,092,636
Current service costs and interest cost	14,921	17,583
Remeasurement on the net defined benefit liabilities (assets)		
— Actuarial loss (gain) arising from changes in financial assumptions	39,704	57,817
Benefit paid	<u>(28,155)</u>	<u>(39,350)</u>
Defined benefit obligation at December 31	<u>\$ 1,155,156</u>	<u>1,128,686</u>

3) Movements of defined benefit plan assets

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

	<u>2021</u>	<u>2020</u>
Fair value of plan assets at January 1	\$ 711,871	649,976
Interest income	3,828	5,001
Remeasurement on the net defined benefit liabilities (assets)		
— Return on plan assets (excluding current interest)	8,594	19,549
Contribution paid by employer	65,368	62,729
Benefit paid	<u>(13,576)</u>	<u>(25,384)</u>
Fair value of plan assets at December 31	<u>\$ 776,085</u>	<u>711,871</u>

4) Expenses recognized in profit or loss

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

	<u>2021</u>	<u>2020</u>
Current service costs	\$ 9,092	9,537
Net interest of net liabilities (assets) for defined benefit obligation	2,001	3,045
	<u>\$ 11,093</u>	<u>12,582</u>
Operating costs	\$ 8,193	8,370
Operating expenses	<u>2,900</u>	<u>4,212</u>
	<u>\$ 11,093</u>	<u>12,582</u>

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5) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

	<u>2021</u>	<u>2020</u>
Discount rate	0.51 %	0.52 %
Future salary increase rate	3.00 %	3.00 %

The Company will pay to the defined benefit plans which amounted to \$66,885 thousand within 1 year after the report day of 2021.

The weighted-average duration of the defined plans is 2~16 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>Influences of defined benefit obligation</u>	
	<u>Increased 0.50%</u>	<u>Decreased 0.50%</u>
December 31, 2021		
Discount rate	\$ (52,588)	55,374
Future salary increasing rate	47,902	(46,262)
December 31, 2020		
Discount rate	\$ (53,881)	57,878
Future salary increasing rate	50,466	(47,667)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

2. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$56,500 thousand and \$52,615 thousand for the years ended December 31, 2021 and 2020, respectively.

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(r) Income taxes

1. Income tax expense

The amount of income tax were as follows:

	<u>2021</u>	<u>2020</u>
Current income tax expense:		
Current period	\$ 10,525,182	1,244,938
Adjustment for prior periods	<u>33,311</u>	<u>(38,123)</u>
	<u>10,558,493</u>	<u>1,206,815</u>
Deferred tax expense (benefit):		
Origination and reversal of temporary differences	<u>14,784,478</u>	<u>1,550,642</u>
Income tax expense from continuing operations	<u>\$ 25,342,971</u>	<u>2,757,457</u>

For the years ended December 31, 2021 and 2020, no income taxes were recognized in equity and other comprehensive income.

The amount of income tax recognized in other comprehensive income for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ (6,222)</u>	<u>(7,654)</u>
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>\$ (387)</u>	<u>(11,916)</u>

The reconciliation of income tax and profit before tax for 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Profit excluding income tax	<u>\$ 128,685,879</u>	<u>14,074,438</u>
Income tax using the Company's domestic tax rate	\$ 25,737,176	2,814,888
Non-deductible expense	48,005	40,750
Tax exempt income	(468,345)	(374,783)
Under (Over) provision in prior periods	33,311	295,809
Income tax credit	-	(9,963)
Tax incentives	<u>(7,176)</u>	<u>(9,244)</u>
Total	<u>\$ 25,342,971</u>	<u>2,757,457</u>

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2. Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

	<u>Investment (loss) gain under the equity method</u>	<u>Deferred depreciation expense</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Liabilities:				
Balance at January 1, 2021	\$ 3,118,490	1,002,108	9,540	4,130,138
Debit (Credit) Income statement	<u>14,652,432</u>	<u>259,543</u>	<u>(9,540)</u>	<u>14,902,435</u>
Balance at December 31, 2021	<u>\$ 17,770,922</u>	<u>1,261,651</u>	<u>-</u>	<u>19,032,573</u>
Balance at January 1, 2020	\$ 1,850,930	840,276	18,056	2,709,262
Debit (Credit) Income statement	<u>1,267,560</u>	<u>161,832</u>	<u>(8,516)</u>	<u>1,420,876</u>
Balance at December 31, 2020	<u>\$ 3,118,490</u>	<u>1,002,108</u>	<u>9,540</u>	<u>4,130,138</u>
	<u>Defined Benefit Plans</u>	<u>Loss Carryforward</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Assets:				
Balance at January 1, 2021	\$ 65,834	303,284	41,101	410,219
(Debit) Credit Income statement	<u>(13,771)</u>	<u>(303,284)</u>	<u>131,728</u>	<u>(185,327)</u>
(Debit) Credit Other Comprehensive Income	<u>6,222</u>	<u>-</u>	<u>387</u>	<u>6,609</u>
Balance at December 31, 2021	<u>\$ 58,285</u>	<u>-</u>	<u>173,216</u>	<u>231,501</u>
Balance at January 1, 2020	\$ 71,003	264,361	185,051	520,415
(Debit) Credit Income statement	<u>(12,823)</u>	<u>38,923</u>	<u>(155,866)</u>	<u>(129,766)</u>
(Debit) Credit Other Comprehensive Income	<u>7,654</u>	<u>-</u>	<u>11,916</u>	<u>19,570</u>
Balance at December 31, 2020	<u>\$ 65,834</u>	<u>303,284</u>	<u>41,101</u>	<u>410,219</u>

3. Examination and Approval

The Company's income tax returns through 2017 were examined and approved by the tax authority.

(s) Capital and other equity

As of December 31, 2021 and 2020, the Company's authorized capital consisted of 3,600,000 thousand shares and 2,500,000 thousand shares, amounting to \$36,000,000 thousand and \$25,000,000 thousand, respectively, both with par value of \$10 (TWD) per share. All the issued shares were ordinary shares, consisting of 2,440,127 thousand shares and 2,218,297 thousand shares, respectively, and all the funds of issued shares had been received.

The Company's reconciliation of outstanding shares for the years ended December 31, 2021 and 2020 were as follows:

(in thousands)	<u>Ordinary shares</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1, 2021	<u>2,218,297</u>	<u>2,218,297</u>
Share dividends	<u>221,830</u>	<u>-</u>
Balance at December 31, 2021	<u>2,440,127</u>	<u>2,218,297</u>

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1. Issuance of ordinary shares

A resolution was passed during the general meeting of the shareholders held on July 20, 2021, for the issuance of 221,830 thousand new shares for unappropriated retained earnings, amounting to \$2,218,298 thousand. The Company has received approval from the Financial Supervisory Commission on August 5, 2021, for this capital increase, with September 13, 2021, as the date of capital increase.

2. Capital surplus

The balance of capital surplus was as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Premium on ordinary shares	\$ 22,839	22,839
Paid-in capital in excess of par value through conversion of corporate bond	1,222,787	1,222,787
The actual differences between the equity and the book value of subsidiaries' disposal	10,094	10,094
Change in equity of subsidiaries accounted for under equity method	16,055	16,055
	<u>\$ 1,271,775</u>	<u>1,271,775</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

3. Retained earnings

The industry of the Company is highly changeable and capital intensive. The Company is in the stable growing stage. Therefore, in consideration of the future capital needs of long-term financial plans, and to meet the cash flow needs of the shareholders, the Company's articles of incorporation require that after-tax earnings shall first be offset against any deficit, and 10% of the remaining balance shall be set aside as legal reserve, and special reserves are to be provided according to the regulations. If there is a requirement for the expansion of transportation equipment and an improvement of the financial structure, the Company may set aside a special reserve.

If there is a still remaining balance, the Company shall allocate upward of 10% of it, and is allowed to combine with the beginning unappropriated retained earnings, through the Board of Directors to take the Company's capital needs, capital budgets and other factors into account, and also to give consideration to the interests of shareholders and the Company's long-term financial planning, submits the dividend and bonus distribution proposal to be approved by shareholders' meeting, then the amount will be distributed.

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The distribution ration of stock dividends or cash dividends must be done in accordance with the current year's actual profit, capital position, and capital expansion program. The proportion of cash dividends may not be lower than 10% of the total dividends.

1) Legal reserve

When the Company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash. Only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reserve

By appropriating the distributable earnings, the Company will record the net deduction of other shareholders' equity in the current year and recognize the special reserve from the profit and loss of current period and the unappropriated retained earnings in the previous period, when distributing the 2019 annual earnings in 2020, the special reserve shall be made up from the profit and loss in the current period and the undistributed earnings of the previous period. When distributing the 2020 annual earnings in 2021, the items other than the income after-tax of the current period shall be added to the income after-tax of the current period and included in the undistributed amount of the current period. The amount of the appropriated earnings and the unappropriated earnings of the previous period shall be added to the special reserve. For the deduction amount of other shareholders' equity accumulated in the previous period, the special reserve shall not be distributed from the undistributed surplus in the previous period. If there is a subsequent reversal in the amount of the deduction of other shareholders' equity, the earnings may be appropriated according to the reversal.

3) Earnings distribution

The earnings distribution for 2020 and 2019 was decided by the general meeting of shareholders held on July 20, 2021 and June 23, 2020, respectively.

The relevant dividend distribution to shareholders was as follows:

	2020		2019	
	Dividend per share (\$)	Total amount	Dividend per share (\$)	Total amount
Dividends distributed to ordinary shareholders				
Cash	\$ 1.00	2,218,298	0.80	1,774,638
Employees' cash bonus	1.00	<u>2,218,298</u>	-	<u>-</u>
Total		<u>\$ 4,436,596</u>		<u>1,774,638</u>

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4. Other equity (net after tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instrument
Balance at January 1, 2021	\$ (3,465,395)	75,448	150,344
Foreign currency translation differences	(1,151,605)	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	370,229	-
Gains (losses) from changes in the fair value of the hedging instrument:			
-Exchange rate risk for anticipated transactions	-	-	189,105
Gains (losses) from changes in fair value of the hedging instrument that will be reclassified to profit or loss:			
-Exchange rate risk for anticipated transactions	-	-	(155,621)
Balance at December 31, 2021	<u>\$ (4,617,000)</u>	<u>445,677</u>	<u>183,828</u>
Balance at January 1, 2020	\$ (1,352,809)	(200,376)	33,504
Foreign currency translation differences	(2,112,586)	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	275,824	-
Gains (losses) from changes in the fair value of the hedging instrument:			
-Exchange rate risk for anticipated transactions	-	-	113,698
Gains (losses) from changes in fair value of the hedging instrument that will be reclassified to profit or loss:			
-Exchange rate risk for anticipated transactions	-	-	3,142
Balance at December 31, 2020	<u>\$ (3,465,395)</u>	<u>75,448</u>	<u>150,344</u>

(t) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Basic earnings per share		
Profit attributable to common shareholders	<u>\$ 103,342,908</u>	<u>11,316,981</u>
Weighted-average number of common shares (retrospective adjustments)	<u>2,440,127</u>	<u>2,440,127</u>
Basic earnings per share (Unit: New Taiwan Dollar)	<u>\$ 42.35</u>	<u>4.64</u>
Diluted earnings per share		
Profit attributable to common shareholders (Dilutive)	<u>\$ 103,342,908</u>	<u>11,316,981</u>
Weighted-average number of common shares (Basic) (retrospective adjustments)	2,440,127	2,440,127
Effects of employee stock compensation	4,560	3,519
Weighted average number of common shares (adjusted for the effects of all dilutive potential common shares)	<u>2,444,687</u>	<u>2,443,646</u>
Diluted earnings per share (Unit: New Taiwan Dollar)	<u>\$ 42.27</u>	<u>4.63</u>

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(u) Revenue from contracts with customers

1. Disaggregation of revenue

	<u>2021</u>	<u>2020</u>
Primary geographical markets:		
Asia	\$ 108,666,129	56,600,987
the Middle East, India, Red Sea	<u>7,339,099</u>	<u>5,314,529</u>
	<u>\$ 116,005,228</u>	<u>61,915,516</u>
Main service line:		
Freight	\$ 108,893,103	56,344,281
Rentals	6,318,443	4,818,378
WHL terminal	631,527	606,775
Other service	<u>162,155</u>	<u>146,082</u>
	<u>\$ 116,005,228</u>	<u>61,915,516</u>

2. Contract balances

	<u>2021.12.31</u>	<u>2020.12.31</u>	<u>2020.1.1</u>
Notes receivable	\$ 69,697	49,698	39,456
Accounts receivable	1,993,245	1,316,554	674,587
Less: allowance for doubtful receivables	<u>(1,683)</u>	<u>(358)</u>	<u>(358)</u>
Total	<u>\$ 2,061,259</u>	<u>1,365,894</u>	<u>713,685</u>
Contract assets	<u>\$ 7,835,522</u>	<u>1,530,849</u>	<u>733,689</u>
Contract liabilities (recognized as other current liabilities)	<u>\$ 131,321</u>	<u>120,993</u>	<u>136,948</u>

For details on accounts receivable and allowance for impairment, please refer to note 6(f).

The major change in the balance of contract assets and contract liabilities is the difference between the time frame for the performance obligation to be satisfied and the payment to be received.

(v) Remuneration of employees and directors

According to the Company's Articles, once the Company has annual profit, it should appropriate no less than 0.6% of the profit to its employees and no higher than 1% to its directors as remuneration. However, if the Company has accumulated deficits, the profit should be reversed to offset the deficit.

For the years ended December 31, 2021 and 2020, the estimated amount of the remunerations to employees were \$777,558 thousand and \$143,617 thousand, respectively, and the estimated amount of the remunerations to directors' were 129,593 thousand and 143,617 thousand, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage stated under the Company's Article. These remunerations were expensed under operating cost for each period. There were no differences between the actual amounts and the estimates of remunerations. Related information is available on the website of the Market Observation Post System.

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(w) Non-operating income and expenses

1. Interest income

The details of interest income for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Interest from bank deposits	\$ 31,907	30,188
Other interest income	<u>21,354</u>	<u>42,812</u>
	<u>\$ 53,261</u>	<u>73,000</u>

2. Other revenue

The details of other revenue for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Dividends revenue	\$ 282,715	284,984
Other revenue	<u>1,297</u>	<u>-</u>
	<u>\$ 284,012</u>	<u>284,984</u>

3. Other gains and losses

The details of other gains and losses for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Foreign exchange gains (losses)	\$ (367,872)	273,924
Gains on financial assets at fair value through profit or loss	1,274,831	783,642
Gains on disposal of property, plant and equipment	43,567	139,379
Gain on lease modification	385,782	196,596
Other gains	<u>182,325</u>	<u>133,633</u>
	<u>\$ 1,518,633</u>	<u>1,527,174</u>

4. Finance costs

The details of finance costs for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Interest expense:		
Bank loan	\$ 97,586	150,134
Bonds payable	167,808	167,465
Commercial paper	19,667	17,168
Lease liabilities	<u>1,710,895</u>	<u>1,266,359</u>
	<u>\$ 1,995,956</u>	<u>1,601,126</u>

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(x) Financial instruments

1. Credit risks

1) Credit risks exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Since the Company has considerable customers worldwide and does not concentrate its transactions significantly with any single customer or in similar areas, the Company has no concentration of credit risk. The Company mitigates the credit risks by continuously monitoring customers' credit risk and credit ratings, however, the Company's policy usually does not require the customers to provide collateral.

3) Credit risk of receivables

For credit risk exposure of note and trade receivables, please refer to note 6(f). Other financial assets at amortized cost includes other receivables, receivables from agents and time deposits etc.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f). There are no significant expected losses on other receivables and the financial assets at amortized cost by assessment, so none of the impairment allowance can be recorded.

