

Stock Code: 2615

(This translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail)

**WAN HAI LINES LTD.
2016 Annual General Shareholders' Meeting**

Time: June 29, 2016

Venue: 9F., No.189, Shishang Rd., Shilin Dist., Taipei City

National Taiwan Science Education Center International Conference Hall

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

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

Contents

One. Meeting Procedures	1
Two. Meeting Agendas	2
1. Discussions.....	3
2. Reports.....	4
3. Acknowledgements.....	5
4. Special Motions.....	6
Three. Attachments	
1. Comparative Table: Amendments to Memorandum of Association.....	7
2. 2015 Business Report.....	11
3. 2015 Independent Auditors' Report and Financial Statements.....	17
4. Supervisors' Report for Fiscal Year 2015.....	29
5. 2015 Earnings Appropriation.....	31
Four. Appendixes	
1. Memorandum of Association (After Amendments).....	32
2. General Shareholders' Meeting Rules.....	37
3. Other Information That Should Be Disclosed.....	43
4. Status of the Number of Shares Held by Directors and Supervisors.....	45

WAN HAI LINES LTD.

2016 Annual General Shareholders' Meeting Procedures

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

WAN HAI LINES LTD.

2016 Annual General Shareholders' Meeting Agendas

1. Time: 9:00 a.m. Wednesday, June 29, 2016
2. Venue: 9F., No.189, Shishang Rd., Shilin Dist., Taipei City
National Taiwan Science Education Center International Conference Hall
3. Commence Meeting
4. Chairman's Speech
5. Discussions
 - (1) Amendments to the "WAN HAI LINES LTD. Memorandum of Association"
6. Reports
 - (1) 2015 annual employees' remuneration and Directors' and Supervisors' remuneration report for acknowledgments.
 - (2) 2015 Business Report
 - (3) Supervisors' Report for Fiscal Year 2015
 - (4) Matters related to the issue of domestic unsecured corporate bonds in 2016 report for acknowledgments.
7. Acknowledgements
 - (1) Presenting the 2015 Financial Statements and Business Report
 - (2) Presenting the 2015 Earnings Appropriation
8. Special Motions
9. Dismissal

【 Discussions 】

1st Motion:

Agenda: Discussing the Regulations for Acquisition and Disposal of Assets by WAN HAI LINES LTD. And Its Subsidiaries. (Proposed by the Board of Directors)

Details:

1. In accordance with regulation letter no. 1020053112 of the Financial Supervisory Commission on December 31, 2013, and the Securities Exchange Act Article 14-4, companies not in the financial sector with a capital amounting to NT\$10 billion whose stock is listed on the stock exchange or traded over the counter, should establish an Audit Committee to replace the Company's Supervisors. The Audit Committee shall be composed independent directors, not totaling less than three members.
2. Based on the new amended Company Act Article 235-1, and new amended Article 235 and Article 240, the Ministry of Economic Affairs issued the business trade letter no. 10402413890, and also issued the business trade letter no. 10402427800, to explain these regulations. The main amendments to the related to the issue of Employees' remuneration and Directors' and Supervisors' remuneration as described below:
 - (1) Shareholders' rights and benefits regarding surplus profit, dividends and bonuses allocation (i.e., the distribution of profits) when limited to shareholders, should be taken into consideration. Thus removing provisions relating to employee bonuses and related regulations.
 - (2) Stipulating in the Memorandum of Association the current year profit situation in terms of fixed amounts or ratios, and assigning employee remuneration to motivate employees.
3. In conclusion, In response to Act amendments and consider the interests of shareholders and the company's long-term financial planning and meet the Company's need, the Memorandum of Association are amended in part.
5. For a before-after comparison of revisions and reason for amendment refer to Attachment 1 (pages 7th ~pages 10th). For post-revision regulations refer to Appendix 1 (pages 32nd ~pages 36th).
6. The topic is ready for discussion.

Resolution:

【 Reports 】

1. 2015 annual employees' remuneration and Directors' and Supervisors' remuneration report for acknowledgments.

Details:

- (1) Based on the new amended Company Act Article 235-1, and new amended Article 235 and Article 240, the Ministry of Economic Affairs issued the business trade letter no. 10402413890, and also issued the business trade letter no. 10402427800. Article 11 of the Company's Memorandum of Association was revised in accordance with these amended regulations.
- (2) The Company's 2015 annual profit was NT\$5,730,669,283 (pre-tax benefit before the deduction of employees' remuneration and Directors' and Supervisors' remuneration, and after deducting accumulated losses), with a provision of 1% for employees' remuneration as NT\$57,306,693, and 1% for Directors' and Supervisors' remuneration as NT\$57,306,693.
- (3) There was a decrease of the annual net profit after tax in 2015 when compared with 2014; however in 2015, there was increase in employees' remuneration and Directors' and Supervisors' remuneration when compared with 2014. This was due to the way in which employees' remuneration and Directors' and Supervisors' remuneration was calculated; in 2015, Article 235-1 of the Company Act was amended and issued into law. At the 2015 annual shareholders' meeting the Company's amended Memorandum of Association came into effect whereby both employees' remuneration and Directors' and Supervisors' remuneration were calculated using a 1% pre-tax net profit. In 2014, before the Memorandum of Association was amended, a 1% after-tax profit system was used for calculation, and so the amount allocated has changed from the after-tax to the pre-tax calculation system, otherwise the 1% amount used for employees' remuneration and Directors' and Supervisors' remuneration did not change.

