

WAN HAI LINES LTD.

Ethical Corporate Management Procedures and Conduct Guidelines

Article 1 The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, the Ethical Corporate Management Procedures and Conduct Guidelines (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM -Listed Companies and the applicable laws and regulations of the places where the Company and its business groups and organizations operate, with a view to providing the Company with clear directions for the performance of their duties.

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

Article 2 Company Staff in the Procedures and Guidelines refers to directors, supervisors, managers, employees, mandatories of the Company and Business Group or persons with substantial control in the Company or Business Group (hereinafter referred to as "Substantial Controllers").

Any provision, promise, request, or acceptance of any improper benefits by Company Staff will be presumed to be an act by the Company Staff.

Article 3 Unethical conduct, as described in the Procedures and Guidelines, refers to any conduct that Company Staff, in the course of their duties, directly or indirectly offer, promise to offer, request, or accept any improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring and maintaining benefits.

The counterparties of the Unethical Conduct in the preceding paragraph include public officials, political candidates, political parties or their staffs, and state-run or private-owned businesses or institutions, and their directors, supervisors, managers, mandatories, employees, Substantial Controllers or other stakeholders.

Article 4 In the Procedures and Guidelines, "Benefits" means any valuable things, including money, endowments, commission, positions, services, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever type or name. Benefits occasionally received or given in accordance with accepted social customs, and that do not adversely affect specific rights and obligations shall be excluded.

Article 5 The Company appoints the Administration Division as the dedicated unit (hereinafter referred to as the "Dedicated Unit") in charge of the amendment, implementation, interpretation, and advisory services regarding the Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The Dedicated Unit shall be in charge of the following matters and also submit regular reports to the Board of Directors:

- I. Assist in incorporating moral and ethical values into the Company's operating strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the laws and regulations.
- II. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
- III. Planning the internal organization, structure and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope that are at possible high risk for Unethical Conduct.
- IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.
- V. Developing a whistle-blowing system and ensuring its operating effectiveness.
- VI. Assisting the Board of Directors and management in auditing, and assessing whether preventive measures for implementing ethical management are operating effectively, and preparing reports on regular assessment of compliance with ethical management in operating procedures.

Article 6 Except under one of the following circumstances, when directly or indirectly offering, promising to offer, requesting, or accepting benefits stipulated in Article 4, the Company Staff shall comply with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Procedures and Guidelines, and the relevant procedures shall have been carried out:

- I. The conduct is undertaken to meet business needs and is in accordance with local courtesies, convention, or customs during domestic(or foreign) visits, reception of guests, and promotion of business, and communication and coordination.
- II. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
- III. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
- IV. Attendance at folk festivals that are open to and invite the attendance of the general public.
- V. Rewards, emergency assistance, condolence payments, or honorariums from the management.
- VI. Other conduct that complies with social customs and courtesies or the rules of the Company.

Article 7 When the Company Staff are directly or indirectly offered or promised to offer the benefits as stipulated in Article 4 by a third party, except for the circumstances set out in the preceding paragraphs or after prior approval, Company Staff shall reject or refund the relevant benefits, and shall report to his or her immediate supervisor and the Dedicated Unit of the Company, regardless of whether there is relationship of interest between the party providing or offering the benefit and the official duties of this Company Staff. If the benefit cannot be returned, this Company Staff shall submit to the Dedicated Unit within three days from the date of receipt.

The Company's Dedicated Unit shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to public, or donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported to and approved by the general manager.