2. Liquidity risks

The following are the contractual maturities of financial liabilities of the Company, including estimated interest payments and excluding the impact of netting arrangements:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
December 31, 2021							
Non-derivative financial liabilities							
Secured bank loans	\$ 12,146,125	12,648,021	1,227,434	1,532,785	2,845,454	4,495,163	2,547,185
Unsecured bank loans	966,678	979,783	112,259	111,884	168,974	586,666	-
Commercial paper	4,809,052	4,871,205	11,017	12,068	2,831,964	2,016,156	-
Account payables (including related parties)	14,262,175	14,262,175	14,262,175	-	-	-	-
Other payables	3,466,154	3,466,154	3,466,154	-	-	-	-
Payables to agents	1,387,425	1,387,425	1,387,425	-	-	-	-
Bonds payable	12,600,000	12,989,670	3,681,450	57,290	91,940	9,158,990	-
Leases liabilities (partial recognized as financial liabilities for hedging)	121,856,386	137,452,596	7,414,635	7,478,280	14,016,996	37,830,041	70,712,644
Guarantee deposits received	21,840	21,840	21,840	-	-	-	-
	<u>\$ 171,515,835</u>	<u>188,078,869</u>	<u>31,584,389</u>	<u>9,192,307</u>	<u>19,955,328</u>	<u>54,087,016</u>	<u>73,259,829</u>

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	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2020							
Non-derivative financial liabilities							
Secured bank loans	\$ 9,348,764	9,686,953	1,194,223	1,153,826	1,988,305	3,755,254	1,595,345
Unsecured bank loans	2,845,475	2,891,741	372,010	120,437	938,270	1,461,024	-
Commercial paper	2,809,861	2,829,574	3,465	3,576	7,132	2,815,401	-
Account payables (including related parties)	7,605,831	7,605,831	7,605,831	-	-	-	-
Other payables	1,439,458	1,439,458	1,439,458	-	-	-	-
Payables to agents	1,259,893	1,259,893	1,259,893	-	-	-	-
Bonds payable	16,400,000	16,979,410	3,116,850	872,890	3,738,740	7,229,530	2,021,400
Leases liabilities (partial recognized as financial liabilities for hedging)	75,471,620	85,634,218	3,980,116	3,889,425	7,392,615	20,847,906	49,524,156
Guarantee deposits received	21,655	21,655	21,655	-	-	-	-
	<u>\$ 117,202,557</u>	<u>128,348,733</u>	<u>18,993,501</u>	<u>6,040,154</u>	<u>14,065,062</u>	<u>36,109,115</u>	<u>53,140,901</u>

The Company is not expecting that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

3. Currency risk

1) Currency risk exposure

The Company's significant exposure to foreign currency risks was as follows:

Functional currency	Exchange rate	Foreign currency	2021.12.31	
			Foreign currency (in thousands)	Carrying Amount (TWD)
Financial assets				
<u>Monetary items</u>				
TWD	27.66	USD	\$ 1,505,896	41,645,553
TWD	0.24	JPY	25,308,389	6,079,245
TWD	4.34	CNY	786,915	3,416,079
TWD	3.55	HKD	140,581	498,520
TWD	6.62	MYR	23,518	155,652
TWD	0.54	PHP	277,622	150,394
Financial liabilities				
<u>Monetary items</u>				
TWD	27.66	USD	872,945	24,141,298
TWD	0.24	JPY	7,706,100	1,851,057
TWD	3.55	HKD	240,656	853,403
TWD	4.34	CNY	149,891	650,690
TWD	0.83	THB	573,914	475,625
TWD	0.37	INR	1,131,322	419,843

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Functional currency	Exchange rate	Foreign currency	2020.12.31	
			Foreign currency (in thousands)	Carrying Amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	28.10	USD	\$ 459,639	12,915,859
TWD	4.30	CNY	521,412	2,242,411
TWD	0.27	JPY	5,830,364	1,588,609
TWD	0.38	INR	1,113,320	428,200
TWD	0.94	THB	157,478	147,701
TWD	6.99	MYR	16,015	111,948
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	28.10	USD	548,180	15,403,844
TWD	0.27	JPY	8,414,432	2,292,694
TWD	3.62	HKD	278,476	1,009,427
TWD	4.30	CNY	161,717	695,488
TWD	0.38	INR	903,349	347,442
TWD	0.94	THB	282,042	264,532

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, payables to agents, financial assets at fair value through profit or loss, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the TWD against the USD, HKD and JPY etc. as at December 31, 2021 and 2020, would have increased (decreased) the net profit before tax by \$273,165 thousand and \$6,699 thousand, respectively. For 2021 and 2020, the cash flow hedge would have increased (decreased) the equity by \$35,621 thousand and \$36,741 thousand, respectively. This analysis assumes that all other variables remain constant, and is performed on the same basis for the years ended December 31, 2021 and 2020.

3) Foreign Exchange Gain or Loss on Monetary Items

The information of the translation to functional currency of foreign exchange gain (loss) on monetary items, including realized and unrealized, and the translation between the functional currency of the foreign operation and the Company (the presentation currency) were as follows:

	2021		2020	
	Exchange gain or loss	Average rate	Exchange gain or loss	Average rate
TWD	\$ (367,872)	-	273,924	-

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4. Interest rate analysis

Please refer to the notes on liquidity risk management and the Company's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 1%, the Company's net profit before tax would have increased or decreased by \$140,228 thousand and \$128,542 thousand, respectively, for the years ended December 31, 2021 and 2020 with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

5. Other market price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<u>Prices of securities at the reporting date</u>	<u>2021</u>		<u>2020</u>	
	<u>Other comprehensive income after tax</u>	<u>Net income</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
Increasing 1%	\$ 38,130	50,089	33,777	38,759
Decreasing 1%	(38,130)	(50,089)	(33,777)	(38,759)

6. Fair value information

1) The Categories and Fair Values of Financial Instruments

The Company assesses its financial instruments at fair value through profit or loss and financial assets (financial assets available-for-sale) at fair value through other comprehensive income on a recurring basis by using the fair value method.

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

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	December 31, 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss – domestic listed stocks	\$ 6,249,968	6,249,968	-	-	6,249,968
Non-derivative financial assets mandatorily measured at fair value through profit or loss – domestic emerging stocks	11,108	11,108	-	-	11,108
Sub-total	<u>6,261,076</u>	<u>6,261,076</u>	<u>-</u>	<u>-</u>	<u>6,261,076</u>
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	3,812,966	3,812,966	-	-	3,812,966
Unquoted equity instrument measured at fair value	479,305	-	-	479,305	479,305
Sub-total	<u>4,292,271</u>	<u>3,812,966</u>	<u>-</u>	<u>479,305</u>	<u>4,292,271</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	40,113,588	-	-	-	-
Bond portfolios with inactive market	63,717	-	-	-	-
Notes receivable	69,697	-	-	-	-
Accounts receivable	1,991,562	-	-	-	-
Contract assets	7,835,522	-	-	-	-
Other receivables	8,870,244	-	-	-	-
Receivables from agents	4,703,644	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)	147,769	-	-	-	-
Sub-total	<u>63,795,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 74,349,090</u>	<u>10,074,042</u>	<u>-</u>	<u>479,305</u>	<u>10,553,347</u>
Financial liabilities measured at amortized cost					
Accounts payable	\$ 14,262,175	-	-	-	-
Other payables	3,466,154	-	-	-	-
Lease liabilities (including financial liabilities for hedging)	121,856,386	-	-	-	-
Payables to agents	1,387,425	-	-	-	-
Bonds payable (including current portion)	12,600,000	-	-	-	-
Long-term borrowings (including current portion)	17,921,855	-	-	-	-
Guarantee deposits received (recognized as other current liabilities and other non-current guarantee deposits received)	21,840	-	-	-	-
Total	<u>\$ 171,515,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value though profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss – domestic listed stocks	\$ 4,836,764	4,836,764	-	-	4,836,764
Non-derivative financial assets mandatorily measured at fair value through profit or loss – bond investment	8,076	8,076	-	-	8,076
Sub-total	<u>4,844,840</u>	<u>4,844,840</u>	<u>-</u>	<u>-</u>	<u>4,844,840</u>
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	3,377,664	3,377,664	-	-	3,377,664
Unquoted equity instrument measured at fair value	450,120	-	-	450,120	450,120
Sub-total	<u>3,827,784</u>	<u>3,377,664</u>	<u>-</u>	<u>450,120</u>	<u>3,827,784</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	8,553,009	-	-	-	-
Notes receivable	49,698	-	-	-	-
Accounts receivable	1,316,196	-	-	-	-
Contract assets	1,530,849	-	-	-	-
Other receivables	5,542,057	-	-	-	-
Receivables from agents	3,073,816	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)	163,656	-	-	-	-
Sub-total	<u>20,229,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 28,901,905</u>	<u>8,222,504</u>	<u>-</u>	<u>450,120</u>	<u>8,672,624</u>
Financial liabilities measured at amortized cost					
Accounts payable	\$ 7,605,831	-	-	-	-
Other payables	1,439,458	-	-	-	-
Lease liabilities (including financial liabilities for hedging)	75,471,620	-	-	-	-
Payables to agents	1,259,893	-	-	-	-
Bonds payable (including current portion)	16,400,000	-	-	-	-
Long-term borrowings (including current portion)	15,004,100	-	-	-	-
Guarantee deposits received (recognized as other current liabilities and other non-current guarantee deposits received)	21,655	-	-	-	-
Total	<u>\$ 117,202,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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2) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

If quoted prices in active markets are available, the prices are established as fair values. Market prices published by major stock exchange and OTC market, where high volume of central government bonds are traded, are the foundation of fair value of debt instruments with quoted market price in an active market and listed equity instruments.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high-ask spreads is an indication of non-active market.

If the Company's financial instruments have an active market, wherein their fair values are determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to the quoted market prices.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data, e.g. yield curves from OTC and average quoted rates of commercial paper from Reuters quote system at the reporting date.

If the Company's financial instruments do not have an active market, wherein their fair values are determined as follows:

Unquoted equity instrument:

The Company estimates the fair values by using the comparable trading company approach on the assumption that the fair values are calculated on the basis of the investees' book value per share and equity multipliers derived from comparable trading companies' quoted prices. The discount effect resulting from the lack of market liquidity has been taken into account.

Unquoted equity instrument:

The Company estimates the fair values by using the comparable trading company approach on the assumption that the fair values are calculated on the basis of the investees' EBITDA and earnings multipliers derived from comparable trading companies' quoted prices. The discount effect resulting from the lack of market liquidity has been taken into account.

Unquoted debt instrument:

The Company estimates the fair values by using the comparable trading debt approach, and utilizes the statistic model to determine the relationship between the value of debt investment and its related conditions and variables.

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3) For the years ended December 31, 2021 and 2020, there were no transferring of fair value hierarchy.

4) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income	
	Non-derivative mandatorily measured at fair value through profit or loss	Unquoted equity instruments	Total
Opening balance, January 1, 2021	\$ -	450,120	450,120
Total gains and losses recognized:			
In other comprehensive income	-	29,185	29,185
Ending balance, December 31, 2021	<u>\$ -</u>	<u>479,305</u>	<u>479,305</u>
Opening balance, January 1, 2020	\$ 1,157,131	469,985	1,627,116
Total gains and losses recognized:			
In profit or loss	(15,531)	-	(15,531)
In other comprehensive income	-	(19,865)	(19,865)
Disposal	(1,141,600)	-	(1,141,600)
Ending balance, December 31, 2020	<u>\$ -</u>	<u>450,120</u>	<u>450,120</u>

For the years ended December 31, 2021 and 2020, the total gains and losses that were included in “other gains and losses” and “unrealized gains (losses) on financial assets at fair value through other comprehensive income” were as follows:

	2021	2020
Total gains and losses recognized:		
In other comprehensive income, and presented in “unrealized gains or losses from financial assets at fair value through other comprehensive income”	29,185	(19,865)

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through other comprehensive income – unlisted equity investments”.

Most of the Company’s fair value measurements in Level 3 consist of only one significant unobservable input (except for the unlisted equity instrument). Because the significant unobservable inputs of equity instruments are independent of each other, there are no correlation between these inputs.

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Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income – Unlisted equity investments	Comparable trading company method	<ul style="list-style-type: none"> · Liquidity-adjusted discount rate (28% on December 31, 2021 and 2020, respectively) · Price-to-book ratio (0.70 and 0.73 on December 31, 2021 and 2020, respectively) · EBITDA multiplier (10.30 and 9.67 on December 31, 2021 and 2020, respectively) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> · the liquidity-adjusted discount rate were lower (higher) · the price-to-book ratio were higher (lower) · the EBITDA multiplier were higher (lower)

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurements in financial instruments fair values are reasonable, but if the Company uses different valuation models or variables, the measurements may vary.

For fair value measurements in Level 3, changing one or more of the variables would have the following effects:

	Input	Positive and negative changes	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2021						
Unlisted equity investment	Discount rate	1%	\$ -	-	6,657	(6,657)
Unlisted equity investment	Price-to-book ratio multiplier	1%	-	-	4,671	(4,671)
Unlisted equity investment	EBITDA multiplier	1%	-	-	124	(124)
			\$ -	-	11,452	(11,452)
December 31, 2020						
Financial assets at fair value through other comprehensive income						
Unlisted equity investment	Discount rate		\$ -	-	6,252	(6,252)
Unlisted equity investment	Price-to-book ratio multiplier		-	-	4,362	(4,362)
Unlisted equity investment	EBITDA multiplier		-	-	123	(123)
			\$ -	-	10,737	(10,737)

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The favorable and unfavorable effects represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the correlations and variances among the inputs.

(y) Financial risk management

1. Overview

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

2. Risk management framework

The Company's "Policy and Procedures for Risk Management" (hereinafter referred to as the "Policy and Procedures") have been established by the Audit Committee and the Board of Directors in May 2021 and serves as the highest guiding principles and procedures for the Company's risk management. The Policies and Procedures clearly define the Company's management goals, organizational structure and responsibilities, and management procedures to effectively identify, measure, and control all various risks of the Company. In this way, the Company may contain the risks incurred from business operation in an acceptable range, to ensure the continuity of operation and protect the rights and interests of stakeholders.

In accordance with the Policy and Procedures, each department had established a risk management team in 2021, which is led by the respective department head, to be responsible for the risk management implementation in daily operations. The Strategy Research Unit (SRU) of the President Office will coordinate and review the suitability and adequacy of the risk management implemented by each team. The SRU is also responsible for submitting a risk management report to the Audit Committee and the Board of Directors annually.

3. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment.

1) Accounts receivable and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk. Since the Company has considerable customers worldwide and does not concentrate transactions significantly with any single customer or in similar areas, The Company has no concentration of credit risk. The Company mitigates the credit risks by monitoring customers' credit risk and credit ratings continuously, however, the Company's policy usually doesn't require the customers to provide collateral.

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The Board of Directors has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide guarantee to subsidiaries. The detailed information is stated in note 13.

4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities. The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company has unused credit line for \$29,905,192 thousand and \$19,494,456 thousand, as of December 31, 2021 and 2020.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily TWD and US Dollars (USD). The currencies used in these transactions are denominated in TWD and USD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

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2) Interest rate risk

The Company adopts a policy of ensuring that 54.06% of its exposure to changes in interest rates on borrowings is on a fixed-rate basis.

3) Other market price risk

The management of the Company monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved and managed by the Board of Directors.