2. Please examine the 2015 Business Report.

Details: Refer to Attachment 2. (pages 11st ~16th)

3. Please examine the Supervisors' Report for Fiscal Year 2015.

Details: Refer to Attachment 4. (pages 29th ~30th)

4. Matters related to the issue of domestic unsecured corporate bonds in 2016 report for acknowledgments.

Details: Due to operational requirements, on May 11, the Company's Board of

Directors approved the single or multiple times issue of domestic corporate bonds, with the issued amount not exceeding more than NT\$5.7 billion. The Chairman of the Board was authorized on the behalf of the Company, in accordance with market conditions, to determine the conditions of issue, which plans to repay loans and to strengthen financial structure.

【Acknowledgements】

1st Motion:

Agenda: Presenting the 2015 Financial Statements and Business Report for acknowledgements. (Proposed by Board of Directors)

Details:

1. The Company's 2015 Balance Sheet, Income Statement, Changes in Stockholder Rights, Cash Flow Table, and other Financial Statements (including Consolidated Financial Statements), have already been examined and approved by Auditors. The Financial Statements and Business Report has also been sent to the Supervisors, and Supervisors has been completed. An Independent Auditor's Report has been included on the record.
2. For the Business Report and Financial Statements mentioned above, please refer to Attachments 2&3. (pages 11st~28th)
3. The topic is ready for acknowledgements.

Resolution:

2nd Motion:

Agenda: Presenting the 2015 Earnings Appropriation for acknowledgements. (Proposed by Board of Directors)

Details:

1. The Company's 2015 net income after tax was NT\$3,942,909,485. In accordance with relevant laws and the Memorandum of Association, 10% of this amount NT\$394,290,949, and the reversal of special reserve was NT\$63,721,236, with the addition of beginning period undistributed earnings of NT\$677,900,643, and other comprehensive losses with a deduction of NT\$ 13,755,331 (the 2015 annual benefit scheme number was re-evaluated), the available undistributed earnings was NT\$4,276,485,084. In addition to the non-allocation at the beginning period of undistributed earnings, the 2015 annual earnings appropriation was NT\$ 2,661,956,959 for distribution to shareholders as cash dividend of NT\$1.2 per share.
2. The earning per share by the distribution NT\$ ratio calculation, with any

amount less than NT\$1 being forfeited. Less than a dollar fractional totals are adjusted in order from large to small decimal points and shareholders numbers are ordered from first to last to meet the distribution of the cash dividend total. The shareholders meeting is requested to ratify authorization for the Board of Directors to stipulate Base date of distribution and Cash dividend payment date.

3. The shareholders meeting is requested to ratify authorization for the Board of Directors to make all necessary adjustments if changes in share capital impact volume of shares in circulation and subsequently affect the dividend yield.
4. For the company's 2015 Earnings Appropriation table, please refer to Attachment 5 (page 31st).
5. The topic is ready for acknowledgements.

Resolution:

【Special Motions】

【Dismissal】

Comparative Table: Amendments to Memorandum of Association

Clause after amendment	Clause before amendment	Reason for amendment
<p>Article 4: <u>The Company's public announcement in accordance with Article 28 of Company Act.</u></p>	<p>Article 4: <u>Public announcements by the Company are published in a conspicuous place on a daily newspaper circulated in the municipality or county (city) where in the Company is located.</u></p>	<p>The Company is able to issue its stock to the public, in accordance with the special provisions of securities regulatory authorities as stated in the Company Act.</p>
<p>Article 7: The Board of Directors</p> <p>1.The Company's Board of Directors consists of 7 individuals, elected by shareholders possessing the capacity to do so. The term of office is three years, and directors may be reelected to serve another term.</p> <p>2.The Company's directors shall be nominated and elected from the name list of directors. The Company <u>should be of not less than three people, and not less than one-fifth of the directors should be in attendance.</u> The professional qualifications, restrictions on shareholdings and concurrent post, identification of independence, nomination and election, and exercise of authority, and other requirements to be complied with by the independent directors shall be handled subject to the Securities and Exchange Act and the relevant laws and regulations.</p> <p>3.With two-thirds or more of the directors present, one chairman of the board, and one vice chairman of the board may be elected by consent of over half of the present directors.</p> <p>4.Article 208 of the Company Act shall apply when the directors' meeting is suspended.</p> <p>5.The Board of Directors meets once every <u>quarterly</u>, and extraordinary sessions may be convened when necessary. The Chairman of the Board serves as Chairman of the meeting. If the Chairman has asked for leave, or is unable to exercise his responsibilities due to other circumstances, the vice Chairman acts on the Chairman's behalf. In the case of the vice also asking for leave or being unable to exercise his responsibilities due to other circumstances, the Chairman of the Board may appoint a director to act on his or her behalf. If the Chairman has not indicated a representative, the directors may nominate a director to take his or her place. Unless otherwise provided for in the Company Act and these Articles, resolutions at a directors' meeting shall be adopted at the meeting attended by a majority of the Directors and upon a majority votes of the present directors.</p> <p>6.In the event that a director is unable to attend the Board of Directors meeting, a proxy may be appointed to attend, in compliance with Article 205 of the Company Act.</p> <p>7. A directors' meeting may be convened via fax or E-mail.</p> <p>8.The total number of shares of the Company held by the entirety of the Board of Directors must comply with regulations as stated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the Financial Supervisory Commission.</p> <p>9.The remuneration to all members of the Board of Directors is based on the value of their participation and contributions to the operation of the Company, bearing in mind amount of remuneration in industry peers.</p>	<p>Article 7: The Board of Directors</p> <p>1.The Company's Board of Directors consists of 7 individuals, elected by shareholders possessing the capacity to do so. The term of office is three years, and directors may be reelected to serve another term.</p> <p>2.The Company's directors shall be nominated and elected from the name list of directors. The Company <u>shall install two independent directors in the quorum of said directors.</u> The professional qualifications, restrictions on shareholdings and concurrent post, identification of independence, nomination and election, and exercise of authority, and other requirements to be complied with by the independent directors shall be handled subject to the Securities and Exchange Act and the relevant laws and regulations.</p> <p>3.With two-thirds or more of the directors present, one chairman of the board, and one vice chairman of the board may be elected by consent of over half of the present directors.</p> <p>4.Article 208 of the Company Act shall apply when the directors' meeting is suspended.</p> <p>5.The Board of Directors meets once every <u>three months</u>, and extraordinary sessions may be convened when necessary. The Chairman of the Board serves as Chairman of the meeting. If the Chairman has asked for leave, or is unable to exercise his responsibilities due to other circumstances, the vice Chairman acts on the Chairman's behalf. In the case of the vice also asking for leave or being unable to exercise his responsibilities due to other circumstances, the Chairman of the Board may appoint a director to act on his or her behalf. If the Chairman has not indicated a representative, the directors may nominate a director to take his or her place. Unless otherwise provided for in the Company Act and these Articles, resolutions at a directors' meeting shall be adopted at the meeting attended by a majority of the Directors and upon a majority votes of the present directors.</p> <p>6.In the event that a director is unable to attend the Board of Directors meeting, a proxy may be appointed to attend, in compliance with Article 205 of the Company Act.</p> <p>7. A directors' meeting may be convened via fax or E-mail.</p> <p>8.The total number of shares of the Company held by the entirety of the Board of Directors must comply with regulations as stated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the Financial Supervisory Commission.</p> <p>9.The remuneration to all members of the Board of Directors is based on the value of their participation and contributions to the operation of the Company, bearing in mind amount of remuneration in industry peers.</p>	<p>1. In conformance with the amendments to the Securities Exchange Act, an Audit Committee will be established, with an additional Independent Director in attendance at meetings.</p> <p>2. In accordance with "holding directors' meetings within a public company" the amended paragraph 5.</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>Article 8: Supervisor</p> <p>1. The Supervisors of the Company consists of three individuals, elected by shareholders possessing the capacity to do so. Each term of office is three years, and Supervisors may be reelected. The Company's supervisors shall be nominated and elected from the name list of supervisors.</p> <p>2. Supervisors conduct independent supervision in accordance to the law, and must attend the board of directors meeting as a nonvoting delegate.</p> <p>3. Supervisors may not concurrently hold the position of director, manager, or other position at the company.</p> <p>4. The total number of shares of the Company held by the entirety of the Supervisors must comply with regulations as stated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the Financial Supervisory Commission.</p> <p>5. The remuneration to all Supervisors is based on the value of their participation and contributions to the operation of the Company, bearing in mind amount of remuneration in industry peers.</p> <p><u>Since the 20th term of the Company's Board of Directors Meeting, A Supervisor has not been appointed, and from the date of the 20th term of the Company's Board of Directors Meeting an Audit Committee has been established to exercise the Company Act, the Securities Exchange Act and other laws and regulations containing supervisory powers.</u></p>	<p>Article 8: Supervisor</p> <p>1. The Supervisors of the Company consists of three individuals, elected by shareholders possessing the capacity to do so. Each term of office is three years, and Supervisors may be reelected. The Company's supervisors shall be nominated and elected from the name list of supervisors.</p> <p>2. Supervisors conduct independent supervision in accordance to the law, and must attend the board of directors meeting as a nonvoting delegate.</p> <p>3. Supervisors may not concurrently hold the position of director, manager, or other position at the company.</p> <p>4. The total number of shares of the Company held by the entirety of the Supervisors must comply with regulations as stated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the Financial Supervisory Commission.</p> <p>5. The remuneration to all Supervisors is based on the value of their participation and contributions to the operation of the Company, bearing in mind amount of remuneration in industry peers.</p>	<p>In conformance with the Securities Exchange Act amendments an Audit Committee will be established to replace the Company Supervisors.</p>
<p>Article 11:</p> <p><u>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 and Supervisors. However, if are 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.</u></p>	<p>Article 11:</p> <p>The industry in which the Company operates is changeable, and is capital-intensive. In times of stable growth, the Company considers future capital needs, and long-term financial plans, as well as satisfying shareholder needs pertaining to cash inflows. The current income after the Company's final accounting shall reimburse losses made in previous years as well as 10% of the remainder to be provided for a legal earnings reserve, except in accordance with legal provisions or reverse special reserve, the special reserve could be defined if any plan to expand transportation equipment and improved the financial structure. 30% or more of the remaining balance, plus any unappropriated earnings accumulated at the beginning of the period and any undistributed earnings adjustment in the current year, shall be distributed. The Board of Directors is responsible for planning the earnings appropriation, and these may be distributed after adoption by the shareholders meeting. Appropriation must include:</p> <p>1. Employees' bonuses of no less than 1%.</p> <p>2. Directors' and Supervisors' remuneration, totaling 1%.</p>	<p>1. In response to the amendments to Article 235, Article 235-1, and Article 240 of the Company Act, the Memorandum of Association stipulates that the annual profit status can be distributed as a fixed amount or a percentage allocation as part of employees' remuneration and this method is resolved. Directors' remuneration and Supervisors' remuneration are both set out in Article 11. Directors and Supervisors remuneration are set as a percentage, with a restriction limit.</p> <p>2. Article 235-1 of the Company Act stipulates: " A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be</p>