- Article 8 The Company shall not offer or promise to offer any bribery.
- If the Company Staff offers or promises to offer bribes because of threats or intimidation, he or she shall record the process and report to the immediate supervisor, as well as notify the Company's Dedicated Unit.
- Upon the receipt of the report under the preceding paragraph, the Company's Dedicated Unit shall handle the matter immediately and undertake a review of relevant matters in order to minimize the risk of reoccurrence. In a case involving alleged illegality, Dedicated Unit shall also immediately report to the relevant judicial agency.
- Article 9 The Company takes a neutral political position to provide contributions directly or indirectly to political parties or organizations or individuals participating in political activities in accordance with the Political Donation Act and relevant internal operating rules of the Company, and shall not make such donation in exchange for commercial gain or business advantages.
- The Company Staff are not allowed to engage in political activities of any political party or political group during working hours and in workplaces, and shall not post or dispatch or spread political event posters, articles, and other relevant materials through email.
- Article 10 Charitable donations or sponsorships provided by the Company should be handled in accordance with the relevant rules of the Company and the following provisions:
- I. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Company is doing business.
 - II. A written record of the decision making process shall be kept.
 - III. A charitable donation shall be given to a valid charitable institution or governments and may not be a disguised form of bribery.
 - IV. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which the Company Staff has a relationship of interest.
 - V. After the donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11 When a Company's director, supervisor, manager, or other stakeholder attending or present at board meetings, or the juristic person represented thereby, has a stake in a proposal at the meeting, such director, supervisor, officer or stakeholder shall state the important aspects of the relationship of interest at the given board meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion of or vote on the proposal, shall recuse himself or herself from any discussion or voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

If in the course of conducting the Company's business, the Company Staff discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or other stakeholders is likely to obtain improper benefits, the Company Staff shall report the relevant matters to both his or her immediate supervisor and the Dedicated Unit, and the immediate supervisor shall provide the Company Staff with appropriate instructions.

The Company Staff shall not use company resources on commercial activities other than those of the Company, nor may any of the Company Staff's work performance be affected by his or her participation in commercial activities other than those of the Company.

Article 12 All departments of the Company shall faithfully implement the management, preservation and confidentiality procedures of the Company's business secrets, trademarks, patents, works, and other intellectual property, and shall ensure the sustained effectiveness of the Company's confidentiality procedures.

The Company Staff shall faithfully abide by the relevant laws and regulations of intellectual properties, the Company's internal operating procedures, and contractual provisions, and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, or other intellectual properties of the Company unrelated to their individual duties.

Article 13 The Company shall follow the Fair Trade Act and relevant competition laws and regulations when engaging in business activities, and shall not engage in unfair competition.

Article 14 The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause the Company Staff to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

The Company shall set policies that protect the rights and interests of consumers and other stakeholders, and publish the policy on the Company website, to prevent products or 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 Company's products or services are likely to pose a hazard to the safety and health of consumers or other stakeholders, the Company shall, by principle, recall those products or suspend the services, verify the facts, and present a review and improvement plan immediately.

The Dedicated Unit of the Company shall report the event as in the preceding paragraph, the actions taken, and subsequent reviews and corrective measures taken to the Board of Directors.

Article 15 The Company Staff shall adhere to Securities and Exchange Act, and shall not use their knowledge of undisclosed information to engaging in insider trading, and shall not disclose undisclosed information to others to prevent other from using undisclosed information to engaging in insider trading.

Any organization or person outside of the Company that participate in the Company's mergers, demerger, acquisitions, share transfers, major memoranda of understanding, strategic alliances, and other business cooperation plans or important contracts by the Company shall sign a confidentiality agreement with the Company in which they promise not to disclose the Company's trade secrets or other material information that they are aware of to others, and that they shall not use such information without the Company's prior approval.

Article 16 The Company shall disclose its ethical management policy in its internal rules, annual reports, on the Company's website, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches, investor press conferences, in order to make its suppliers, customers, and other business-related organizations and personnel can fully understand the Company's principals and rules with respect to ethical management.

Article 17 Before the Company develops a commercial relationship with others, the Company shall first evaluate the legality and ethical management policy of the agent(s), supplier(s), customer(s), or other counterparty in commercial dealing, and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party operate business in a fair and transparent manner and will not request, offer, or accept bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- I. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- II. Whether that enterprise has established ethical management policy and the implementation status.
- III. Whether enterprise's business operations are located in a country with a high risk of corruption.
- IV. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
- V. The long-term operating status and degree of goodwill of the enterprise.
- VI. Consultation with the enterprise's business partners on their opinion of the enterprise.
- VII. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 When engaging in commercial activities, the Company Staff shall make a statement to the trading counterparty about the Company's ethical management policy and other related rules, and shall clearly refuse to directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form or name.