(z) Capital management

The Company meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to its shareholders and other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-equity ratio is as follow:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Total liabilities	\$ 201,384,076	123,014,585
Less: Cash and cash equivalents	<u>(40,113,588)</u>	<u>(8,553,009)</u>
Net debt	<u>\$ 161,270,488</u>	<u>114,461,576</u>
Total equity	<u>\$ 144,275,026</u>	<u>43,902,409</u>
Debt-to-equity ratio	<u>111.78 %</u>	<u>260.72 %</u>

(aa) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow for years ended December 31, 2021 and 2020 were as follows:

1. Acquired right-of-use assets through leasing, please refer to notes (6)(j).

Reconciliation of liabilities arising from financing activities were as follows:

	<u>2021.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>2021.12.31</u>
			<u>Others</u>	<u>Foreign exchange movement</u>	
Long-term borrowings	\$ 15,004,100	2,833,237	-	84,518	17,921,855
Bonds payable	16,400,000	(3,800,000)	-	-	12,600,000
Lease liabilities (partial recognized as financial liabilities for hedging)	75,471,620	(8,591,167)	54,975,933	-	121,856,386
Total liabilities from financing activities	<u>\$ 106,875,720</u>	<u>(9,557,930)</u>	<u>54,975,933</u>	<u>84,518</u>	<u>152,378,241</u>

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	<u>2020.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>2020.12.31</u>
			<u>Others</u>	<u>Foreign exchange movement</u>	
Long-term borrowings	\$ 13,059,838	2,400,665	-	(456,403)	15,004,100
Bonds payable	13,900,000	2,500,000	-	-	16,400,000
Lease liabilities (partial recognized as financial liabilities for hedging)	85,706,752	(5,468,600)	(4,766,532)	-	75,471,620
Total liabilities from financing activities	<u>\$ 112,666,590</u>	<u>(567,935)</u>	<u>(4,766,532)</u>	<u>(456,403)</u>	<u>106,875,720</u>

(7) Related-Party Transactions

(a) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
Wan Hai Lines (Singapore) Pte. Ltd. (WHL Singapore)	Subsidiary
TK LOGISTICS INTERNATIONAL CO., LTD (TK)	Subsidiary
k.k. WH Corporation (WH Corporation)	Subsidiary
Wan Hai Lines (Germany) GmbH (WHL Germany)	Subsidiary (Note)
BAO SHENG SHIPPING AGENCY CO., LTD. (BS)	Subsidiary
Wan Hai Lines (M) Sdn. Bhd. (WHL Malaysia)	Indirect subsidiary
Wan Hai Lines (Hong Kong) Limited (WHL Hongkong)	Indirect subsidiary
Wan Hai Lines (Phils.), Inc. (WHL Phils.)	Indirect subsidiary
Wan Hai Lines (Korea) Ltd. (WHL Korea)	Indirect subsidiary
Wan Hai International Pte. Ltd. (WHL INTL.)	Indirect subsidiary
Yi Chun Shipping Agencies Sdn. Bhd. (Yi Chun)	Indirect subsidiary
Wan Hai (Vietnam) Ltd. (WHL Vietnam)	Indirect subsidiary
Wan Hai Lines (Thailand) Limited (WHL Thailand)	Indirect subsidiary
WanHai Lines Ecuador S.A. (WHL Ecuador)	Indirect subsidiary
Wan Hai Lines (India) PVT Ltd. (WHL India)	Indirect subsidiary
Bravely International Pte. Ltd. (BI)	Indirect subsidiary
Infinite Marine Investment Co., Ltd. (IM)	Indirect subsidiary
Bravely (Myanmar) Transport and Logistics Company Limited. (Bravely (Myanmar))	Indirect subsidiary
Guangzhou Wan Hai Information Technology Ltd. (GZIT)	Indirect subsidiary

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<u>Name of related party</u>	<u>Relationship with the Company</u>
Dawin Logistics (International) Ltd. (Dawin)	Indirect subsidiary
Shenzhen Uniwin International Logistics Ltd. (Uniwin)	Indirect subsidiary
Blue Ocean Logistics (Shanghai) Ltd (Blue)	Indirect subsidiary
Clipper International Shipping Agency Ltd. (Clipper)	Indirect subsidiary
Shenzhen Yong Chun International Shipping Management Co., Ltd. (SZYC)	Indirect subsidiary
Wan Hai Lines (Arizona) LLC. (WHL Arizona)	Indirect subsidiary
Wan Hai Lines (USA) LTD. (WHL USA)	Indirect subsidiary
HE CHUN LOGISTICS COMPANY LIMITED (HE CHUN)	Indirect subsidiary
Wan Hai Shipping Limited (WHL Shipping)	Indirect subsidiary
Wan Hai Lines Peru S.A.C. (WHL Peru)	Indirect subsidiary
Tan Cang-Cai Mep International Terminal Co.,Ltd (Tan Cang-Cai Mep)	An associate
HAI PHONG INTERNATIONAL CONTAINER TERMINAL COMPANY LIMITED (HAI PHONG)	An associate
Wan Hai Lines (UAE) LLC. (WHL UAE)	An associate
Phuc Xuan Maritime Service Company Limited (Phux Xuan)	Joint venture
ASIA PACIFIC LOGISTICS INTERNATIONAL CO., LTD. (APLI)	Related party in substance
New World Container Services Corporation	Subsidiary of APLI
Universal Checker Co., Ltd.	Related party in substance
Express Container Terminal Corp. (ECTC)	Related party in substance
New Sincere Transportation Corp. (NSTC)	Related party in substance
New Safety Transportation Corp. (NSaTC)	Related party in substance
An Chun Tally Co., Ltd.	Related party in substance
Taipei Port Container Terminal Corp. (Taipei Port)	Corporate director of the company
Taian Insurance Co., Ltd.	Related party in substance
Wan Chun International Corp. (WCIC)	Subsidiary of ECTC
Apezgo Digital Information Co., Ltd.	Subsidiary of APLI
AP PETROLEUM BUSINESS CO., LTD	Subsidiary of APLI
Formosa Wonderworld Co., Ltd. (Formosa Wonderworld)	Related party in substance
Interasia Lines Taiwan, Ltd.	Related party in substance
Hyaline Shipping (HK) Co., Ltd. (Hyaline)	Same director with the Company
Wan Hai Lines (Japan), Ltd. (WHL Japan)	Same director with the Company

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<u>Name of related party</u>	<u>Relationship with the Company</u>
Interasia Lines Singapore Pte. Ltd. (IAL (S))	Related party in substance
Wan Hai Charity Foundation	Related party in substance
AP INT'L TRAVEL SERVICE CO., LTD.	Subsidiary of APLI
New Speed Transportation & Terminal Co., Ltd. (NS)	Related party in substance
Ennea Solar Energy LLC.	Related party in substance
JOHNSON CHECKER CO., LTD	Related party in substance
CHIEN LAI ENTERPRISE CO., LTD	Related party in substance
Shin Sheng Transportation CO. LTD (Shin Sheng)	Related party in substance

Note: WHL Germany was originally a subsidiary of the Company and the liquidation process was completed in March 2020.

(b) Significant transactions with related parties

1. Sales to related parties:

	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 6,454,410	3,089,513
Joint venture	13,592	8,933
Other related parties	<u>1,742,096</u>	<u>1,612,419</u>
	<u>\$ 8,210,098</u>	<u>4,710,865</u>

The transaction terms with related parties were not significantly different from those of sales to third parties. The average collection period for notes and accounts receivable pertaining to such sales transactions ranged from one to three months, while the average collection period for routine sales transactions was within one month.

2. Consideration for services related to the entity:

	<u>2021</u>	<u>2020</u>
Subsidiary:		
WHL Singapore	\$ 15,424,777	5,866,584
Other subsidiaries	4,788,962	2,122,711
Associates	312,251	145,558
Other related parties	4,787,157	3,412,768
Joint venture	<u>1,165</u>	<u>1,021</u>
	<u>\$ 25,314,312</u>	<u>11,548,642</u>

The transaction terms with related parties were not significantly different from those of the third parties. The average payment period for notes and accounts payable pertaining to such purchase transactions ranged from one to two months, which was similar to that of other normal vendors.

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3. Receivables from related parties and other assets

Receivables of the Company from related parties were as follows :

<u>Item</u>	<u>Related party categories</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Accounts receivable	Other related parties	\$ 62,989	134,501
Accounts receivable	Subsidiary	12,805	-
	Subsidiary:		
other receivables	WHL Singapore (Note)	8,266,370	4,842,911
other receivables	Others	98,346	82,571
other receivables	Associates	-	183
other receivables	Other related parties	32,382	64,309
	Subsidiary:		
Receivable from agents	Clipper	1,623,210	1,127,566
Receivable from agents	Uniwin	658,475	272,421
Receivable from agents	WHL Inida	-	391,673
Receivable from agents	Others	643,899	115,255
Receivable from agents	Associates	34,693	31,604
	Other related parties:		
Receivable from agents	WHL Japan	1,310,422	981,342
		<u>\$ 12,743,591</u>	<u>8,044,336</u>

Note: Including fund financing portion.

4. Payables to related parties and other liabilities

Payables of the Company to related parties were as follows :

<u>Item</u>	<u>Related party categories</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
	Subsidiary:		
Accounts payable	WHL Singapore	\$ 7,568,346	1,146,798
Accounts payable	Others	207,938	212,222
Accounts payable	Other related parties	130,994	122,227
Other payables	Subsidiary	56	178
Other payables	Other related parties	6,531	6,375
	Subsidiary:		
Payable to agents	WHL Hong Kong	693,266	794,344
Payable to agents	WHL Thailand	394,054	201,401
Payable to agents	Others	161,969	136,763
	Subsidiary:		
Other current liabilities	WHL Thailand	56,473	43,471
Other current liabilities	Other related parties	13,409	5,273
		<u>\$ 9,233,036</u>	<u>2,669,052</u>

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5. Property transactions

1) Acquisition of property, plant and equipment

In August 2019, the Company purchased a vessel from its subsidiary with the purchasing price of USD 4,500 thousand (TWD 139,387 thousand) depending on the valuation report. The gain on disposal of property was 59,541 thousand, which was not entirely realized. As of December 31, 2021 and 2020, the unrealized gain of \$5,582 thousand and \$27,910 thousand was recognized as the deduction of long-term equity investment under equity method.

In June 2016, the Company purchased a vessel from its subsidiary. The purchasing price was USD 16,500 thousand (TWD 530,145 thousand) depending on the valuation report, and loss on disposal of property was \$95,983 thousand, but not entirely realized. As of December 31, 2021 and 2020, the unrealized loss was \$65,520 thousand and \$70,976 thousand depending on the useful life of the vessel as the addition of long-term equity investment under equity method.

2) The sales of property, plant and equipment to related parties are summarized as follows:

<u>Related parties categories</u>	<u>2021</u>		<u>2020</u>	
	<u>Disposal price</u>	<u>Gain from disposal</u>	<u>Disposal price</u>	<u>Gain from disposal</u>
Subsidiary	\$ 139	130	-	-
Other related parties	-	-	224	151
	<u>\$ 139</u>	<u>130</u>	<u>224</u>	<u>151</u>

6. Other related-party transactions

For the year ended December 31, 2021 and 2020, the Company received the claim payment from other related parties amounting to \$1,722 thousand and \$1,336 thousand, respectively.

For the year ended December 31, 2021 and 2020, the Company sold fuel inventory to its subsidiary, WHL Singapore, amounting to \$1,157,463 thousand and \$191,110 thousand, respectively.

For the years ended December 31, 2021 and 2020, the Company received the payments of manpower support service from other related parties amounting to \$25,460 thousand and \$18,097 thousand, respectively.

For the years ended December 31, 2021 and 2020, the Company purchased miscellaneous from other related parties amounting to \$46,623 thousand and \$31,062 thousand, respectively.

7. Loans to Related Parties

The Company Financing to other related parties was as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Subsidiary		
WHL Singapore	\$ -	<u>4,636,500</u>

The interest charged by the Company to related parties is based on the average interest rate charged by financial institutions on the Company's borrowings. The loans to related parties are unsecured. There are no provisions for doubtful debt required after the management's assessment.

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8. Guarantees

Endorsement guarantees offered to related parties were as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Subsidiary	\$ <u>14,463,023</u>	<u>17,045,151</u>

9. Leasing

The Company rented containers from its related parties. A 1.5 to 11 year lease contract was signed. The total value of the contract was \$62,622 thousand. For the year ended December 31, 2021 and 2020, the Company recognized the amount of \$892 thousand and \$977 thousand, respectively as interest expense, with the balance of lease liabilities amounting to \$41,480 thousand and \$47,069 thousand, respectively.

The Company rented vessels from its subsidiary-WHL Singapore. A 1-to-20 year lease contract was signed, in which the rental fee was determined based on the market condition. The total value of the contract was \$147,474,521 thousand. For the year ended December 31, 2021, the Company recognized the amount of \$1,593,335 thousand and \$1,152,626 thousand, respectively as interest expense, with the balance of lease liabilities amounting to \$116,436,155 thousand and \$69,191,763 thousand, respectively.

(c) Key management personnel remuneration

Key management personnel remuneration comprised:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 189,741	177,664
Post-employment benefits	<u>52</u>	<u>34</u>
	<u>\$ 189,793</u>	<u>177,698</u>

(8) Pledged Assets

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Objective</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Time deposits (classified under other non-current assets)	Lease contract for wharf	\$ 84,455	84,455
Guarantee deposits paid (classified under other non-current assets)	Lease contract for wharf, building lease contract and lawsuit	63,314	79,201
Containers (classified under property, plant and equipment)	Long-term loans	11,169,759	9,109,185
Land and Buildings (classified under property, plant and equipment)	Long-term loans	2,200,645	2,516,131
Land and Buildings (classified under investment property)	Long-term loans	1,519,953	-
		<u>\$ 15,038,126</u>	<u>11,788,972</u>

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(9) Significant Contingencies and Commitments

(a) Contract for port rental

To increase the quality of service and to decrease the cost of operations, the Company entered into a contract to lease a wharf in Japan in March 2003 and renewed it in April 2008. The lease period is from March 2003 to March 2028. As of December 31, 2021, the guarantee deposit amounted to JPY 255,755,000 (TWD 61,439 thousand) was listed in other non-current assets.

The Company co-operated with the Kaohsiung Harbor Bureau to rent the No. 63 and 64 wharfs in August 1994, and updated the contract in December 2016, the rental period lasted 8 years. The guarantee deposits amounting to \$40,000 thousand was listed in other non-current assets.

The Company co-operated with the Taichung Harbor Bureau to rent the No. 34 and 35 wharfs in December 1999, and updated the contract in August 2018, the rental period lasted for 15 years. The guarantee deposits amounting to \$33,400 thousand was listed in other non-current assets.

(b) Vessel construction contract:

For operational purposes, the Company contracted with NIHON SHIPYARD CO., LTD. and JAPAN MARINE UNITED CORPORATION to construct 12 container ships, with a carrying capacity of 3,055 TEUs, with a total price of approximately JPY 60,840,000 thousand to JPY 64,800,000 thousand (approximately TWD 15,291,072 thousand to 16,286,349 thousand), the Company has already paid \$1,529,107 thousand as prepayments for equipment (listed in other non-current assets).

(c) Vessel purchase contract:

For operational purposes, the Company entered into agreement to purchase 2 second-hand container ships, with a total price of approximately USD 78,000 thousand (approximately TWD 2,159,040 thousand), the Company has already paid \$216,216 thousand as prepayments for equipment (listed in other non-current assets).

(d) As of December 31, 2021, the total amount claimed for damages to the Company is approximately TWD \$84,246 thousand, and the related cases are under negotiation or under trail.

(10) Losses Due to Major Disasters: None.

(11) Significant Subsequent Events

In January 2022, the Company formally signed a contract with Kaohsiung Harbor Bureau to rent No. 79, 80 and 81 wharfs, the rental period starts from July 2023 to June 2043, total rental period last for 20 years, and will be recognized as right-of-use assets amounting to 6,613,421 thousand.

For the Group's overall route planning and operational synergy considerations, with an intention to adjust fleet allocation, based on a resolution approved by the Board of Directors on January 28, 2022, the Company approved to purchase 20 second-hand container ships from WHL Singapore at a maximum total price of USD 682,900 thousand (approximately TWD 18,910,000 thousand), and purchase 2 second-hand container ships from WHL-Hongkong at a maximum total price of USD 51,800 thousand (approximately TWD 1,430,000 thousand).

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In view of the above considerations of the overall operation of the Group, the Company's original vessel lease contract with WHL Singapore was eliminated, based on a resolution approved by the Board of Directors on January 28, 2022, the Company's right-of-use assets of 10 container ships shall be derecognized at a maximum amount of \$39,510,000 thousand.

In January 2022, the Company signed a contract with STAROCEAN MARINE CO., LTD. to purchase 2 container ships of 1,781 TEUs at a total amount of USD 86,000 thousand (approximately TWD 2,387,360 thousand) for operational purposes.

For the Group's asset allocation and operational synergy considerations, based on a resolution approved by the Board of Directors on March 15, 2022, the Company approved to purchase several second-hand vessels at a maximum total price of USD 320,000 thousand (approximately TWD 8,899,200 thousand).

(12) Others

- (a) Employee benefits, depreciation, and amortization expenses, categorized as operating cost or expense, were as follows:

By function	For the years ended December 31, 2021			For the years ended December 31, 2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	477,677	2,415,035	2,892,712	448,665	1,497,987	1,946,652
Labor and health insurance	24,886	95,347	120,233	22,483	76,229	98,712
Pension	22,614	44,979	67,593	22,146	43,051	65,197
Remuneration of directors	-	151,411	151,411	-	158,389	158,389
Others employee benefits	16,523	83,191	99,714	23,194	54,871	78,065
Depreciation	12,150,101	82,308	12,232,409	8,086,919	47,183	8,134,102
Amortization	27,764	27,967	55,731	20,655	46,592	67,247

The Company's number of employees and additional information on employee benefits in December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Number of employees	<u>1,139</u>	<u>1,098</u>
Number of directors who were not employees	<u>4</u>	<u>4</u>
The average employee benefit	<u>\$ 2,802</u>	<u>2,001</u>
The average salaries and wages	<u>\$ 2,549</u>	<u>1,779</u>
The average of employee salary cost adjustment as follows	<u>43.28 %</u>	<u>36.32 %</u>
Remuneration received by supervisors	<u>\$ -</u>	<u>-</u>

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The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

1. Employee remuneration:

- 1) The wages of the employees of the Company are paid based on the grade table set according to the academic experience, professional skills, years of experience, and the degree of responsibilities. Initial emolument is superior to local labor laws and regulations, not because of gender, race, religion, political affiliation, marital status, trade union membership organizations vary. In order to make employees' income proportional, the annual performance bonuses are based on operating conditions and individual performance, achievement of the goal of being competitive, retaining talents, and encouragement to employees.
- 2) If the Company makes a profit during the year, it shall allocate no less than 0.6% as employee remuneration following Article 11, Item 1.