Clause after amendment	Clause before amendment	Reason for amendment
	<p>3.The remainder after deducting amounts in subparagraphs 1 and 2 shall be shareholders' dividends.</p> <p>4.Independent directors shall not take part in the allocation of earnings, whose remuneration shall be decided upon resolution of a directors' meeting.</p> <p>The proportion of stock dividends or cash dividends distributed must be done in accordance with the current years' actual profit, capital position, and plans for increasing capital. The proportion of cash dividends may not be below 10% of total dividends. In the event of having previous years' accumulated earnings, or the current years' earnings, but be unable to provide for the current years' shareholders' equity, the accumulated earnings from the previous year should be used to provide for an identical special earnings reserve, which must first be deducted before being apportioned.</p>	<p>submitted to the shareholders' meeting."</p> <p>In accordance with the regulations, the Memorandum of Association, this allows for employees' remuneration proportional distribution methods and procedures, even though not specifically stated, in the Memorandum of Association, and has the same regulations application of Article 235-1, paragraph 3, of the Company Act, as the Company's Memorandum of Association has no additional regulations.</p>
<p><u>Article 11-I:</u> <u>The industry in which the Company operates is changeable, and is capital-intensive. In times of stable growth, the Company considers future capital needs, and long-term financial plans, as well as satisfying shareholder needs pertaining to cash inflows, any surplus earnings after the Company's total annual accounts have been calculated, after tax, and compensation for accumulated losses, are then carried to the 10% legal reserve, and according to the law, set aside or added to the reversal of special reserve. If there is a requirement for the expansion of transportation equipment and an improvement of the financial structure, this shall be made using the surplus within the special reserve, along with undistributed earnings within the same year to complete the amount needed, including 30% or more of the undistributed earnings at the beginning of the period will be considered in regards to the Company's capital requirements by the Board of Directors, along with the capital budget and other factors. The interests of shareholders and the company's long-term financial planning will be taken into account, with the proportion of dividends and dividend distribution being assigned after the shareholders' meeting.</u> <u>The cash or shares distribution ratio, is subject to the current years' profits, financial conditions, and capital expansion program dividend distribution scheme, where the proportion of cash dividends may not be below 10% of total dividends.</u></p>		<p>1. In response to the amendments to Article 235, Article 235-1, and Article 240 of the Company Act, the original Article 11 was moved to Article 11-1, and the text concerning earnings appropriation was amended.</p> <p>2. The terms of the original Memorandum of Association "In the event of having previous years' accumulated earnings, or the current years' earnings, but be unable to provide for the current years' shareholders' equity, the accumulated earnings from the previous year should be used to provide for an identical special earnings reserve, which must first be deducted before being apportioned." Although deleted, are in accordance with Securities Exchange Act Article 41, paragraph 1, and the regulation letter no. 1010012865 of the Financial Supervisory Commission on April 6, 2011.</p>

Clause after amendment	Clause before amendment	Reason for amendment
<p>Article 13: Any matters that are not addressed in the Memorandum of Association shall be governed by the Company Act <u>and other relevant laws and regulations.</u></p>	<p>Article 13: Any matters that are not addressed in the Memorandum of Association shall be governed by the Company Act.</p>	<p>Amend the wording.</p>
<p>Article 14: This Memorandum of Association was created on 6 January 1965. The 1st Amendment was made on 31 March 1966 The 2nd Amendment was made on 10 September 1966 The 36th Amendment was made on 14 June 2013 The 37th Amendment was made on 12 June 2015 <u>The 38th Amendment was made on 29 June 2016</u></p>	<p>Article 14: This Memorandum of Association was created on 6 January 1965. The 1st Amendment was made on 31 March 1966 The 2nd Amendment was made on 10 September 1966 The 35th Amendment was made on 27 June 2012 The 36th Amendment was made on 14 June 2013 The 37th Amendment was made on 12 June 2015</p>	<p>The date of amendment was revised.</p>

Wan Hai Lines Ltd.

Business Report

I. Operating Principles

When reviewing 2015 (as below), due to the reduction in global demand, the international crude oil and bulk raw materials prices were lower, which had an effect on the continued slowdown on mainland China's economic growth, and so the strength of the global economic recovery was less than expected. Despite the changes in the economic environment in the past year, the Company had upheld its sustainable business and social responsibility ideals, while taking into account the spirit of current environmental protection and risk management trends. Through the implementation of customer-oriented objectives and principles with operations and route distribution, careful advanced planning, evaluation, and real-time market trends assessments are used to: realize anticipated benefits; meet shareholders' and the public's expectations; and continue to create shareholder value and results performance. By enhancing operational efficiency in order to strengthen the environmental adaptability, the global business emphasizes fast information collection, integration and application, in order to be able to remain competitive in the shipping industry.

II. Operation Overview

1. External Environment Changes

(1) Macroeconomic Situation :

Although the global economy continued to recover in 2015, uneven global growth momentum, such as from the slowdown in expansion from emerging economies, and the continued decline in crude oil and commodity prices, impacted and restricted the momentum of economic recovery. The market continued to launch larger container ships resulting oversupply, which dropped freight prices. According to the International Monetary Fund (IMF), the 2015 global economic growth was 3.1%, which was below the 3.4% economic growth of 2014; Global Insight (GI) estimated that a 2015 global economic growth rate of 2.5%, which was also lower than their 2.7% estimate for 2014.