Article 19 The Company Staff shall avoid business transactions with agents, suppliers, customers or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the Company Staff shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

Article 20 When the Company signs a contract with others, the Company shall sufficiently understand the ethical management status of the other party and shall make observance of the Company's ethical management policy part of the terms and conditions of the contract, stipulating at the least the following matters:

- I. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the offer, promise to offer, request, or acceptance was made, and the monetary amount or other improper benefit that was offered, promised to offer, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim the damages from the other party, and may also deduct the full amount of the damages from the contract price payable.
- II. If any party engages in Unethical Conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- III. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21 The Company encourages internal and external personnel to report unethical conduct or misconduct. False reports or malicious allegations made by internal personnel will be disciplined based on the seriousness of the conditions and in accordance with the rules of the Company.

The Company has announced an internal independent reporting mailbox: comment@wanhai.com, on the Company website and internal website for use by internal and external personnel of the Company.

The reporting personnel shall provide the following information at a minimum:

- I. The name, ID number, address, phone number, and email of the reporter, where the reporter can be reached.
- II. The name of the person to be reported for the violation or other information that can identify the identity of the accused person.
- III. Specific evidence that can be used for investigation.

The Company Staff who handle reported violations shall represent in writing to ensure that they will keep the identity of the reporter and the content of the report confidential. The Company also promises to protect the reporter from improper and unfair treatment because of the reported violation.

The Company's Dedicated Unit shall observe the following procedures:

- I. For reporting that is involved with regular employees, the head of the department shall be notified. For reporting that is involved with directors or managers, the independent directors shall be notified.
- II. The Company's Dedicated Unit and its notified supervisors or personnel of the preceding paragraph shall, as soon as possible after receiving the report, ascertain the relevant facts and, if necessary, receive assistance from other relevant departments.
- III. If the person being reported is proven to have indeed violated relevant regulations or the Company's ethical management policy rules, the Company will require the person to immediately cease his/her improper behavior and make an appropriate disposition. The Company will take necessary actions, including legal proceedings for claiming damages and remedy, if necessary, to protect the Company's reputation and rights and interests.

- IV. The Company may provide the accused person an opportunity to make a statement or appeal before it makes a decision on disciplinary action.
- V. The violation reporting, investigation process, and the investigation result shall be documented and be saved for five years. The storage method can be in electronic format. If a lawsuit relevant to the report occurs before the expiration of the above storage period, the relevant data shall be kept until the conclusion of the lawsuit.
- VI. If the reported violations have been verified, the Company's related units shall be instructed to review and revise the relevant internal control measures and operating procedures, and propose corrective measures to prevent the re-occurrence of such incident.
- VII. The Company's Dedicated Unit shall report the violations, the handling actions, and follow-up review and corrective measures to the Board of Directors.

Article 22 If the Company Staff discovers that another party has engaged in Unethical Conduct towards the Company, and such Unethical Conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 23 The Company's Dedicated Unit should regularly hold internal promoting activities, and arrange for the Chairman of the Board, the General Manager, or senior executives to convey the importance of ethics to its directors, employees, and mandataries.

The Company shall include ethical management into employee work performance evaluations and human resources policies, and establish clear and effective systems for rewards, punishments, and complaints.

If Company Staff seriously violates Unethical Conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 24 The Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by the resolution of the Board of Directors, and shall be reported to the shareholder's meeting.

When the Procedures and Guidelines are submitted to the Board of Directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and expressed reservations shall be recorded in the minutes of the Board meeting. If an independent director is unable to attend a Board meeting in person to express objections or reservations, he or she shall provide a written opinion before the Board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the Board meeting.

Article 25 The Procedures and Guidelines were enacted on December 19, 2018.