2. Remuneration to directors (excluding independent director) and managers:

- 1) In order to implement the corporate governance and improve the transparency and institutionalization of the remuneration to directors and managers of the Company, the "Remuneration Committee" has been established on September 23, 2011 to set the Remuneration Committee Organization Regulations in accordance with the provisions of the Securities and Exchange Act. The Compensation Committee members are appointed by the Board of Directors, of whom more than half are independent directors of the Company. Its function assists in the formulation and reviews the policies, systems, standards, and structures for performance evaluation and compensation that regarding directors and managers; And regularly assess and determine the remuneration of directors and managers; Makes recommendations with the duty of care and submit them to the board for discussion and resolution.
- 2) Remuneration policy for directors (excluding independent director) and managers:
 - A. The performance evaluation and remuneration to directors and managers should be based on the usual standards of the industry, taking into consideration the reasonableness of the individual performance, operating results of the Company, as well as future risks.
 - B. Directors and managers should not engage in behaviors that exceed the risk appetite of the Company in pursuit of compensation.
 - C. Regarding the short-term performance of directors and senior managers, the payment of variable remunerations should be determined by considering the characteristics of the industry and the nature of the Company's business.
- 3) Salary and remuneration referred to the policy including cash remuneration, stock options, dividends, retirement benefits or severance payments, budget allowances, and other substantive incentives. Its scope should be consistent with that of the annual report of the public offering company and remuneration to directors and managers.

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3. Remuneration policy for independent directors:

- 1) According to the Article 11, Item 2 of the Company, independent directors do not participate in the distribution of earnings, and their remuneration is determined by the board of directors.
- 2) The remuneration to independent directors of the Company also includes the audit committee and Remuneration Committee aside from considering the execution of business and board affairs of independent directors. Based on the market, and taking into account the standards of the industry, the Remuneration Committee puts forward a proposal to be implemented after the board of directors' approval.

(13) Other Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2021:

1. Fund financing to other parties:

(In thousands of TWD)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 5)	Maximum limitation on fund financing (Note 5)
													Name	Value		
0	The Company	WHL Singapore	Other receivables related	Yes	8,551,500	8,296,500	-	-	1	-	Note 4	-	Promissory note	8,296,500	57,710,010	57,710,010
1	WHL INTL.	WHL India	Other receivables related	Yes	78,389	-	-	-	1	-	Note 3	-	-	-	89,155	89,155
2	WHL Singapore	Yi Chun	Other receivables related	Yes	85,515	82,965	24,890	1.53~1.64%	1	-	Note 4	-	Promissory note	82,965	40,956,214	40,956,214

Note 1: Short-term financing.

Note 2: Repayment of loans.

Note 3: Acquisition of assets.

Note 4: Operating activities.

Note 5: Financing amount shall not exceed 40 percent of the lending company's net worth and the following:

1. Individual funding loan limits of financing for single borrower who has business with the lending company cannot exceed the total transaction amount of the current year.
2. Individual funding loan limits for short-term borrower cannot exceed 40 percent of the lending company's net worth.
3. The individual loaned amount between the foreign companies whose voting shares are wholly owned by the Company directly or indirectly, or the amount that the foreign companies whose voting shares are wholly owned by the Company directly or indirectly loaned to the Company, shall not exceed 40 percent of the lending company's net worth.

Note 6: Eliminated in the consolidated financial statement.

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2. Guarantees and endorsements for other parties:

(In thousands of TWD)

Number	Name of the company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount) (Note 3)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note2)	Parent company endorses/ guarantees to third parties on behalf of subsidiary	Subsidiary endorses/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 1)										
	The Company	WAN HAI LINES(SG) LTD.	2	228,550,051	22,936,176	14,463,023	14,463,023	-	10.02 %	228,550,051	Y	N	N

Note 1: Relationship with the Company

- The companies with which it has business relations.
- Subsidiaries in which the company directly or indirectly holds more than 50% of its total outstanding common shares.
- The parent company which directly or indirectly holds more than 50% of its voting rights.
- Subsidiaries in which the company directly or indirectly holds more than 90% of its voting rights.
- Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
- Companies in same type of business providing guarantees of pre-sale contracts according to the regulation.

Note 2: According to the Company's "Policy and Procedures for Guarantee and Endorsement":

- External endorsements and guarantees made by the Company may not exceed 200% of the Company's net worth.
- Endorsements and guarantees made to a single enterprise may not exceed 40% of the Company or its subsidiaries' net worth.
- The total amount of endorsements and guarantees of the Company and its subsidiaries as a whole may not exceed 250% of the Company's net worth.
- Endorsements and guarantees made by the Company and its subsidiaries to a single enterprise may not exceed 50% of the Company's net worth.
- Endorsements and guarantees made by the Company to the subsidiaries, or subsidiaries to the Company, are not subject to the above-mentioned restrictions. However, the aggregate amount of endorsements/guarantees that the Company or its subsidiaries make for a single company may not exceed 200% of the net worth of the company providing guarantees.

Note 3: Eliminated in the consolidated financial statements.

3. Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of TWD/Shares)

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Notes
				Number of shares	Book value	Percentage of shares	Market value	
The Company	Domestic listed stocks: GREATWALL ENTERPRISE CO., LTD.	-	Financial assets at fair value through profit or loss-current	12,983,696	693,329	1.52 %	693,329	
"	Formosa Plastics Corporation	-	"	376,288	39,134	0.01 %	39,134	
"	Formosa Chemicals & Fibre Corporation	-	"	245,480	19,835	- %	19,835	
"	Tainan Spinning Co., Ltd.	-	"	11,366,898	290,424	0.69 %	290,424	
"	TAIYEN BIOTECH CO., LTD	-	"	1,108,000	36,786	0.55 %	36,786	
"	China Steel Corporation	-	"	2,291,162	80,992	0.01 %	80,992	
"	Delta Electronics, Inc.	-	"	4,354,000	1,197,350	0.17 %	1,197,350	
"	Hon Hai Precision Ind. Co., Ltd.	-	"	77,440	8,054	- %	8,054	

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Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Notes
				Number of shares	Book value	Percentage of shares	Market value	
The Company	Taiwan Semiconductor Manufacturing Co., Ltd	-	Financial assets at fair value through profit or loss-current	529,000	325,335	- %	325,335	
"	Transcend Information, Inc.	-	"	89,111	6,514	0.02 %	6,514	
"	Amtran Technology Co., Ltd.	-	"	924,041	16,263	0.12 %	16,263	
"	Yang Ming Marine Transport Corp.	-	"	957,526	115,861	0.03 %	115,861	
"	China Airlines Ltd.	-	"	23,753,862	654,419	0.41 %	654,419	
"	Chinese Maritime Transport Ltd.	-	"	435,050	25,407	0.22 %	25,407	
"	Mega Financial Holding Co., Ltd.	-	"	18,799,646	668,327	0.14 %	668,327	
"	Taishin Financial Holding Co., Ltd.	-	"	20,356,132	385,749	0.18 %	385,749	
"	First Financial Holding Co., Ltd.	-	"	17,502,208	428,804	0.14 %	428,804	
"	The Eslite Spectrum Corporation	-	"	1,078,000	64,249	2.27 %	64,249	
"	Shih Wei Navigation Co., Ltd.	-	"	775,888	35,070	0.28 %	35,070	
"	Taiwan Cooperative Financial Holding Co., Ltd.	-	"	32,006,051	814,554	0.24 %	814,554	
"	Taiwan Secom Co., Ltd.	-	"	3,303,000	343,512	0.73 %	343,512	
"	Domestic Emerging stocks:							
"	TIGERAIR TAIWAN CO., LTD.	-	Financial assets at fair value through profit or loss-current	358,309	11,108	0.09 %	11,108	
"	Domestic listed stocks:							
"	Shihlin Paper Corporation	Related party in substance	Financial assets at fair value through other comprehensive income-non-current	9,351,088	606,886	3.60 %	606,886	
"	Chunghwa Telecom Co., Ltd.	-	"	27,520,000	3,206,080	0.35 %	3,206,080	
"	Domestic unlisted stocks:							
"	Taipei Port Container Terminal Corp.	Related party in substance	Financial assets at fair value through other comprehensive income-non-current	79,315,476	467,145	15.25 %	467,145	
"	United Stevedoring Corporation	-	"	781,250	12,160	15.63 %	12,160	
"	Foreign listed stocks:							
WHL Singapore	Da Nang Port Joint Stock Company	-	Financial assets at fair value through other comprehensive income-non-current	20,090,000	718,420	20.29 %	718,420	

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.

5. Acquisition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid in capital: None.

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6. Disposition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.

7. Buying/selling products for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:

Name of company	Name of Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable) (Note 1)	
The Company	Interasia Lines Taiwan	Related party in substance	Loading and unloading revenue	(107,330)	0.09 %	30 days	-	-	16,365	0.11 %	
The Company	WHL-Vietnam	Subsidiary	Commission fee	526,942	0.92 %	30 days	-	-	(18,942)	0.12 %	Note 2
The Company	Tan Cang-Cai Mep International Terminal Co., Ltd.	Associate	Terminal handling charges, container fee	177,040	0.31 %	30 days	-	-	-	- %	
The Company	Taipei Port	Corporate director of the company	Container fee, terminal handling charges	978,270	1.71 %	30 days	-	-	(5)	- %	
The Company	WHL Singapore	Subsidiary	Rent income, commission revenue, shipping agent revenue	(6,425,667)	5.54 %	30 days	-	-	-	- %	Note 2
The Company	WHL Singapore	Subsidiary	Charter hire cost, oil expense, joint venture cost	15,424,777	26.96 %	30 days	-	-	(7,568,346)	48.36 %	Note 2
The Company	IAL Singapore	Related party in substance	Joint venture revenue, container rental revenue, shipping agent revenue, charter hire income	(1,629,976)	1.41 %	30 days	-	-	46,594	0.32 %	
The Company	IAL Singapore	Related party in substance	Joint venture cost, container rental cost	636,911	1.11 %	30 days	-	-	-	- %	
The Company	WHL Hongkong	Subsidiary	Commission fee	2,827,655	4.94 %	30 days	-	-	(693,266)	4.43 %	Note 2
The Company	WHL (Japan)	Same director with the company	Commission fee	668,136	1.17 %	30 days	-	-	-	- %	
The Company	Hyaline	Same director with the company	Commission fee	552,081	0.96 %	30 days	-	-	-	- %	
The Company	NSTC	Related party in substance	Tow charge	694,334	1.21 %	30 days	-	-	(54,123)	0.35 %	
The Company	APLI	Related party in substance	Container fee	332,556	0.58 %	30 days	-	-	(5,675)	0.04 %	
The Company	WCIC	Related party in substance	Turnkey fee	180,133	0.31 %	30 days	-	-	(15,398)	0.10 %	
The Company	NSaTC	Related party in substance	Tow charge, container fee	110,938	0.19 %	30 days	-	-	(4,888)	0.03 %	

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Name of company	Name of Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable) (Note 1)	
The Company	WHL-Malaysia	Subsidiary	Commission fee	217,108	0.38 %	30 days	-	-	57,745	0.37 %	Note 2
The Company	New World Container services Corporation	Related party in substance	Container fee	145,699	0.25 %	30 days	-	-	(11,529)	0.07 %	
The Company	TK Logistics International Co., Ltd.	Subsidiary	Container fee, labor fee, terminal handling charge	120,325	0.21 %	30 days	-	-	(11,965)	0.08 %	Note 2
The Company	WHL-Thailand	Subsidiary	Commission fee	231,711	0.40 %	30 days	-	-	(394,054)	2.52 %	Note 2
The Company	WHL-Korea	Subsidiary	Commission fee	205,658	0.36 %	30 days	-	-	-	- %	Note 2
The Company	WHL-India	Subsidiary	Commission fee	300,605	0.53 %	30 days	-	-	(130,797)	0.84 %	Note 2
The Company	Shin Sheng	Related party in substance	Tow charge	101,951	0.18 %	30 days	-	-	(8,733)	0.06 %	
WHL Singapore	The Company	Subsidiary	Rent expense, commission fee, shipping agent expense	6,425,667	10.60 %	30 days	-	-	-	- %	Note 2
WHL Singapore	The Company	Subsidiary	Oil revenue, charter hire income, joint venture revenue	(14,576,330)	11.08 %	30 days	-	-	7,568,346	70.46 %	Note 2
WHL Hongkong	The Company	Subsidiary	Commission income	(2,827,655)	95.45 %	30 days	-	-	693,266	13.26 %	Note 2
WHL-Malaysia	The Company	Subsidiary	Commission income	(217,108)	99.94 %	30 days	-	-	(57,745)	26.07 %	Note 2
WHL-Thailand	The Company	Subsidiary	Commission income	(231,711)	90.73 %	30 days	-	-	394,054	87.10 %	Note 2
TK Logistics International Co., Ltd.	The Company	Subsidiary	Container revenue, service revenue	(120,325)	47.06 %	30 days	-	-	11,965	50.86 %	Note 2
WHL-Vietnam	The Company	Subsidiary	Commission income	(526,942)	100.00 %	30 days	-	-	18,942	3.64 %	Note 2
WHL-India	The Company	Subsidiary	Commission income	(300,605)	100.00 %	30 days	-	-	130,797	66.97 %	Note 2
WHL-Korea	The Company	Subsidiary	Commission income	(205,658)	98.05 %	30 days	-	-	-	- %	Note 2

Note 1: Including notes receivable / payable, accounts payable—related parties and receivable / payable from / to agents, contract assets.

Note 2: Eliminated in the consolidated financial statements.

8. Accounts receivable from related parties for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company (Note 2)	Clipper	Subsidiary	1,623,210	- %	-	-	1,623,210	-
The Company (Note 2)	Shenzhen Uniwin International Logistics Ltd.	Subsidiary	658,475	- %	-	-	656,588	-
The Company (Note 2)	WHL-USA	Subsidiary	173,926	- %	-	-	173,891	-
The Company (Note 2)	WHL Phils.	Subsidiary	148,926	- %	-	-	148,926	-
The Company (Note 2)	WHL Ecuador	Subsidiary	106,356	- %	-	-	105,786	-

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WAN HAI LINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company (Note 2)	WHL (Japan)	Same director with the Company	1,310,422	- %	-	-	1,266,222	-
WHL-Singapore (Note 2)	The Company	Subsidiary	7,568,346	- %	-	-	7,568,346	-
WHL-HongKong (Note 2)	The Company	Subsidiary	693,266	- %	-	-	693,266	-
WHL-Thailand (Note 2)	The Company	Subsidiary	394,054	- %	-	-	277,349	-
Bao Sheng Shipping Agency Co., Ltd.	The Company	Subsidiary	195,973	- %	-	-	180,552	-
WHL-India (Note 2)	The Company	Subsidiary	130,797	- %	-	-	130,797	-
The Company (Note 3)	WHL-Singapore	Subsidiary	8,266,370	- %	-	-	5,112,800	-

Note 1: Eliminated in the consolidated financial statements.

Note 2: Including accounts receivable, contract assets and receivable from agent.

Note 3: Other receivables.