(2) Bunker Cost :

The 2015 global economic slowdown in demand was not as expected, as to retain market share the Organization of Petroleum Exporting Countries (OPEC) maintained

their production capacity, but with the resulting crude oil imbalance between supply and demand, the international crude oil prices continued to decline. The 2014 international oil (the Brent price) average price was US\$98.89/barrel which dropped down to US\$52.32/barrel in 2015, which is a severe fall of 47.09% in the international crude oil price. This reduction in the purchase cost of oil helped improve operating profit margins.

(3) Charter Market :

In the latter half of the year there was a fall in the freight market price, and the number of ships remaining idle increased. According to the HRCI (Howe Robinson) international container shipping market indices, the 2015 chartering fees index gradually fell: on December 18, the index was 455, compared with the rental index was 544.1 on January 9, 2015, a drop of about 16.38%. The 4,300~5,500 TEU ship charter market index fell the most, from around the 41% to 61.5% range. In 2015 the number of idle ships in the market increased, as the charter index decreased. According to Alphaliner statistics, the number of global container ship at the end of 2014 increased from 5,035 vessels/18,373,572 TEU to 5,153 vessels/19,938,068 TEU by the end of 2015, giving a growth rate of about 8.5%. This influence of extra vessels is the effect of the delayed delivery of container vessels from two years ago, whereby in 2015 newly built and delivered vessels increased the freight space market.

(4) Peer Competition :

With the slowdown in the global economic recovery, and the trend for larger ships, the regional route freight space supply continued to increase. The unpredictable market demand led to increasingly fierce market competition, and this price competition resulted in continually declining freight rates, which decreased profit margins within the shipping industry.

(5) Market Fluctuations :

According to Global Insight's (GI) prediction , the economic expectations of the United States continues to be optimistic: the US labor market has improved, in 2015 the US economic growth rate has been forecasted as 2.4%, which remains unchanged from 2.4% forecast in 2014. The European economy has maintained a loose monetary policy in order to stabilize recovery momentum. In Asia, Japan's domestic consumer spending remains weak, as the annual economic growth rate was 0.7%, which was still a slight increase when compared with the -0.1% in 2014. There was severe overcapacity in China's raw materials production, and the economic growth rate fell to 6.9%, with

forecast for the coming year likely to be continually revised downwards. Overall in the Asia-Pacific region, emerging economies and developing countries were affected by depressed global demand, which impacted their economic growth.

2. Strategies of Adaptation

Due to slow global economic recovery along with supply exceeding demand in the shipping market, maintaining a competitive advantage has taken the joint effort of all employees of the Company, and in 2015 the Company actively engaged in shipping route integration, along with joint ventures and exchanging freight space strategies with some world's major shipping companies to reduce freight space cost. In terms of shipping route configuration, in addition to the continued development of short-sea shipping and longer routes, the Company has maintained its responses to changes in market demand, and adjusted routes and freight space configurations. Under the narrower profit margins in the face of market competition and degradation, the Company has continued to optimize its own fleet, and improve vessel performance. By surveying the market conditions for the closure of certain routes, and being flexible with freight space, has helped the Company to effectively save costs while dramatically reducing operating costs.

III. Results of Business Plan Implementation

1. Analysis of Our Company's Major Service Areas and Those Markets

Our company mainly provides full containerized shipping service. Our service network includes Northeast Asia, China, Southeast Asia, Middle East – India – Pakistan, the Black Sea region, the US and the west coast of South America, and Europe. Our analyses for the markets are as follows:

(1) Northeast Asia :

Our company has operated services connecting Japan, Korea, and the rest of Asia for many years. Throughout, it has maintained reliable customer relationships and cultivated an excellent reputation that makes it a bellwether in this market. In response to flourishing market demand in the first half of the year, in order to improve competitiveness and maintain the existing high quality and reliable transport services, further route integration continued in Northeast Asia through to Hong Kong, which increased the Company's market share in the Northeast Asia region.

(2) Southeast Asia :

Although the ASEAN nations were subject to the reduction in global demand, such

raw material prices continuing to slump, exchange rate fluctuations, and other factors, the flow of goods between these ASEAN nations continued to grow. To strengthen the regional freight space utilization there was an effective integration of freight space supply between Southern China, Vietnam, the Philippines, Singapore, and Malaysia to provide more efficient service quality: the investment in two 1,200 TEU container ships from May; the newly added Vietnam - Southern China - Singapore and Malaysia route (CVM Service); the strengthened the Philippines route from August; and joint venture route adjustment for the Japan - Taiwan - China - Hong Kong - Philippines route (JTP Service), to extend the route to the Philippines port, increase the freight space supply. And we have been able to reduce operating costs, and provide a more concentrated service network to maintain our competitiveness in the Southeast Asian market.

(3) Middle East – India – Pakistan

Our Company continued reinforcing its joint cooperation between the world's major shipping companies, mainly in the Far East - the Middle East, India and Pakistan routes in response to changes in the market for increased flexibility and to provide a more competitive shipping service.

(4) US West Coast :

In response to trans-Pacific market demand: from May Japan's "K" Line and Pacific International Lines (PIL) joint venture for their Central and Northern China - The America West Coast route (CCD Service); Japan's "K" Line and China's COSCO joint venture for their Southern China - America West Coast route (CAL Service), and through mutual exchange the East China - America West Coast route (CCB Service), and in Northern China - America West Coast route (CEN Service), increasing freight space supply to meet market demand.

(5) South America West Coast :

The Company maintained Asia's major ports direct shipping services to South America's West Coast, in response to the market's low and peak seasons we have adjusted the flexibility of vessel capacity to meet the needs of the market. We have maintained changing vessels capacity with their joint venture partners in order to obtain another South American West Coast route (the WSA Service), which offers two weekly sailing schedule choices to maintain our competitive advantage in the market of South American shipping.

