

WAN HAI LINES LTD.

Ethical Corporate Management Best Practice Principles

Article 1 In order to strengthen the corporate culture of ethical corporate management and the sound development of the Company, the Company hereby adopts to comply with Ethical Corporate Management Best Practice Principles (the “Principles”) in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".

The scope of the Principles are applicable to the business groups and organizations of the Company, which comprise its subsidiaries, any foundation to which the TWSE/GTSM listed company's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company (hereinafter referred to as "Business Group").

Article 2 When engaging in commercial activities, directors, supervisors, managers, employees, mandatories of the Company and the Business Group or persons having substantial control over the Company or the Business Group, (hereinafter collectively referred to as "Company Staff," and people with substantial control referred to as “Substantial Controllers”) are not permitted to, directly or indirectly, offer, promise to offer, request or accept any improper benefits, or engage in any unethical acts including breach of ethics, illegal acts or breach of fiduciary duty that is in violation of integrity, is illegal, or breaches fiduciary duty for purpose of acquiring or maintaining benefits (hereinafter referred to as "Unethical Conduct").

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees, or Substantial Controllers or other stakeholders.

Article 3 "Benefits" in the Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment, or rebates of any type or in any name. Benefits received or given occasionally in accordance with normal social customs and that do not adversely affect specific rights and obligations shall be excluded.

- Article 4 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws and regulations relating to commercial conduct as the basic premise for the implementation of ethical corporate management.
- Article 5 The Company shall stipulate policies based on integrity with a business philosophy of probity, transparency, and responsibility at their core, and shall also establish good corporate governance and risk control mechanisms to create a sustainable management environment.
- Article 6 In addition to the Principals, the Company may stipulate various ethical corporate management procedures and conduct guidelines in accordance with actual needs, and clearly and thoroughly prescribe specific ethical corporate management practices and plans to prevent Unethical Conducts. The contents shall include operating procedures, conduct guidelines, training, etc., and comply with relevant laws and regulations of the Republic of China and the territories where Business Group operate.
- The Company may communicate with employees and other stakeholders in the course of formulating preventive measures.
- Article 7 The Company and the Business Group shall clearly specify ethical corporate management policies and the commitment by the Board of Directors and the management on rigorous and thorough implementation of such policies in their rules and external documents, and shall carry out the policies in internal management and in commercial activities.
- Article 8 The Company shall conduct commercial activities in a fair and transparent manner, based on the Ethical Corporate Management Best Practice Principles.
- Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in Unethical Conduct, and shall avoid any dealings with persons so involved.
- The content of the contracts between the Company and the agents, suppliers, clients, or other trading counterparties shall include ethical corporate management policies and include clauses that the Company may terminate or rescind the contracts when the trading counterparties are involved in Unethical Conduct.

- Article 9 The Company and Company Staff may not, directly or indirectly, offer, promise to offer, request or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants or other stakeholders when conducting business.
- Article 10 When providing direct or indirect contributions to political parties or organizations or individuals participating in political activities, the Company and Company Staff shall comply with the Political Donation Act and the relevant internal operating procedures of the Company, and shall not make such donations in exchange for commercial gain or business advantages.
- Article 11 The Company and Company Staff shall comply with relevant laws and regulations and internal operating procedures for charitable donations or sponsorships, and shall not surreptitiously engage in bribery.
- Article 12 Neither the Company nor Company Staff shall directly or indirectly offer or accept any unreasonable presents, hospitality, or other improper benefits to establish business relationships or influence commercial transactions.
- Article 13 The Company and Company Staff shall abide by the applicable regulations and laws, the Company's internal operating procedures, and contractual provisions concerning intellectual property, and shall not use, disclose, dispose, damage, or otherwise infringe the intellectual property rights without the prior consent of the intellectual property rights holder.
- Article 14 The Company shall engage in business activities in accordance with relevant competition laws and regulations and shall not engage in unfair competition.
- Article 15 In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and Company Staff shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 16 Company Staff shall exercise the due care of a good administrator to supervise and urge the Company to prevent Unethical Conduct, and shall review the implementation results at any time and make continuous improvements to ensure the implementation of the ethical corporate management policy.

The Company has appointed the Administration Division (the “Dedicated Unit”) to stipulate and supervise the implementation of ethical corporate management and formulate preventive measures to achieve the sound ethical corporate management, and to assist the Board of Directors and management in auditing and evaluating whether the preventive measures established for the purpose of implementing the ethical corporate management are functioning effectively, and making reports on the regular evaluation of the compliance with ethical management in operating procedures.

Article 17 Company Staff shall comply with the provisions of laws and regulations and Ethical Corporate Management Procedures and Conduct Guidelines of the Company.

Article 18 Company Staff, Substantial Controllers and other stakeholders attending or present at the board meetings shall abide by Ethical Corporate Management Procedures and Conduct Guidelines of the Company and voluntarily explain whether there is a potential conflict of interest with the Company, to allow the Company to identify, monitor, and manage the risks of Unethical Conducts caused by the conflicts of interest.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at the board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. Directors shall practice self-discipline and must not support one another in improper dealing.

Company Staff shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children, or any other person.

Article 19 The Company shall comply with the principles of ethical corporate management to establish an effective accounting system and internal control system, and shall not have under-the-table accounts or keep secret accounts, and review the systems at any time to ensure that the design and implementation of the system are showing results. The internal audit unit of the Company shall periodically examine the Company's compliance with the prevention systems and reduce audit reports and submit to the Board of Directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 20 The Chairperson, the General Manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall organize training sessions and advocacy activities for Company Staff periodically and invite counterparties that are engaged in business activities with the Company so they can fully understand the Company's determination toward ethical corporate management, policies, prevention programs and the consequences for engaging in Unethical Conduct.

The Company shall apply and combine the policies of ethical corporate management with employee performance assessment and human resources policies to establish a clear and effective incentive and punishment system.

Article 21 The Company's independent reporting mailbox, comment@wanhai.com, is available for internal and external individuals of the Company.

The Company shall process the identity of the whistle-blower and the content of the reported cases in a confidential manner when dealing with whistle-blowing incidents and protect the whistle-blower from improper or unfair treatment because of the whistle-blowing.

The acceptance, investigation process, investigation results, and creation and preservation of the relevant documents of the reported case shall be filed by the dedicated unit in accordance with the reporting system for unlawful and unethical practices (including corruption). The reported case involving directors and managers shall be escalated to an independent director, and a designated person must be appointed for the investigation.

If material violations or material damage to the Company has been discovered upon investigation, the designated personnel or unit handling the reporting system shall immediately prepare a report and notify the independent directors.

Article 22 Disciplinary actions and complaints of violations of policies of ethical corporate management shall be handled in accordance with the reporting system for unlawful and unethical practices (including corruption). The Company shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 23 The Company shall disclose the measures adopted for implementing the ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on the Company's websites, annual reports, and prospectuses, and shall disclose the content of the ethical corporate management best practice principles on the Market Observation Post System.

Article 24 The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 25 The Principles are implemented after the approval of the Board of Directors and should be disclosed and reported in the shareholders' meeting. The same applies to amendments.

When the Company submits the Principles to the Board of Directors for discussion in accordance with the previous article, the Board of Directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the Board of Directors meeting. An independent director that cannot attend the Board of Directors meeting in person to express an objection or reservations shall provide a written opinion before the Board of Directors meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.

Article 26 The Principles were enacted on December 19, 2018.