9. Derivative transactions: None.

(b) Information on investees

For the year ended December 31, 2021, the information on investees (excluding investees in Mainland China) as follows:

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	Wan Hai Lines (Singapore) Pte. Ltd.	Singapore	Transportation and shipping agency service, chartering of ships, and international transportation and shipping agency services	21,983,099	21,983,099	979,399,234	100.00 %	108,663,044	73,488,913	73,975,748	Subsidiary (Note 2 · 3)
"	k.k. WH Corporation	Japan	Terminal operation and management service, and vessel rental service	7,141	7,141	500	100.00 %	22,892	1,355	1,355	Subsidiary (Note 3)
"	Tan Cang-Cai Mep International Terminal Co., Ltd.	Vietnam	Managing wharf and containers	259,917	259,917	-	21.33 %	441,208	361,292	77,064	Associate (Note 1)
"	T.K. Logistics International Co., Ltd.	Taiwan	Managing container terminals and storage facilities	143,000	143,000	14,300,000	55.00 %	153,914	14,000	7,699	Subsidiary (Note 3)
"	Bao Sheng Shipping Agency Co., Ltd.	Taiwan	Acting as agent for transportation affair and contracting ocean shipping and related services.	30,000	30,000	3,000,000	70.01 %	38,078	2,240	1,568	Subsidiary (Note 3)
"	Hai Phong International Container Terminal Co., Ltd.	Vietnam	Managing wharf and containers	598,211	598,211	-	16.50 %	581,631	296,108	48,858	Associate (Note 1)
WHL-Singapore	Wan Hai Lines (Phils.), Inc.	Philippines	Transportation and shipping agency services	5,991	5,991	901,540	100.00 %	16,411	5,675	5,675	Indirect subsidiary (Note 3)
"	Wan Hai Lines (H.K.) Limited	Hong Kong	Transportation and shipping agency services	695,246	695,246	160,000,000	100.00 %	3,776,266	2,195,702	2,195,702	Indirect subsidiary (Note 3)
"	Wan Hai Lines (M) Sdn. Bhd.	Malaysia	Transportation and shipping agency services	4,613	4,613	500,000	100.00 %	110,620	40,959	40,959	Indirect subsidiary (Note 3)
"	Yi Chun Shipping Agencies Sdn. Bhd.	Malaysia	ODD operations	1,845	1,845	200,000	100.00 %	16,117	(475)	(475)	Indirect subsidiary (Note 3)
"	Wan Hai Lines (Korea) Ltd.	Korea	Transportation and shipping agency services	11,019	11,019	80,000	100.00 %	83,195	69,952	69,952	Indirect subsidiary (Note 3)
"	Wan Hai International Pte. Ltd.	Singapore	Transportation and shipping agency services	239,979	239,979	10,312,460	100.00 %	638,436	250,233	250,233	Indirect subsidiary (Note 3)
"	Wan Hai Lines (Thailand) Ltd.	Thailand	Transportation and shipping agency services	4,732	4,732	49,000	49.00 %	116,169	107,307	52,580	Indirect subsidiary (Note 3)

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WAN HAI LINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
WHL-Singapore	Wan Hai (Vietnam) Ltd.	Vietnam	Transportation and shipping agency services	8,691	8,691	-	100.00 %	393,414	381,743	381,743	Indirect subsidiary (Note 1 - 3)
"	HE CHUN LOGISTICS COMPANY LTD.	Vietnam	ODD operations	60,857	60,857	-	100.00 %	92,737	36,568	36,568	Indirect subsidiary (Note 1 - 3)
"	Wan Hai Lines Peru S.A.C.	Peru	Transportation and shipping agency services	1,942	1,942	245,124	99.00 %	51,223	62,764	62,136	Indirect subsidiary (Note 3)
"	WanHai Lines Ecuador S.A.	Ecuador	Transportation and shipping agency services	10,246	1,627	99,000	99.00 %	36,615	19,613	19,417	Indirect subsidiary (Note 3)
"	PHUC XUAN MARITIME SERVICE CO.,LTD.	Vietnam	Container yard business	9,186	9,186	-	49.00 %	30,051	43,840	21,481	Associate (Note 1)
"	Bravely International Pte. Ltd.	Singapore	Transportation and investment	625,026	625,026	28,262,221	100.00 %	77,373	(31,134)	(31,134)	Indirect subsidiary (Note 3)
"	WAN HAI LINES (USA) LTD.	America	Transportation and shipping agency services	437,514	437,514	284,381	100.00 %	448,880	22,167	22,167	Indirect subsidiary (Note 3)
"	Wan Hai Shipping Limited	Myanmar	Transportation and shipping agency services	1,075	1,075	35,000	70.00 %	873	295	206	Indirect subsidiary (Note 3)
WHL INTL.	Wan Hai Lines (UAE) LLC.	Dubai	Transportation and shipping agency services	1,365	1,365	147	49.00 %	42,961	84,770	41,537	Equity method
"	Infinite Marine Investment Co., Ltd.	Cayman	Investment	173,463	173,463	5,550,000	100.00 %	5,374	(212)	(212)	Indirect subsidiary (Note 3)
"	Wan Hai Lines (India) PVT Ltd.	India	Transportation and shipping agency services	69	69	10,000	100.00 %	366,162	215,904	215,904	Indirect subsidiary (Note 3)
"	Wan Hai Lines Peru S.A.C.	Peru	Transportation and shipping agency services	20	20	2,476	1.00 %	517	62,764	628	Indirect subsidiary (Note 3)
WHL INTL.	WanHai Lines Ecuador S.A.	Ecuador	Transportation and shipping agency services	178	-	1,000	1.00 %	370	19,613	196	Indirect subsidiary (Note 3)
WHL Hongkong	Dawin Logistics (International) Limited	Hong Kong	Managing container, storage and logistics services	570,480	570,480	144,640,000	100.00 %	894,317	150,650	150,650	Indirect subsidiary (Note 3)
Bravely International Pte. Ltd.	Bravely (Myanmar) Transport and Logistics Company Limited	Myanmar	Management container, storage and logistic service	127,584	127,584	4,000,000	80.00 %	68,757	3,063	2,450	Indirect subsidiary (Note 3)
WAN HAI LINES (USA) LTD.	Wan Hai Lines (Arizona) LLC.	America	House rental and management	359,760	359,760	-	100.00 %	362,089	9,807	9,807	Indirect subsidiary (Note 1 - 3)
Wan Hai Lines (India) PVT Ltd.	WH Logistics Private Limited	India	Managing container, storage and logistics services	395	-	100,000	50.00 %	284	(34)	(17)	Equity method

Note 1: Limited companies with no common shares issued.

Note 2: The difference is due to the unrealized gain / loss.

Note 3: Eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China

1. Information on investment in Mainland China:

Name of the investee in Mainland China	Major operations	Issued capital	Method of investment	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct / indirect shareholding (%) by the Company	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Remittance amount	Recoverable amount						
Guangzhou Wan Hai Information Technology Ltd.	Information software service	7,922	(1)	-	-	-	-	870	100.00 %	870	22,433	-
Shenzhen Uniwin International Logistics Ltd.	Freight transportation and acting as agent for transport affairs	644,016	(1)	-	-	-	-	118,709	100.00 %	118,709	725,182	-

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WAN HAI LINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

Name of the investee in Mainland China	Major operations	Issued capital	Method of investment	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Remittance amount	Recoverable amount						
Clipper International Shipping Agency Ltd.	International shipping agency services	4,070	(1)	-	-	-	-	22,139	49.00 %	10,848	11,918	-
Blue Ocean Logistics (Shanghai) Ltd.	Containers, storage and international transportation services	32,596	(1)	-	-	-	-	32,228	100.00 %	32,228	94,666	-
Shenzhen Yong Chun International Shipping Management Co., Ltd.	International shipping management	29,068	(1)	-	-	-	-	6,307	90.00 %	5,676	38,674	-
Wan Hang Tours Co., Ltd.	Retailing and Catering management	287,330	(1)	-	-	-	-	(6,759)	50.00 %	(3,379)	113,921	-
Qingdao port and Win International Logistics Co., Ltd.	Container yard station	50,188	(1)	-	-	-	-	22,110	50.00 %	11,055	39,390	-

Note 1: Indirectly invested in Mainland China through investees.

Note 2: The investment income (loss) recognized in current period was audited and certified by the CPA of the Company.

2. Limitation on investment in Mainland China:

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
-	1,131,368	86,565,015

Note: The Company's investments in Mainland China were mostly from the investees' self-owned capital in indirect subsidiaries.

3. Significant transactions:

As of December 31, 2021, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Yi Chun Navigation Inc.		313,757,720	12.85 %
Asia Pacific Logistics International Co., Ltd.		194,539,837	7.97 %
TCEL		187,993,144	7.70 %
CCEL		187,993,144	7.70 %

(14) Segment Information

Please refer to the consolidated financial report.

Wan Hai Lines Ltd.
STATEMENT OF CASH AND CASH
EQUIVALENTS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		\$ 90,539
Saving accounts-TWD		1,243,853
Saving accounts-Foreign currency	USD 880,165 thousand @ 27.66 EUR 88 thousand @ 31.29 THB 102,950 thousand @ 0.83 KRW 96,773 thousand @ 0.02 CNY 230,926 thousand @ 4.34 JPY 19,291,681 thousand @ 0.24 SGD 2,128 thousand @ 20.44 HKD 137,367 thousand @ 3.55	30,598,361
Time deposits-TWD		1,405,360
Time deposits-Foreign currency	USD 245,000 thousand @ 27.66	6,775,475
Total		<u>\$ 40,113,588</u>

Wan Hai Lines Ltd.

STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED
AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Name of financial instruments	Description	Shares (In thousands)		Book Value	Total Amount	Interest Rate	Acquisition Cost	Fair Value		Change in fair value-attribute to change in credit risk	Note
								Unit Price (NT\$)	Total Amount		
GREATWALL ENTERPRISE CO., LTD.	Domestic listed stocks	12,984	\$	-	-	- %	350,176	53.40	693,329	-	
Formosa Plastics Corporation	"	376	-	-	-	- %	29,619	104.00	39,134	-	
Formosa Chemicals & Fiber Corporation	"	245	-	-	-	- %	17,917	80.80	19,835	-	
Tainan Spinning Co., Ltd.	"	11,367	-	-	-	- %	211,565	25.55	290,424	-	
TAIYEN BIOTECH CO., LTD	"	1,108	-	-	-	- %	34,262	33.20	36,786	-	
China Steel Corporation	"	2,291	-	-	-	- %	57,287	35.35	80,992	-	
Delta Electronics, Inc.	"	4,354	-	-	-	- %	605,461	275.00	1,197,350	-	
Hon Hai Precision Ind.Co., Ltd.	"	77	-	-	-	- %	7,916	104.00	8,054	-	
Taiwan Semiconductor Manufacturing Co., Ltd	"	529	-	-	-	- %	207,905	615.00	325,335	-	
Transcend Information, Inc.	"	89	-	-	-	- %	9,530	73.10	6,514	-	
Amtran Technology Co., Ltd.	"	924	-	-	-	- %	35,041	17.60	16,263	-	
Yang Ming Marine Transport Corp.	"	958	-	-	-	- %	38,942	121.00	115,861	-	
China Airlines Ltd.	"	23,754	-	-	-	- %	457,957	27.55	654,419	-	
Chinese Maritime Transport Ltd.	"	435	-	-	-	- %	51,519	58.40	25,407	-	
Mega Financial Holding Co., Ltd.	"	18,800	-	-	-	- %	478,337	35.55	668,327	-	
Taishin Financial Holding Co., Ltd.	"	20,356	-	-	-	- %	229,092	18.95	385,749	-	
First Financial Holding Co., Ltd.	"	17,502	-	-	-	- %	264,018	24.50	428,804	-	
Shih Wei Navigation Co., Ltd.	"	776	-	-	-	- %	63,795	45.20	35,070	-	
Taiwan Cooperative Financial Holding Co., Ltd.	"	32,006	-	-	-	- %	453,655	25.45	814,554	-	
Taiwan Secom Co., Ltd.	"	3,303	-	-	-	- %	287,417	104.00	343,512	-	
The Eslite Spectrum Corporation	Domestic stocks traded over the counter	1,078	-	-	-	- %	136,106	59.6000	64,249	-	
TIGERAIR TAIWAN CO., LTD.	Domestic emerging stocks	358	-	-	-	- %	12,094	31.0000	11,108	-	
							<u>4,039,611</u>		<u>6,261,076</u>		

Wan Hai Lines Ltd.

STATEMENT OF CURRENT FINANCIAL
ASSETS AT AMORTIZED COST

December 31, 2021

(In Thousands of New Taiwan Dollars)

Name	Description	Boand Lot	Book Value	Total Amount	Interest Rate	Carrying Amount	Note
Saving accounts- Foreign Currency	USD 2,304 thousand @ 27.66	-	\$ -	-	- %	<u>63,717</u>	

STATEMENT OF NOTES RECEIVABLE

Client Name	Description	Amount	Notes
Notes receivables:			
Non-Related party:			
	SPEEMARK CONSOLIDATION SERVICE LTD.	\$ 6,557	
	Others (Note 1)	<u>63,140</u>	
	Total	<u>\$ 69,697</u>	

Note 1: The amount of individual client does not exceed 5% of the account balance.

Wan Hai Lines Ltd.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Notes</u>
Accounts receivable-joint service:			
Non-Related parties:			
Yang Ming Marine Transport Corp.		\$ 121,473	
Others (Note 1)		84,951	
Accounts receivable-freight, additional fee and container loading / discharge			
Related parties:			
Others (Note 1)		75,794	
Non-Related parties:			
Formosa Plastics Corporation	Freight and surcharge income	128,344	
Others (Note 1)	"	<u>1,582,683</u>	
Subtotal		1,993,245	
Less: Allowance for doubtful receivables		<u>(1,683)</u>	
Total		<u><u>\$ 1,991,562</u></u>	

Note 1: The amount of individual client does not exceed 5% of the amount balance.

Wan Hai Lines Ltd.
STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Related parties:			
Accounts receivable- disposal of assets	Revenue from sale of containers	\$ 1,294	
Accounts receivable-vessel rental revenue	Revenue from charters of the remaining fuel at the end of rental period or others	577,305	
Advance receivable	Advance receivable collected from WHL-Singapore	7,421,060	
Others		<u>397,439</u>	
Subtotal		<u>8,397,098</u>	
Non-Related parties:			
Receivables	Discount on expense of containers loading / discharge	70,360	
Accounts receivable-vessel rental revenue	Revenue from charters of the remaining fuel at the end of rental period or others	98,719	
Indemnity income receivables	Relevant insurance compensation	172,852	
Tax receivable	Income tax refunds	25,738	
Other		<u>105,477</u>	
Subtotal		<u>473,146</u>	
Total		<u>\$ 8,870,244</u>	

Wan Hai Lines Ltd.
STATEMENT OF INVENTORIES
DECEMBER 31, 2021
 (IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Amount		Note
	Cost	Net Realizable Value	
Light marine diesel oil	\$ 78,685	78,685	
Heavy marine diesel oil	713,060	713,060	
Fresh lubricating oil	8,394	8,394	
	\$ 800,139	800,139	

Wan Hai Lines Ltd.
STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepaid expenses:			
Prepaid rents	Prepaid rents of vessels and office	\$ 2,967	
Prepaid insurance	Prepaid insurance of containers, fire disaster, public liability insurance and mutual insurance	12,456	
Prepaid expenses-agents		163,513	
Others (The individual account does not exceed 5% of the amount balance)		102,256	
Sub total		<u>281,192</u>	
Payment on behalf of others:			
Payment on behalf of others-charters	Payment of fuel expense, accommodation fee, medical expense and others	229,740	
Payment on behalf of others-wharf expense	Relevant fees for ships entry and exit use	37,801	
Others (The individual account does not exceed 5% of the amount balance)		78,188	
Subtotal		<u>345,729</u>	
Total		<u>\$ 626,921</u>	

Wan Hai Lines Ltd.

STATEMENT OF CHANGES IN NON-CURRENT FINANCIAL
ASSETS MEASURED AT FAIR VALUE THROUGH OTHER
COMPREHENSIVE INCOME

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2021		Additions		Decrease		Balance, December 31, 2021		Collateral	Note
	Share (In thousands)	Carrying value	Share (In thousands)	Amount	Share (In thousands)	Amount	Share (In thousands)	Carrying value		
Shihlin Paper Corporation	6,374	\$ 377,984	2,977	228,902	-	-	9,351	606,886	None	
Chunghua Telecom Co., Ltd.	27,520	2,999,680	-	206,400	-	-	27,520	3,206,080	"	
Taipei Port Container Terminal Corp.	79,315	436,162	-	30,983	-	-	79,315	467,145	"	
United Stevedoring Corporation	781	13,958	-	-	-	1,798	781	12,160	"	
		\$ <u>3,827,784</u>		<u>466,285</u>				<u>4,292,271</u>		

Wan Hai Lines Ltd.

STATEMENT OF CHANGES IN INVESTMENTS
ACCOUNTED FOR USING EQUITY METHOD

FOR THE YEAR ENDED IN DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2021		Additions		Decrease		Balance, December 31, 2021		Market Value or Net Assets		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price		
Wan Hai Lines (Singapore) Pte Ltd	979,399,234	\$ 35,745,788	-	-	-	-	979,399,234	100.00 %	108,663,044	110.95	108,663,044	None
K.K. WH Corporation	500	24,513	-	-	-	1,621	500	100.00 %	22,892	45,783.17	22,892	"
Tan Cang-Cai Mep International Terminal Co., Ltd.	Note 1	436,375	-	4,833	-	-	Note 1	21.33 %	441,208	-	441,208	"
T.K. Logistics International Co., Ltd.	14,300,000	156,410	-	-	-	2,496	14,300,000	55.00 %	153,914	10.76	153,914	"
Bao Sheng Shipping Agency Co., Ltd.	3,000,000	40,652	-	-	-	2,574	3,000,000	70.01 %	38,078	12.69	38,078	"
Hai Phong International Container Terminal Co Ltd.	Note 1	534,245	-	47,386	-	-	Note 1	16.50 %	581,631	-	581,631	"
		<u>\$ 36,937,983</u>		<u>72,969,475</u>		<u>6,691</u>			<u>109,900,767</u>		<u>109,900,767</u>	

Note 1: Limited companies with no common share issued.