(6) Far Europe, Black Sea Regions :

Due to market oversupply of freight space in the Black Sea region and the European market, even though demand has continued to be in a slump, the result has been the collapse of the Black Sea region and the European market freight rate. The Company's rapid response to market demand has been flexibility in route adjustment and temporarily halting the supply of freight space.

2. Future Market Outlook

Looking ahead to 2016, the World will still be in an economic slowdown. Asian markets are still the world's most economically active and markets, especially when observing how trade among the ASEAN nations continues to expand; the Asian markets continued to be an engine for world exports. Wan Hai Lines has actively adjusted and opened new Southeast Asian routes in order to capture the huge business opportunities in Southeast Asia cargo shipping to increase our market share and profitability. In the rapidly changing business environment, and when facing the continued expansion of the world's major shipping companies, which has led to supply imbalance, Wan Hai Lines has carefully planned and integrated shipping route assessment and management to enhance the company's profitability, and Wan Hai is a robust company brand that can operate sustainably.

IV. Revenue and Expenditure

1. Revenue

Revenue in 2015 amounted to NT\$63,859.14 million, a decrease of about NT\$3,115.10 million from NT\$66,974.24 million in 2014.

2. Expenditure

Our company's expenditure in 2015 was NT\$55,845.77 million, a decrease of about NT\$1,984.82 million from NT\$57,830.59 million in 2014. Mainly due to the combined effect of the two following factors:

- (1) The average ship fuel unit price fell sharply.
- (2) Increased vessel berthing frequency and sales volume has increased the associated operating costs.

V. Profitability Analysis

Net profit after tax in 2015 belong to headquarters is NT\$3,942.90 million, with earnings per share at NT\$ 1.78.

VI. **Research and Development**

In order to cope with future development and the rapidly changing competitive environment shipping market, the Company continued to review the existing route planning and ship operational performance, and plans to develop the following areas: 1. development of human resource with a more international perspective to meet future challenges, and become a world-class business-model enterprise; 2. actively develop niche markets, and steadily expand route distribution in line with market demand; 3. strengthen the fleet's sailing control, improve fleet operating performance, and have the flexibility to adjust the shipment volumes and fleet plan in order to reduce carbon emissions, reduce fuel consumption, and reduce emissions; 4. In terms of sustainable development, and fulfilling social responsibility goals, the Company will carefully plan a variety of operational policies, and demand a high degree of performance from all members of the Wan Hai team.

Independent Auditor's Report

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

We have audited the accompanying balance sheets of Wan Hai Lines Ltd. as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wan Hai Lines Ltd. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

March 18, 2016

WAN HAI LINES LTD.
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	2015.12.31		2014.12.31		LIABILITIES AND STOCKHOLDERS' EQUITY	2015.12.31		2014.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
Current Assets:					Current Liabilities:				
Cash and cash equivalents	\$ 17,681,748	28	22,789,896	35	Accounts payable	\$ 4,440,231	7	5,393,590	8
Available-for-sale financial assets—current	3,439,032	5	3,414,700	5	Other payable	817,142	1	669,930	1
Notes receivable, net	25,844	-	31,935	-	Current tax liabilities	498,854	1	646,936	1
Accounts receivable, net	1,503,318	2	2,251,541	4	Current portion of long-term loans	5,507,879	9	2,525,313	4
Other receivables	7,993,205	13	4,663,111	7	Payables to agents	792,658	1	474,448	1
Inventories, net	406,166	1	767,657	1	Other current liabilities	267,394	-	620,999	1
Receivables from agents	1,512,069	2	1,909,745	3		<u>12,324,158</u>	<u>19</u>	<u>10,331,216</u>	<u>16</u>
Other current assets	1,008,883	2	886,350	1	Non-current Liabilities:				
	<u>33,570,265</u>	<u>53</u>	<u>36,714,935</u>	<u>56</u>	Bonds payable	9,200,000	15	12,200,000	19
Non-Current Assets:					Long-term loans	4,413,069	7	4,791,743	8
Available-for-sale financial assets—non-current	167,450	-	208,906	-	Deferred income tax liabilities	1,046,497	2	956,988	1
Financial assets measured at cost—non-current	735,967	1	735,967	1	Accrued pension liabilities	593,958	1	748,440	1
Bond portfolios with inactive market—non-current	1,315,200	2	1,268,720	2	Guarantee deposits received	35,050	-	59,667	-
Long-term equity investments under equity method	18,749,567	30	17,328,015	27		<u>15,288,574</u>	<u>25</u>	<u>18,756,838</u>	<u>29</u>
Property, plant, and equipment	8,289,467	13	8,064,091	13	TOTAL LIABILITIES	<u>27,612,732</u>	<u>44</u>	<u>29,088,054</u>	<u>45</u>
Intangible assets	36,862	-	41,488	-	Equity				
Other non-current assets	481,084	1	333,410	1	Common stock	22,182,975	35	22,182,975	34
	<u>29,775,597</u>	<u>47</u>	<u>27,980,597</u>	<u>44</u>	Capital surplus	1,261,681	2	1,261,681	2
					Retained Earnings:				
					Legal reserve	5,995,044	9	5,469,637	8
					Special reserve	1,117,003	2	1,117,003	2
					Retained earnings	4,607,055	7	5,639,903	10
						<u>11,719,102</u>	<u>18</u>	<u>12,226,543</u>	<u>20</u>
					Other Equity:				
					Foreign currency translation differences arising from foreign operations, net of tax	792,182	1	237,138	-
					Unrealized loss on available-for-sale financial instruments	(222,810)	-	(300,859)	(1)
						<u>569,372</u>	<u>1</u>	<u>(63,721)</u>	<u>(1)</u>
					TOTAL STOCKHOLDERS' EQUITY	<u>35,733,130</u>	<u>56</u>	<u>35,607,478</u>	<u>55</u>
TOTAL ASSETS	<u>\$ 63,345,862</u>	<u>100</u>	<u>64,695,532</u>	<u>100</u>	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 63,345,862</u>	<u>100</u>	<u>64,695,532</u>	<u>100</u>

WAN HAI LINES LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the Year Ended December 31,			
	2015		2014	
	Amount	%	Amount	%
Operating revenue	\$ 56,271,236	100	57,438,243	100
Operating cost	<u>51,140,742</u>	<u>91</u>	<u>51,247,188</u>	<u>89</u>
Gross profit	5,130,494	9	6,191,055	11
Operating expenses	<u>2,076,453</u>	<u>4</u>	<u>1,999,062</u>	<u>3</u>
Income from operations	<u>3,054,041</u>	<u>5</u>	<u>4,191,993</u>	<u>8</u>
Non-operating income and expenses				
Other income	479,888	1	390,920	1
Other gains and losses	1,567,781	3	1,370,724	2
Finance costs	(310,932)	-	(297,562)	(1)
Share of profit (loss) of associated and joint ventures accounted for using equity method	825,278	1	790,255	1
	<u>2,562,015</u>	<u>5</u>	<u>2,254,337</u>	<u>3</u>
Total non-operating income and expenses	<u>2,562,015</u>	<u>5</u>	<u>2,254,337</u>	<u>3</u>
Profit before tax from continuing operations	5,616,056	10	6,446,330	11
Less: Income tax expense	<u>1,673,147</u>	<u>3</u>	<u>1,192,256</u>	<u>2</u>
Net profit	<u>3,942,909</u>	<u>7</u>	<u>5,254,074</u>	<u>9</u>
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Actuarial losses and gains on defined benefit plans	(42,601)	-	30,537	-
Share of other comprehensive income (loss) of associated and joint ventures accounted for using equity method	21,604	-	27,069	-
Income tax related to components of other comprehensive income	<u>7,242</u>	<u>-</u>	<u>2,403</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>(13,755)</u>	<u>-</u>	<u>60,009</u>	<u>-</u>
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	555,434	1	923,385	2
Gain (loss) on valuation of available-for-sale financial assets	77,369	-	132,364	-
Share of other comprehensive income (loss) of associated and joint ventures accounted for using equity method	680	-	(40)	-
Income tax expenses related to components of other comprehensive income	<u>(390)</u>	<u>-</u>	<u>(2,427)</u>	<u>-</u>
Total items that will be reclassified subsequently to profit or loss	<u>633,093</u>	<u>1</u>	<u>1,053,282</u>	<u>2</u>
Other comprehensive income (net of tax)	<u>619,338</u>	<u>1</u>	<u>1,113,291</u>	<u>2</u>
Total comprehensive income	<u>\$ 4,562,247</u>	<u>8</u>	<u>6,367,365</u>	<u>11</u>
Basic earnings per share (New Taiwan Dollars)	<u>\$ 1.78</u>		<u>2.37</u>	
Diluted earnings per share (New Taiwan Dollars)	<u>\$ 1.77</u>		<u>2.37</u>	

WAN HAI LINES LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Thousands of New Taiwan Dollars)

	Stock		Retained Earnings			Other Equity		Total
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings - Unappropriated	Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax	Unrealized Gains (losses) on Available-for-sale Financial Assets	
Balance as of January 1, 2014	\$ 22,182,975	1,261,681	5,256,726	1,911,538	1,518,833	(683,820)	(433,183)	31,014,750
Net profit	-	-	-	-	5,254,074	-	-	5,254,074
Other comprehensive income	-	-	-	-	60,009	920,958	132,324	1,113,291
Total comprehensive income	-	-	-	-	5,314,083	920,958	132,324	6,367,365
Appropriation of retained earnings:								
Legal reserve	-	-	212,911	-	(212,911)	-	-	-
Cash dividends	-	-	-	-	(1,774,637)	-	-	(1,774,637)
Reversal of special reserve	-	-	-	(794,535)	794,535	-	-	-
Balance as of December 31, 2014	22,182,975	1,261,681	5,469,637	1,117,003	5,639,903	237,138	(300,859)	35,607,478
Net profit	-	-	-	-	3,942,909	-	-	3,942,909
Other comprehensive income	-	-	-	-	(13,755)	555,044	78,049	619,338
Total comprehensive income	-	-	-	-	3,929,154	555,044	78,049	4,562,247
Appropriation of retained earnings:								
Legal reserve	-	-	525,407	-	(525,407)	-	-	-
Cash dividends	-	-	-	-	(4,436,595)	-	-	(4,436,595)
Balance as of December 31, 2015	<u>\$ 22,182,975</u>	<u>1,261,681</u>	<u>5,995,044</u>	<u>1,117,003</u>	<u>4,607,055</u>	<u>792,182</u>	<u>(222,810)</u>	<u>35,733,130</u>