Wan Hai Lines Ltd.
STATEMENT OF OTHER NON-CURRENT
ASSET

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Deferred tax assets-non-current		\$ 231,501	
Refundable deposits		147,769	
Prepayments for equipment		2,213,417	
Others		<u>883</u>	
Total		<u>\$ 2,593,570</u>	

STATEMENT OF ACCOUNTS PAYABLES

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Accounts payable			
Related parties:			
WHL Singapore	Oil expense	\$ 7,568,346	
Other (Note 1)		338,932	
Non-related parties			
Other (Note 1)		5,939,369	
Accounts payable-agents commission in transit		138,484	
Accounts payable-containers fee		65,056	
Accounts payable-charters		101,948	
Accounts payable-joint service		39,991	
Accounts payable-rental fee		<u>70,049</u>	
Total		<u>\$ 14,262,175</u>	

Note 1: The amount of individual client does not exceed 5% of the amount balance.

Wan Hai Lines Ltd.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Accrued expense:		
Related party:		
Others (The amount of individual client does not exceed 5 % of the balance amount)		\$ 6,587
Non-related party		
Bonus payable	Estimated year-end bonus	852,842
Compensation payable	Estimated compensation to directors and employees	907,151
Others		<u>243,095</u>
Subtotal		<u>2,003,088</u>
Payables on equipment		1,206,428
Others		<u>250,051</u>
Total		<u><u>\$ 3,466,154</u></u>

STATEMENT OF LEASE LIABILITIES

Item	Lease terms	Discount rates	Amount	Note
Wharf	4~15 years	1.82%~2.2%	\$ 2,845,587	
Vessel equipment	1~27 years	1.8%~2.45%	116,436,155	
Containers	1~11 years	1.8%~4.04%	2,566,654	
Others	3~5 years	2%~2.35%	<u>7,990</u>	
Total			<u><u>\$ 121,856,386</u></u>	

Wan Hai Lines Ltd.
STATEMENT OF OTHER CURRENT
LIABILITIES

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Unearned receipts:			
Related party:			
WHL Thailand	Unearned revenue from selling containers and overpayment	\$ 56,473	
IAL (S)	"	10,165	
Others (Note 1)		<u>3,244</u>	
Subtotal		<u>69,882</u>	
Non-Related party:			
Others (Note 1)		<u>61,439</u>	
Subtotal		<u>61,439</u>	
Receipts under custody	Collection of income tax, labor and health insurance, etc.	67,725	
Guarantee deposits received	security deposit	<u>4,136</u>	
Total		<u>\$ 203,182</u>	

Note 1: The amount of individual client does not exceed 5% of the amount balance.

Wan Hai Lines Ltd.
STATEMENT OF LONG-TERM LOANS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

<u>Creditor</u>	<u>Description</u>	<u>Balance, December 31, 2021</u>	<u>Contract period</u>	<u>Range of Interest Rates</u>	<u>Collateral</u>	<u>Note</u>
Land Bank of Taiwan-Chang An Branch		\$ 292,789			Containers	
"		1,783,000			Building, Land	
"		1,230,000			Building, Land	
"		805,123			Containers	
Bank of China-Taipei Branch		622,237			Containers	
Mizuho Bank-Taipei Branch		414,825			Containers	
E.SUN BANK-Taipei Branch		494,617			Containers	
Mega International Commercial Bank Head Office -Foreign Dept.		73,747			Containers	
"		331,860			Containers	
First Commercial Bank-Jiancheng Branch		82,965			Containers	
"		331,860			Containers	
"		829,650			Containers	
"		1,244,475			Containers	
"		1,382,750			Containers	
Hua Nan Commercial Bank-Chengdong Branch		1,037,062			Containers	
Chang Hwa Commercial Bank-Chilin Branch		414,825			Containers	
"		774,340			Containers	
Ta Ching Bills Finance Corporation		1,000,000			-	
China Bills Finance Corporation		210,000			-	
"		600,000			-	
"		600,000			-	
Mega Bills Finance Corporation		1,400,000			-	
International Bills Finance Corporation		700,000			-	
"		300,000			-	
First Commercial Bank-Jiancheng Branch		414,825			-	
Jihsun Bank-Xinyi Branch		500,000			-	
TaipeiStarBank-Chang An Branch		<u>51,853</u>			-	
		17,922,803	2017.10.23~2041.05.04	0.20%~1.11%		
Less: Current portion		(2,878,817)				
Discount on commercial paper		(948)				
		<u>\$ 15,043,038</u>				

Wan Hai Lines Ltd.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED IN DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Numbers</u>	<u>Amount</u>	<u>Note</u>
Freight revenue		\$ 108,902,532	
Rent revenue		6,318,443	
Revenue from WHL terminal		632,696	
Other labor service		<u>162,155</u>	
		116,015,826	
Less: Sales returns and allowances		<u>(10,598)</u>	
Net amount of operating revenue		<u><u>\$ 116,005,228</u></u>	

STATEMENT OF OPERATING COSTS

<u>Item</u>	<u>Amount</u>
Agency Service	\$ 3,407,288
Port charges	1,851,573
stevedorage & cargo charges	21,349,908
Container expense	7,446,356
Vessel expense	9,901,835
Fuel Cost	6,399,364
Loss on inventory valuation	(13,147)
Vessel rental expense	4,579,951
Expense from WHL terminal	<u>2,293,839</u>
	<u><u>\$ 57,216,967</u></u>

Wan Hai Lines Ltd.

STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED IN DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Payroll expenses		\$ 2,415,035	
Entertainment expenses		95,717	
Taxes		343,656	
Service fees		28,534	
Expected Credit Losses		1,325	
Other expenses		1,190,357	None of individual amount exceed 5%
Total		<u>\$ 4,074,624</u>	

Note 1: Please refer to Note 6 (e) for hedging liabilities.

2: Please refer to Note 6 (i) for changes in property, plant and equipment.

3: Please refer to Note 6 (i) for changes in accumulated depreciation of the property, plant and equipment.

4: Please refer to Note 6 (j) for changes in the right-of-use-assets.

5: Please refer to Note 6 (j) for accumulated depreciation changes in right-of-use assets.

6: Please refer to Note 6 (k) for changes in investment property.

7: Please refer to Note 6 (k) for changes in accumulated depreciation of investment property.

8: Please refer to Note 6 (l) for changes in intangible assets.

9: Please refer to Note 6 (o) for bonds payable.

10: Please refer to Note 6 (q) for defined benefit obligation.

11: Please refer to Note 6 (r) for deferred tax assets and liabilities.

12: Please refer to Note 6 (w) for interest income.

13: Please refer to Note 6 (w) for other revenue.

14: Please refer to Note 6 (w) for other income and loss.

15: Please refer to Note 6 (w) for financial costs.

6.6 The financial difficulties encountered by the company and its affiliates from the past year and current year up to the annual report's publish date: None.



Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Unit: TWD thousand; %

Item	Year	2021	2020	Difference	
				Amounts	%
Current assets		132,697,578	31,336,570	101,361,008	323.46
Property, Plant and Equipment		82,634,574	54,166,521	28,468,053	52.56
Right-of-Use		18,245,877	7,727,240	10,518,637	136.12
Intangible Assets		75,808	81,857	(6,049)	(7.39)
Other Assets		24,026,988	15,285,430	8,741,558	57.19
Total Assets		257,680,825	108,597,618	149,083,207	137.28
Current Liabilities		48,060,731	24,749,262	23,311,469	94.19
Non-current Liabilities		65,047,654	39,676,014	25,371,640	63.95
Total Liabilities		113,108,385	64,425,276	48,683,109	75.57
Equity attributable to owners of parent		144,275,026	43,902,409	100,372,617	228.63
Common Stock		24,401,273	22,182,975	2,218,298	10.00
Capital surplus		1,271,775	1,271,775	0	0.00
Retained Earnings		122,589,473	23,687,262	98,902,211	417.53
Other Equity		(3,987,495)	(3,239,603)	(747,892)	(23.09)
Treasury Stock		0	0	0	0
Non-Controlling Interest		297,414	269,933	27,481	10.18
Total stockholders' equity		144,572,440	44,172,342	100,400,098	227.29

Illustration for significant variance:

1. The increase in current assets was mainly due to the increase in cash and cash equivalents.
2. The increase in property, plant and equipment was mainly due to the increase in vessels & containers.
3. The increase in right-of-use was mainly due to the increase in right-of-use-vessels.
4. The increase in other assets was mainly due to the increase in advance payments on equipment.
5. The increase in current liabilities was mainly due to the increase in current tax liabilities & current lease liabilities.
6. The increase in non-current liabilities was mainly due to the increase in deferred tax liabilities & long term borrowings.
7. The increase in retained earnings was mainly due to the increase in net income after income tax.
8. The decrease in other equities was mainly due to the decrease exchange on translation of foreign financial statements.

7.2 Analysis of operation results

Unit: TWD thousand; %

Item	Year	2021	2020	Difference	
				Amounts	%
Operating revenue		228,005,453	81,880,182	146,125,271	178.46
Operating cost		93,352,853	64,298,815	29,054,038	45.19
Gross profit		134,652,600	17,581,367	117,071,233	665.88
Operating expense		6,979,209	4,799,709	2,179,500	45.41
Operating income		127,673,391	12,781,658	114,891,733	898.88
Non-operating income and expenses		1,521,349	1,468,337	53,012	3.61
Net income before income tax		129,194,740	14,249,995	114,944,745	806.63
Income tax		25,777,512	2,892,507	22,885,005	791.18
Net income after income tax		103,417,228	11,357,488	92,059,740	810.56
Other comprehensive profit and loss (Net value after tax)		(769,977)	(1,748,561)	978,584	55.97
Total Comprehensive profit and loss from this period		102,647,251	9,608,927	93,038,324	968.25
Net earnings attributable to owners of parent		103,342,908	11,316,981	92,025,927	813.17
Net earnings attributable to non-controlling interest		74,320	40,507	33,813	83.47
Total comprehensive profit and loss attributable to owners of parent		102,590,915	9,572,865	93,018,050	971.68
Total comprehensive profit and loss attributable to non-controlling interest		56,336	36,062	20,274	56.22

Illustration for significant variance:

1. The increase in operating revenue was mainly due to raise in ocean freight.
2. The increase in operating cost was mainly due to increase in fuel cost & depreciation expense for right-of-use-vessel.
3. The increase in operating expense was mainly due to increase in bonus-employees.
4. The increase in other comprehensive profit and loss (net value after tax) was mainly due to increase in exchange differences on translation.

7.3 Analysis of cash flow

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

Items \ Year	2021	2020	Increase(Decrease)(%)
Cash flow ratio	275.91	70.98	+288%
Cash flow adequacy ratio	224.09	96.63	+131%
Cash re-investment ratio	52.93	12.44	+325%

Analysis of increase/decrease ratios:

Net cash flow provided by operating activities increase resulted in the increase of cash flow ratio, cash flow adequacy ratio and cash re-investment ratio.

7.3.2 Analysis of cash flow for the next year

Unit: TWD thousand

Cash as of beginning of the year	Cash inflow from operating activities	Cash outflow for the whole year	cash surplus (inefficiency)	Projected countermeasures for the shortage of cash	
				Investment Plans	Financial Plans
103,001,818	84,685,707	(58,323,988)	129,363,537	-	-

1. Analysis of cash flow for this year:

- (1) Operating activities: Expected demand and the average ocean freight rate will increase, so the company estimated that the cash inflow from operating activities is TWD 84,685,707 thousand.
- (2) Investing activities: Planning to purchase the fixed assets in the next coming year, the company estimated that the cash outflow from investment activities is TWD 36,057,855 thousand.
- (3) Financing activities: Under the influence of long term facility drawdown, and repaying loan and dividend in the next coming year, the company estimated that the cash outflow from financing activities is TWD 22,266,133 thousand.

2. Measures for insufficient cash and analysis for liquidity: Not applicable.

7.4 Major Capital Expenditure Items

7.4.1 The detail and funding source of significant capital expenditure

Unit: TWD thousand

Project Item	Actual or expected funding source	Actual or expected completion date	Total amounts needed	Actual or expected capital expenditure (Note1)				
				2021	2022	2023	2024	2025
Investing terminal	Loans	Investing terminal/Purchasing containers, vessels and office in Year 2021	137,971,111	42,127,301	36,130,561	39,345,119	20,368,129	0
Purchasing containers/ vessels/ office	Internal funds							
	Financing from capital market	Purchasing containers and vessels in Year 2021~2024						

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

7.4.2 Predicted benefits

The phase-in of brand new vessels and containers will enhance the vessel/container fleet, improve our service quality and reduce operating cost.

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

In order to raise the quality of our customer service and grasp market trends, we have cut down on operating costs and invested in outstanding shipping related businesses, shipping agencies, and vessel rental companies. Share of profit of long-term investments under equity method last year was TWD 196,599 thousand, which was mainly due to the investees' growth in operating income arising from the increase in the freight volume. Currently we have no plans for further investment in the coming year.

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

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

No significant change in interest rates in this year. And the cost of borrowing has not been significantly different than previous year because of the Company's debt structure adjustment. Although the company's income of USD is greater than its expenditures, consistent loans in USD, contained the risk exposure to exchange rate variations. For inflation, the company also continued to pay attention and response timely.

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

The company has always taken a safe approach to its funds, with mobility being a priority, and thus has never engaged in high risk or high leverage investments. The only funds lent were to completely-owned subsidiaries. The company provides guarantees completely-owned subsidiaries. The company follows our guidelines for lending and endorsement and guarantees. The company has instituted a management procedure for the buying and selling of derivative products.

7.6.3 Plans for future research and development and estimated R&D expenses.

The company will invest TWD641 million in 2022 for research and development in the following items:

1. Research in optimizing the layout of shipping routes.
2. Making adjustments in strategic alliances and shipping route layouts, in response to market demands and port congestion.
3. Promoting e-commerce.
4. Optimizing fleet efficiency, promoting shipping safety, environment protection and intelligent management.
5. Optimizing the stowage system and increasing operational efficiency.
6. Improving expertise in cold chain logistics
7. Improving efficiency and stability of the data and information systems and enhancing information and cyber security.

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

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

7.6.5 The impact of technological changes (including information security risks) and industry changes on the company's financial business and countermeasures

The development of information technology is rapidly accelerating. The company continues to increase IT capital expenditures and optimize software and hardware facilities in accordance with business needs. Taking into account efficiency and security protection, it continues to strengthen investment in information security risks, and enhance financial control capabilities and assist promotion with planning of financial work.

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

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

7.6.7 Anticipated benefits and possible risks from mergers and acquisitions: None.

7.6.8 Expansion of fleet and productivity, and expected benefits, possible risks and countermeasures.

Expanding our fleet will be essential for increasing our operational scale, operational volume and our profit. In response to market demands, we will adjust our shipping route layouts, design suitable vessel types to improve our fleet efficiency and to reduce operational costs.

However the shipping market is influenced by global economic cycles and other external factors, and thus subject to great changes. In recent years, global shipping capacity has increased and the industry is facing the risk of oversupply. We will pay close attention to the market trends, and will carefully evaluate operational scale, performance of vessels and will flexibly adjust renewal and layout of vessels, and will actively develop potential new markets.

7.6.9 Risks from centralization of stocking or sales: None.

7.6.10 The influence and risk from the share transfer and change from the company directors, and major stockholders who hold over 10% of the company shares: None.

7.6.11 The influence and risk from the change of company management: None.

7.6.12 For the company directors, general managers, the substantial person in charge, and the main stockholders who hold company shares over 10%, the company should list out the decided or in process litigation issues which is significant in influencing the shareholders' interests or security prices. The enclosed details shall include the facts, amount, litigation starting date, the main parties, and the updated situation up to the annual report publishing date:

The litigation and non-litigation issues that our corporation currently involved are mostly due to the claim for the loss during the shipping service or the dispute about the operation of the ship. These kinds of issues and payment after deducting the deductible are all covered by our insurance and can be reimbursed from the insurance policy. Hence, all the related risks are under proper control and have no any material effect to our company.

7.6.13 Other major risks and action plan: None.

7.7 Other significant information: None.

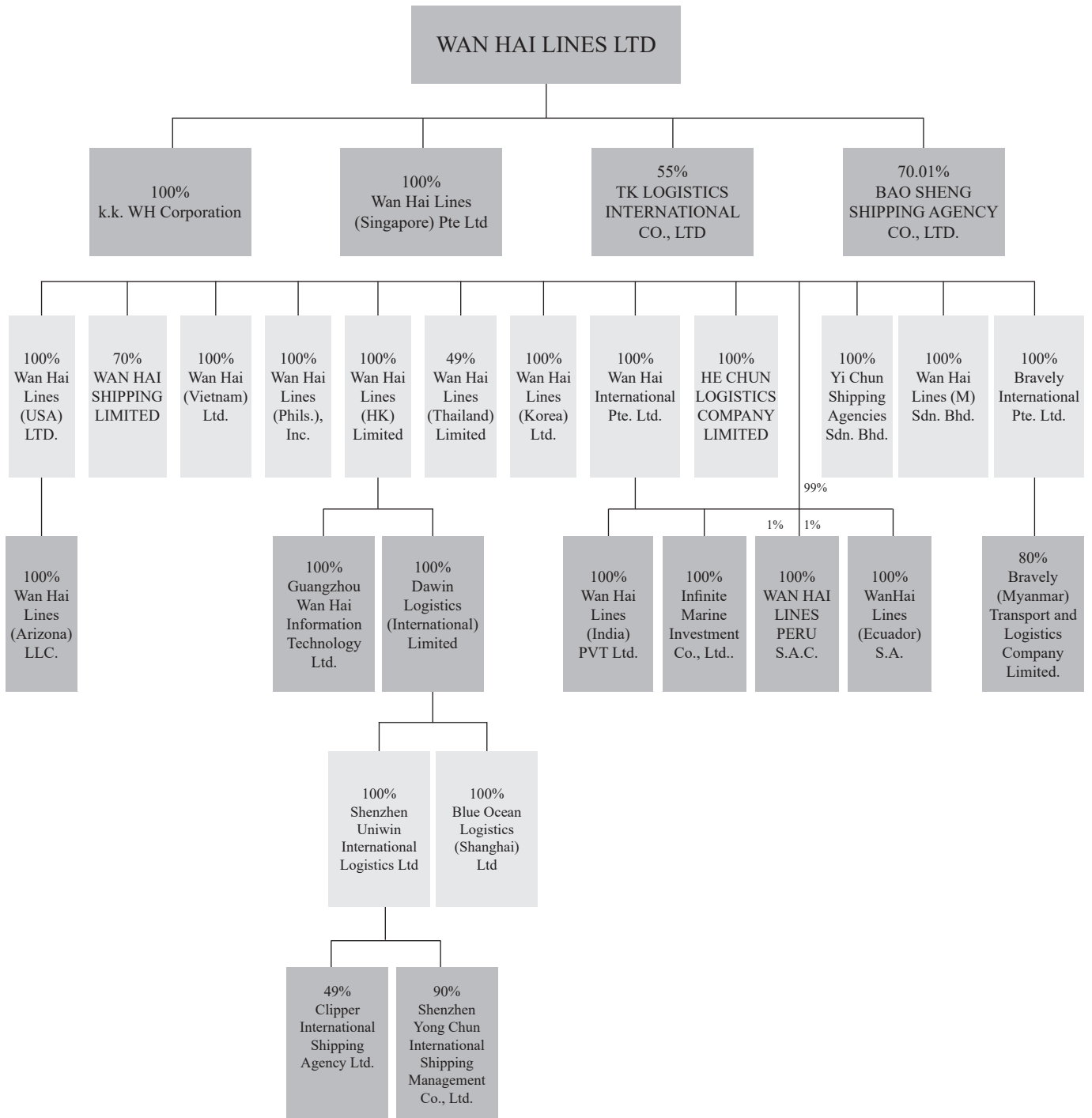


Special Disclosure

8.1 Related Parties Information

8.1.1 Consolidated Operation Report

1. Related Parties Structure



2. Related Parties' Basic Information

Company Name	Establish Date	Address	Capital Amount	Nature of Business
Wan Hai Lines (Phils.), Inc.	2000/10/05	18/F Rufino Pacific Tower #6784 Ayala Ave., corner V.A. Rufino St. 1223 Makati City, Philippines	9,015,400(PHP) EX rate: 51.05/27.655	International sea transportation, operations, agencies for transport affairs
Wan Hai Lines (HK) Limited	1986/10/17	3F. Singga Commercial Centre,144-151 Connaught Road West, Hong Kong	160,000,000(HKD) EX rate: 7.7986/27.655	International sea transportation, operations, agencies for transport affairs
Wan Hai Lines (Singapore) Pte Ltd	1991/05/09	79, Anson Road #10-01 Singapore 079906	714,259,854.86(USD) EX rate: 27.655	International sea transportation, operations, agencies for transport affairs, leasing of vessels
Wan Hai Lines (M) Sdn. Bhd.	1992/02/28	K-2-06, Jalan PJU 1A/41B, Pusat Dagangan NZX, Ara Jaya,47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia	500,000(MYR) EX rate: 4.1785/27.655	International sea transportation, operations, agencies for transport affairs
Yi Chun Shipping Agencies Sdn. Bhd.	1992/10/30	K-2-06, Jalan PJU 1A/41B, Pusat Dagangan NZX, Ara Jaya,47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia	200,000(MYR) EX rate: 4.1785/27.655	On Dock Depot operation
Wan Hai Lines (Korea) Ltd.	1991/08/12	15F, 43, DADONG-GIL, JUNG-GU, SEOUL, KOREA, 04521	400,000,000(WON) EX rate: 188.92/27.655	International sea transportation, operations, agencies for transport affairs
Shenzhen Yong Chun International Shipping Management Co., Ltd.	2010/07/20	Room A, B, 26F, Tianmian City Tower, Middle Shennan Blvd, Shenzhen, China	6,000,000(CNY) EX rate: 6.3705/27.655	International shipping management
Guangzhou Wan Hai Information Technology Ltd.	2000/07/13	20F, Baolizhongjing, 406 Huasui Rd., Guangzhou, China	2,125,450 (CNY) EX rate: 6.3705/27.655	Information and Software service
Wan Hai International Pte. Ltd.	2002/07/22	79, Anson Road #10-01 Singapore 079906	10,312,460 (SGD) EX rate: 1.3533/27.655	International sea transportation, operations, agencies for transport affairs
Bravely International Pte. Ltd.	2014/05/26	79, Anson Road #10-01 Singapore 079906	20,395,987.42 (USD) EX rate:27.655	International sea transportation, Investment
Infinite Marine Investment Co., Ltd.	2016/06/17	P.O. Box 10008, Willow House, Cricket Square/ Grand Cayman, KY1-1001, Cayman Islands	5,550,000.00(USD) EX rate:27.655	Investment
Wan Hai Lines (India) PVT Ltd.	2002/05/28	A-102 & 103, The Qube, near to International Airport, Marol Village.Andheri (East), Mumbai-400 059	100,000(INR) EX rate: 74.52/ 27.655	International sea transportation, operations, agencies for transport affairs
k.k. WH Corporation	2002/11/27	OI New NO.5 Terminal Bldg. 4F 4-9, Yashio 2-Chome Shinagawa-Ku, Tokyo 140-0003, Japan	25,000,000(JPY) EX rate: 115.13/27.655	Operation & Management of Terminal
Dawin Logistics (International) Limited	1980/11/18	2/F., Singga Commercial Centre,144-151. Connaught Road, West, Hong Kong	144,640,000(HKD) EX rate: 7.7986/27.655	Cargo handling, warehousing and investment service
Shenzhen Uniwin International Logistics Ltd.	2002/06/14	Room C,D, 25F, Tianmian City Tower, Middle Shennan Blvd, Shenzhen , China	132,615,268 (CNY) EX rate: 6.3705/27.655	Freight transportation and agency services for transport affairs
Clipper International Shipping Agency Ltd.	2004/12/30	Room 2205, 22FL.Haitong Securities Tower, No.689 Guangdong Road, Shanghai	1,000,000(CNY) EX rate: 6.3705/27.655	International sea transportation, operations, agencies for transport affairs
TK LOGISTICS INTERNATIONAL CO., LTD	2005/09/26	No.28 Zhong Shan 4th Road Keelung City, Taiwan	260,000,000(TWD)	Managing container terminals and storage facilities
BAO SHENG SHIPPING AGENCY CO., LTD.	2010/03/18	7F, No. 255, Ren 2nd Rd., Ren'ai District, Keelung City, Taiwan	42,850,000(TWD)	Acting as agent for transportation affair and contracting ocean shipping and related services
Blue Ocean Logistics (Shanghai) Ltd	2006/09/21	9/F,No.118, East Bao Xing Road, HongKou District, Shanghai	7,824,000(CNY) EX rate: 6.3705/27.655	Cargo handling, warehousing and international haulage service.
Wan Hai Lines (Thailand) Limited.	2006/05/01	21F, Lumpini Tower, 1168/56, 61 Rama 4 Road, Thungmahamek, Sathorn, Bangkok 10120, Thailand	10,000,000(THB) EX rate: 33.37/27.655	International sea transportation, operations, agencies for transport affairs
Wan Hai (Vietnam) Ltd.	2012/07/02	Mezz Floor & 9th Floor, MB Sunny Tower,259 Tran Hung Dao st,1st Dist., HCM City, S.R Vietnam	6,300,000,000(VND) EX rate: 22805/27.655	International sea transportation, operations, agencies for transport affairs
HE CHUN LOGISTICS COMPANY LIMITED	2018/10/05	Floor 6, TD Business Center Building, 20A Le Hong Phong Street, Dong Khe Ward, Ngo Quyen District, Hai Phong City, Vietnam	46,000,000,000(VND) EX rate: 22805/27.655	On dock depot operation
Bravely (Myanmar) Transport and Logistics Company Limited.	2015/05/29	No.235B , Shukhinthar Mayopat Road, Thaketa Township, Yangon, Myanmar	6,773,500,000(MMK) EX rate:1787/27.655	Haulage service and barge business
WAN HAI SHIPPING LIMITED	2019/01/16	Room(6), No.(30/A) , Yaw Min Gyi Street, Yaw Min Gyi Ward, Dagon Township, Yangon, Myanmar	76,170,000(MMK) EX rate:1787/27.655	International sea transportation, operations, agencies for transport affairs
WanHai Lines Ecuador S.A.	2016/10/26	Av. De Las Americas, Calle Republica. Sky Building Office No. 507, Guayaquil, Ecuador 090513	100,000(USD) EX rate:27.655	International sea transportation, operations, agencies for transport affairs
WAN HAI LINES PERU S.A.C.	2015/05/14	CALLE ENRIQUE PALACIOS 335, OFC 205, MIRAFLORES, LIMA, PERU	247,600(PEN) EX rate: 3.9925/27.655	International sea transportation, operations, agencies for transport affairs
Wan Hai Lines (Arizona) LLC.	2017/10/16	17200 N Perimeter Dr.,STE200,Scottsdale AZ 85255	12,000,000(USD) EX rate:27.655	House rental and management services
Wan Hai Lines (USA) LTD.	2018/05/17	17200 N Perimeter Dr.,STE200,Scottsdale AZ 85255	14,219,059.77 (USD) EX rate:27.655	International sea transportation, operations, agencies for transport affairs

3. The companies presumed to have a relationship of control and subordination should be disclosed: None.

4. The industries covered by the business operated by the affiliates overall The whole relatives' operation includes marine transportation, warehouse, shipping agency, leasing of vessels and containers, All related parties operate in coordination.

5. Related Parties' Directors, Supervisors and Presidents

Company Name	Title	Name	Holding shares on current date	
			shares	%
Wan Hai Lines (Phils.), Inc.	Chairman	WH-SG Representative Randy Chen	901,540	100%
	Director & President	WH-SG Representative Shen-Hsing Lo		
	Director	WH-SG Representative Hsueh-Hua Lu		
	Director	WH-SG Representative Valeriano S. del Rosario		
	Director	WH-SG Representative Cornelio T. Peralta		
	Director	WH-SG Representative Daphne Ruby B. Grasparil		
	Director	WH-SG Representative Marcos C. Sotalbo		
Wan Hai Lines (Korea) Ltd.	Chairman	WH-SG Representative Jen-Kai Wu	80,000	100%
	Director	WH-SG Representative Chung-Cheng Hsu		
	Director	WH-SG Representative Meng-Chuan Chang		
	Supervisor	WH-SG Representative Fur-Lung Hsieh		
Wan Hai Lines (M) Sdn. Bhd.	Director	WH-SG Representative Chih-Yuan Chen	500,000	100%
	Director	WH-SG Representative Fur-Lung Hsieh		
	Director	WH-SG Representative Wei-Ching Hu		
	Director	WH-SG Representative Ta Peng Ching		
Yi Chun Shipping Agencies Sdn. Bhd.	Director	WH-SG Representative Chih-Yuan Chen	200,000	100%
	Director	WH-SG Representative Fur-Lung Hsieh		
	Director	WH-SG Representative Wei-Ching Hu		
	Director	WH-SG Representative Ta Peng Ching		
Wan Hai Lines (Singapore) Pte Ltd	Director	WH-TPE Representative Randy Chen	979,399,234	100%
	Director	WH-TPE Representative Chih-Yuan Chen		
	Director	WH-TPE Representative Fei-Fei Chuang		
	Director	WH-TPE Representative Li-Chen Ke		
WAN HAI LINES PERU S.A.C.	Director	WH-SG Representative Randy Chen	247,600	100%
	Director	WH-SG Representative Meng-Chuan Chang		
	Director	WH-SG Representative Jen-Yang Yu		
Wan Hai International Pte. Ltd.	Director	WH-SG Representative Chih-Yuan Chen	10,312,460	100%
	Director	WH-SG Representative Fei-Fei Chuang		
	Director	WH-SG Representative Li-Chen Ke		
Bravely International Pte. Ltd.	Director	WH-SG Representative Chi-Hao Loh	28,262,221	100%
	Director	WH-SG Representative Eng-Huat Ang		
	Director	WH-SG Representative Yong-Hing Chan		
	Director	WH-SG Representative I-Hsin Chiu		

Company Name	Title	Name	Holding shares on current date	
			shares	%
Infinite Marine Investment Co., Ltd.	Director	WHI Representative Ya-Ting Yang	5,550,000	100%
	Director	WHI Representative Wei-Chi Shieh		
	Director	WHI Representative Tsai-Jung Huang		
Guangzhou Wan Hai Information Technology Ltd.	Chairman	WH-HK Representative Kwan-Wah Chu	-	100%
	Director	WH-HK Representative Tsao Chin-Chiang		
	Director	WH-HK Representative Yu-Man Chan		
Wan Hai Lines (HK) Limited	Director	WH-SG Representative Ching-Chih Chen	160,000,000	100%
	Director	WH-SG Representative Chih-Chao Chen		
	Director	WH-SG Representative Huai-Lung Chen		
	Director	WH-SG Representative Wen-Chau Yeh		
	Director	WH-SG Representative Kwan-Wah Chu		
	Director	WH-SG Representative Tsai-Jung Huang		
Dawin Logistics (International) Limited	Director	WH-HK Representative Ching-Chih Chen	144,640,000	100%
	Director	WH-HK Representative Chih-Chao Chen		
	Director	WH-HK Representative Huai-Lung Chen		
	Director	WH-HK Representative Wen-Chau Yeh		
	Director	WH-HK Representative Kwan-Wah Chu		
	Director	WH-HK Representative Tsai-Jung Huang		
Shenzhen Uniwin International Logistics Ltd.	Chairman	DAWIN Representative Kwan-Wah Chu	-	100%
	Director	DAWIN Representative Jen-Kai Wu		
	Director	DAWIN Representative Chien-Feng Wu		
	Supervisor	DAWIN Representative Yu-Man Chan		
Wan Hai Lines (India) PVT Ltd.	Director	WHI Representative Fur-Lung Hsieh	10,000	100%
	Director	WHI Representative Wen-Yueh Yang		
	Director	WHI Representative Prasad Bapat		
Clipper International Shipping Agency Ltd.	Chairman	UNIWIN Representative Chien-Feng Wu	-	49%
	Director	UNIWIN Representative Shyue-Jih Ma		
	Director	UNIWIN Representative Kwan-Wah Chu		
	Director	UNIWIN Representative Tian-Hai Chang		
	Supervisor	UNIWIN Representative Yu-Wan Chan		
	Director	ShenZhen TaiErXin Representative Yuan Chan		51%

Company Name	Title	Name	Holding shares on current date	
			shares	%
k.k. WH Corporation	President	WH-TPE Representative Ching-Chih Chen	500	100%
	Vice President	WH-TPE Representative Jen-Kai Wu		
	Director	WH-TPE Representative Fur-Lung Hsieh		
	Director	WH-TPE Representative Chao-Hon Chen		
	Supervisor	WH-TPE Representative Mitsuru Ito		
TK LOGISTICS INTERNATIONAL CO., LTD	Chairman	LUCKY OCEAN SHIPPING CO.,LTD Representative Cheng-Chung Chuang	2,600,000	10%
	Director	NEW SPEED TRANSPORTATION & TERMIINAL CORP Representative Jeffery Chen	2,600,000	10%
	Director	ZANG CHUN ASSETS MANAGEMENT CO., LTD Representative Billy Chen	2,600,000	10%
	Director	WH-TPE Representative Chuang-Chih Chuang	14,300,000	55%
	Director	WH-TPE Representative Cheng-Cheng Liow		
	Director	WH-TPE Representative Shen-Hsing Lo		
	Director	WH-TPE Representative Yi-Ting Liu		
	Supervisor	Shyue-Jih Ma	-	-
	Supervisor	Wei-Chien Chuang	-	-
	President	Chuang-Chih Chuang	-	-
BAO SHENG SHIPPING AGENCY CO., LTD.	Chairman	WH-TPE Representative Chih-Chao Chen	3,000,000	70.01%
	Director	WH-TPE Representative Wei-Chien Chuang		
	Director	WH-TPE Representative Li-Mei Su		
	Director	WH-TPE Representative Cheng-Cheng Liow		
	Supervisor	Shyue-Jih Ma	-	-
	Vice Chairman	Cheng-Chung Chuang	1,285,000	29.99%
	President	Chen-Chu Lin	-	-
Blue Ocean Logistics (Shanghai) Ltd	Chairman	DAWIN Representative Wei-Chien Chuang	-	100%
	Director	DAWIN Representative Ming-Shan Huang		
	Director	DAWIN Representative Chien-Feng Wu		
	Supervisor	DAWIN Representative Chih-Hsien Chen		
Wan Hai Lines (Thailand) Limited	Director	WH-SG Representative Fur-Lung Hsieh	49,000	49%
	Director	WH-SG Representative Fei-Fei Chuang		
	Director	WH-SG Representative Kwang-Ming Quek		
	Director	Sumate Lopinich	30,000	30%
	Director	Thanapol Thitipichetkul	1,000	1%
	Director	Apisara Withedvorakit	10,000	10%
	Director	Wichai Jierapakdee	10,000	10%

Company Name	Title	Name	Holding shares on current date	
			shares	%
Shenzhen Yong Chun International Shipping Management Co., Ltd.	Chairman	Shenzhen Uniwin Representative Kwan-Wah Chu	-	90%
	Director	Shenzhen Uniwin Representative Kuo-Loong Kao		
	Director	Shenzhen Uniwin Representative Chung-Ping Huang		
	Director	Shenzhen Uniwin Representative Wei-Kai Huang		
	Supervisor	Shenzhen Uniwin Representative Yu-Man Chan		
	Vice Chairman	Unitrans Group Co., Ltd. Jian Huang		10%
Wan Hai (Vietnam) Ltd.	Chairman	WH-SG Representative Fur-Lung Hsieh	-	100%
	Director	WH-SG Representative Jen-Kai Wu		
	Director	WH-SG Representative Jen-Yi Liao		
	Supervisor	WH-SG Representative Chih-Hsien Chen		
HE CHUN LOGISTICS COMPANY LIMITED	Chairman	WH-SG Representative Jen-Yi Liao	-	100%
	President	WH-SG Representative Meng-Yen Chen		
Bravely (Myanmar) Transport and Logistics Company Limited.	Chairman	Dr. Kyaw Win	1,000,000	20%
	Managing Director	Bravely International Pte. Ltd. Representative Chi-Hao Loh	4,000,000	80%
	Director	Bravely International Pte. Ltd. Representative Eng-Huat Ang		
	Director	Bravely International Pte. Ltd. Representative I-Hsin Chiu		
	Director	Bravely International Pte. Ltd. Representative Yong-Hing Chan		
WanHai Lines Ecuador S.A.	Director	WH-SG Representative Randy Chen	100,000	100%
	Director	WH-SG Representative Meng-Chuan Chang		
	Director	WH-SG Representative Jen-Yang Yu		
Wan Hai Lines (Arizona) LLC.	Director	WH-USA Representative Randy Chen	-	100%
	Director	WH-USA Representative Chih-Chao Chen		
	Director	WH-US Representative Fur-Lung Hsieh		
	Director	WH-US Representative Shen-Hsing Lo		
Wan Hai Lines (USA) LTD.	Director	WH-SG Representative Randy Chen	284,381	100%
	Director	WH-SG Representative Chih-Chao Chen		
	Director	WH-SG Representative Fur-Lung Hsieh		
	Director	WH-SG Representative Shen-Hsing Lo		

Company Name	Title	Name	Holding shares on current date	
			shares	%
WAN HAI SHIPPING LIMITED	Chairman	Dr. Kyaw Win	15,000	30%
	Director	WH-SG Representative Fur-Lung Hsieh	35,000	70%
	Director	WH-SG Representative Li-Mei Su		
	Director	WH-SG Representative Jen-Kai Wu		
	Director	WH-SG Representative Li-Chen Ke		

6. Related Parties' Financial Position & Operation Results

Unit : TWD 1,000 Per Share / TWD

2021/12/31

Company Name	Capital Amount	Total Assets	Total Liabilities	Net Worth	Operating Income *	Profit on Operating *	Profit Loss *	Earning per Share
Wan Hai Lines (Phils.), Inc.	5,991 (PHP 9,015,400.00)	638,742 (PHP 1,179,092,095.95)	622,331 (PHP 1,148,797,515.22)	16,411 (PHP 30,294,580.73)	58,567 (PHP 103,536,729.04)	6,827 (PHP 12,068,303.74)	5,675 (PHP 10,031,971.63)	6.29 (PHP 11.13)
Wan Hai Lines (HK) Limited	695,246 (HKD 160,000,000.00)	10,542,085 (HKD 2,972,826,018.90)	6,749,118 (HKD 1,903,224,343.72)	3,792,967 (HKD 1,069,601,675.18)	5,412,895 (HKD 1,509,355,594.53)	2,184,319 (HKD 609,085,195.74)	2,195,702 (HKD 612,259,970.60)	13.72 (HKD 3.83)
Guangzhou Wan Hai Information Technology Ltd.	7,922 (CNY 2,125,450.00)	14,025 (CNY 3,230,588.85)	(8,408) (CNY -1,936,837.92)	22,433 (CNY 5,167,426.77)	79,711 (CNY 18,497,762.00)	400 (CNY 92,718.62)	870 (CNY 201,879.68)	N/A
Dawin Logistics (International) Limited	570,480 (HKD 144,640,000.00)	6,290,261 (HKD 1,773,828,538.74)	5,379,243 (HKD 1,516,925,088.64)	911,018 (HKD 256,903,450.10)	2,951,602 (HKD 823,038,610.21)	197,565 (HKD 55,089,885.97)	150,650 (HKD 42,007,826.13)	1.04 (HKD 0.29)
Shenzhen Uniwin International Logistics Ltd.	644,016 (CNY 132,615,268.00)	6,109,846 (CNY 1,407,411,880.62)	5,367,963 (CNY 1,236,591,573.92)	741,883 (CNY 170,820,306.70)	1,114,006 (CNY 258,517,603.16)	163,657 (CNY 37,979,414.36)	118,709 (CNY 27,511,737.20)	N/A
Shenzhen Yong Chun International Shipping Management Co., Ltd.	29,068 (CNY 6,000,000.00)	53,147 (CNY 12,242,389.58)	10,176 (CNY 2,344,006.76)	42,971 (CNY 9,898,382.82)	76,682 (CNY 17,794,901.00)	6,504 (CNY 1,509,246.99)	6,307 (CNY 1,463,514.70)	N/A
Clipper International Shipping Agency Ltd.	4,070 (CNY 1,000,000.00)	5,272,304 (CNY 1,214,482,018.44)	5,247,982 (CNY 1,208,879,458.67)	24,322 (CNY 5,602,559.77)	579,599 (CNY 134,502,462.85)	42,259 (CNY 9,806,749.46)	22,139 (CNY 5,137,559.46)	N/A
Wan Hai Lines (Singapore) Pte Ltd	21,983,099 (USD 714,259,854.86)	151,977,531 (USD 5,495,481,151.52)	44,958,895 (USD 1,625,705,856.74)	107,019,675 (USD 3,869,812,879.27)	138,843,955 (USD 4,982,736,574.17)	73,602,353 (USD 2,641,390,729.33)	73,488,913 (USD 2,637,319,681.48)	75.03 (USD 2.69)
Wan Hai International Pte. Ltd.	239,979 (SGD 10,312,460.00)	1,432,795 (SGD 70,113,951.86)	793,774 (SGD 38,843,392.03)	639,021 (SGD 31,270,559.83)	598,475 (SGD 28,856,189.54)	268,730 (SGD 12,957,141.77)	250,233 (SGD 12,065,288.20)	24.27 (SGD 1.17)
Bravely International Pte. Ltd.	625,026 (USD 20,395,987.42)	95,267 (USD 3,444,819.56)	704 (USD 25,448.88)	94,563 (USD 3,419,370.68)	11,352 (USD 407,382.17)	(6,277) (USD -225,251.09)	(31,134) (USD -1,117,303.18)	N/A
Infinite Marine Investment Co., Ltd.	173,463 (USD 5,550,000.00)	5,387 (USD 194,793.60)	13 (USD 472.92)	5,374 (USD 194,320.68)	0 (USD 0)	(212) (USD -7,600.18)	(212) (USD -7,595.49)	N/A
Wan Hai Lines (M) Sdn. Bhd.	4,613 (MYR 500,000.00)	542,744 (MYR 82,005,259.59)	432,124 (MYR 65,291,286.06)	110,620 (MYR 16,713,973.53)	217,237 (MYR 32,295,152.72)	44,033 (MYR 6,546,127.07)	40,959 (MYR 6,089,095.43)	81.92 (MYR 12)
Yi Chun Shipping Agencies Sdn. Bhd.	1,845 (MYR 200,000.00)	65,134 (MYR 9,841,336.55)	49,017 (MYR 7,406,205.82)	16,117 (MYR 2,435,130.73)	84,830 (MYR 12,611,103.09)	2,648 (MYR 393,622.99)	(475) (MYR -70,601.72)	N/A
Wan Hai Lines (Korea) Ltd.	11,019 (WON 400,000,000)	279,649 (WON 12,022,445,286)	196,454 (WON 8,445,817,613)	83,195 (WON 3,576,627,673)	209,757 (WON 8,364,036,920)	93,306 (WON 3,720,575,600)	69,952 (WON 2,789,330,704)	874.40 (WON 34,867)
Wan Hai Lines (India) PVT Ltd.	69 (INR 100,000.00)	804,073 (INR 2,166,679,048.95)	437,911 (INR 1,180,006,889.47)	366,162 (INR 986,672,159.48)	375,326 (INR 997,735,134.82)	284,315 (INR 755,799,218.22)	215,904 (INR 573,940,731.29)	21,590.36 (INR 57,394.07)
k.k. WH Corporation	7,141 (JPY 25,000,000)	40,124 (JPY 167,044,619)	17,233 (JPY 71,745,093)	22,891 (JPY 95,299,526)	48,463 (JPY 190,800,000)	562 (JPY 2,214,452)	1,355 (JPY 5,333,685)	2,709.51 (JPY 10,667)
TK LOGISTICS INTERNATIONAL CO., LTD	260,000	908,340	628,496	279,844	255,676	30,995	14,000	0.54
BAO SHENG SHIPPING AGENCY CO., LTD.	42,850	314,095	259,707	54,388	57,125	3,963	2,240	0.52
Blue Ocean Logistics (Shanghai) Ltd	32,596 (CNY 7,824,000.00)	275,214 (CNY 63,395,992.63)	180,548 (CNY 41,589,616.57)	94,666 (CNY 21,806,376.06)	1,816,608 (CNY 421,564,188.31)	45,000 (CNY 10,442,711.27)	32,228 (CNY 7,478,865.58)	N/A
Wan Hai Lines (Thailand) Limited	9,657 (THB 10,000,000)	616,806 (THB 744,271,235)	379,727 (THB 458,199,097)	237,079 (THB 286,072,138)	255,376 (THB 292,804,070)	143,525 (THB 164,559,455)	107,307 (THB 123,033,324)	1,073.07 (THB 1,230)
Wan Hai (Vietnam) Ltd.	8,691 (VND 6,300,000,000)	935,877 (VND 771,747,284,733)	542,463 (VND 447,327,924,532)	393,414 (VND 324,419,360,201)	526,942 (VND 439,117,946,509)	421,135 (VND 350,945,688,034)	381,743 (VND 318,119,360,201)	N/A
HE CHUN LOGISTICS COMPANY LIMITED	60,857 (VND 46,000,000,000)	120,365 (VND 99,255,963,103)	27,628 (VND 22,782,346,276)	92,737 (VND 76,473,616,827)	94,604 (VND 78,836,843,852)	47,171 (VND 39,308,873,268)	36,568 (VND 30,473,616,827)	N/A
Bravely (Myanmar) Transport and Logistics Company Limited.	159,480 (MMK 6,773,500,000)	86,359 (MMK 5,580,292,868)	412 (MMK 26,620,140)	85,947 (MMK 5,553,672,728)	11,352 (MMK 678,970,275)	(2,852) (MMK -170,614,106)	3,063 (MMK 183,183,064)	0.61 (MMK 36.64)

Company Name	Capital Amount	Total Assets	Total Liabilities	Net Worth	Operating Income *	Profit on Operating *	Profit Loss *	Earning per Share
WanHai Lines Ecuador S.A.	3,191 (USD 100,000.00)	416,664 (USD 15,066,481.88)	379,679 (USD 13,729,119.93)	36,985 (USD 1,337,361.95)	95,534 (USD 3,428,459.87)	25,089 (USD 900,362.01)	19,613 (USD 703,868.23)	196 (USD 7.04)
WAN HAI LINES PERU S.A.C.	1,962 (PEN 247,600.00)	368,844 (PEN 53,249,307.79)	317,104 (PEN 45,779,631.97)	51,740 (PEN 7,469,675.83)	215,293 (PEN 29,912,117.64)	89,417 (PEN 12,423,222.90)	62,764 (PEN 8,720,186.12)	253 (PEN 35.22)
WAN HAI LINES (USA) LTD.	437,514 (USD 14,219,059.77)	3,171,254 (USD 114,672,008.70)	2,722,374 (USD 98,440,573.97)	448,880 (USD 16,231,434.73)	160,522 (USD 5,760,703.00)	5,341 (USD 191,679.62)	22,167 (USD 795,497.62)	77.95 (USD 2.80)
Wan Hai Lines (Arizona) LLC.	359,760 (USD 12,000,000.00)	368,246 (USD 13,315,726.37)	6,157 (USD 222,650.36)	362,089 (USD 13,093,076.01)	30,149 (USD 1,081,959.57)	9,129 (USD 327,617.78)	9,807 (USD 351,961.88)	N/A
WAN HAI SHIPPING LIMITED	1,536 (MMK 76,170,000)	1,247 (MMK 80,552,808)	0 (MMK 0)	1,247 (MMK 80,552,808)	0 (MMK 0)	(42) (MMK -2,483,422)	295 (MMK 17,634,908)	5.90 (MMK 353)

(1) 2021/231 Close rate

USD/TWD: 27.6550 JPY/TWD: 0.2402 USD/HKD: 7.7986 USD/SGD: 1.3533 USD/MYR: 4.1785 USD/KRW: 1189 USD/VND: 22805 USD/PHP: 51.05
USD/MMK: 1787 USD/THB: 33.3700 USD/PEN: 3.9925 USD/CNY: 6.3704 USD/INR: 74.52 HKD/CNY: 0.8169 SGD/INR: 55.0654

(2) 2021 Average rate

USD/TWD: 27.8650 JPY/TWD: 0.2540 USD/HKD: 7.7700 USD/SGD: 1.3435 USD/MYR: 4.1425 USD/KRW: 1111 USD/VND: 23221 USD/PHP: 49.2611
USD/MMK: 1667 USD/THB: 31.9489 USD/PEN: 3.8715 USD/CNY: 6.4662 USD/INR: 74.07 HKD/CNY: 0.8322 SGD/INR: 55.1333

(3) The capital amount was calculated by historical rate.

8.1.2 The consolidated financial statements of the affiliated enterprises

Statement

For 2021 (January 1 to December 31, 2021), affiliated enterprises of this Company that shall be included in the consolidated financial statements of the affiliated enterprises according to the rules prescribed by the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were the same as those companies that shall be included in consolidated financial statement of the parent company and subsidiaries as prescribed by International Financial Reporting Standards No. 10 (IFRS 10). All information to be disclosed in the consolidated financial statements of affiliated enterprises have already been disclosed in the consolidated financial statement of the parent company and subsidiaries. Hence, the consolidated financial statements of the affiliated enterprises were therefore not prepared separately.

As hereby declared

WAN HAI LINES LTD.

Chairman Jiu Fu Garden Co., Ltd.

Representative Po-Ting Chen

March 15, 2022

8.1.3 Affiliation report: None.

- 8.2 Summary of private-equity from the past year and current year up to the annual report's publish date: None.**
- 8.3 Summary of parent's shares held or disposed by subsidiaries from the past year and current year up to the annual report's publish date: None.**
- 8.4 Other necessary disclosures: None.**
- 8.5 Events that have had substantial impact upon shareholder's equity or securities prices as described in Article 36 of the Securities and Exchange Act from the past year and current year up to the annual report's publish date: None.**

WE CARRY, WE CARE.

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