WAN HAI LINES LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2015	2014
Cash flows from operating activities:		
Profit before tax	\$ 5,616,056	6,446,330
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	1,298,824	1,327,127
Amortization	27,749	34,831
Interest expense	310,932	297,562
Interest revenue	(344,109)	(279,971)
Dividend revenue	(135,779)	(110,949)
Investment income under the equity method	(825,278)	(790,255)
Gain on disposal of property, plant and equipment, net	(879,572)	(314,342)
Prepayment for equipment re-classified into expense	-	476
Gain on disposal of available-for-sale assets-current	(2,299)	(61,242)
Loss on impairment of financial assets	343,253	65,000
Unrealized foreign exchange loss	63,354	282,716
Total adjustments to reconcile net income to net cash provided by operating activities	(142,925)	450,953
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Notes receivable	6,091	6,277
Accounts receivable (including related parties)	748,223	(277,729)
Other receivables	(3,279,832)	280,326
Inventories	361,491	190,336
Receivables from agents	397,676	(97,053)
Other current assets	(122,533)	78,699
Total changes in operating assets, net	(1,888,884)	180,856
Changes in operating liabilities, net:		
Accounts payable (including related parties)	(953,359)	376,539
Other payables	(55,911)	228,284
Payables to agents	318,210	(102,077)
Other current liabilities	(353,605)	219,496
Accrued pension liabilities	(197,083)	(61,695)
Total changes in operating liabilities, net	(1,241,748)	660,547
Total changes in operating assets and liabilities, net	(3,130,632)	841,403
Total Adjustments	(3,273,557)	1,292,356
Cash inflow generated from operations	2,342,499	7,738,686
Income tax paid	(1,679,699)	(431,497)
Net cash provided by operating activities	662,800	7,307,189

WAN HAI LINES LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2015	2014
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(261,320)	(477,972)
Proceeds from sale of available-for-sale financial assets	14,859	360,181
Acquisition of property, plant and equipment	(1,584,361)	(2,365,932)
Disposal of property, plant and equipment	887,282	295,815
Acquisition of intangible assets	(19,407)	(10,354)
Other non-current assets	(16,199)	40,737
Interest received	342,378	274,484
Dividends received	146,699	116,459
Net cash used in investing activities	(490,069)	(1,766,582)
Cash flows from financing activities:		
Issuance of corporate bond	-	1,800,000
Increase in long-term loans	1,934,600	2,322,380
Repayment of long-term loans	(2,440,542)	(1,640,227)
Guarantee deposits	(24,617)	3,763
Dividends paid	(4,436,595)	(1,774,637)
Interest paid	(313,725)	(282,278)
Net cash (used in) provided by financing activities	(5,280,879)	429,001
Net (decrease) increase in cash and cash equivalents	(5,108,148)	5,969,608
Cash and cash equivalents, beginning of period	22,789,896	16,820,288
Cash and cash equivalents, end of period	\$ 17,681,748	22,789,896

Independent Auditor's Report

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

We have audited the accompanying consolidated balance sheets of Wan Hai Lines Ltd. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, consolidated the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wan Hai Lines Ltd. and its subsidiaries as of December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for the years ended December 31, 2015 and 2014, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

We have also audited the financial statements of Wan Hai Lines Ltd. as of December 31, 2015, 2014, and the related statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2015 and 2014, on which we have issued an unqualified audit report.

March 18, 2016

WAN HAI LINES LTD.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	2015.12.31		2014.12.31		LIABILITIES AND STOCKHOLDERS' EQUITY	2015.12.31		2014.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
Current Assets:					Current Liabilities:				
Cash and cash equivalents	\$ 21,877,453	27	26,784,275	31	Short-term borrowings	\$ 50,000	-	-	-
Available-for-sale financial assets—current	3,441,765	4	3,414,700	4	Financial liabilities at fair value through profit or loss—current	-	-	7,252,690	9
Notes receivable, net	27,446	-	34,504	-	Accounts payable	6,272,442	7	6,558,225	8
Accounts receivable, net	2,134,233	2	3,570,124	4	Other payable	1,245,870	2	1,172,264	1
Other receivables	1,426,674	2	1,116,571	1	Current tax liabilities	550,871	1	719,070	1
Inventories, net	632,692	1	1,076,146	1	Current portion of long-term loans	8,273,910	10	4,344,123	5
Receivables from agents	710,178	1	886,462	1	Payables to agents	15,498	-	4,089	-
Other current assets	<u>571,573</u>	<u>1</u>	<u>445,272</u>	<u>1</u>	Other current liabilities	<u>1,361,585</u>	<u>2</u>	<u>1,669,966</u>	<u>2</u>
	<u>30,822,014</u>	<u>38</u>	<u>37,328,054</u>	<u>43</u>		<u>17,770,176</u>	<u>22</u>	<u>21,720,427</u>	<u>26</u>
Non-Current Assets:					Non-current Liabilities:				
Available-for-sale financial assets—non-current	167,450	-	208,906	-	Bonds payable	9,200,000	11	12,200,000	14
Financial assets measured at cost—non-current	735,967	1	735,967	1	Long-term loans	14,946,766	19	13,245,224	16
Bond portfolios with inactive market—non-current	1,315,200	2	1,268,720	2	Deferred income tax liabilities	1,053,766	1	964,126	1
Long-term equity investments under equity method	346,670	-	238,554	-	Accrued pension liabilities	788,420	1	996,931	1
Property, plant, and equipment	46,214,584	58	44,775,808	53	Guarantee deposits received	<u>547,135</u>	<u>1</u>	<u>252,872</u>	<u>-</u>
Intangible assets	38,582	-	43,237	-		<u>26,536,087</u>	<u>33</u>	<u>27,659,153</u>	<u>32</u>
Other non-current assets	<u>580,718</u>	<u>1</u>	<u>628,314</u>	<u>1</u>	TOTAL LIABILITIES	<u>44,306,263</u>	<u>55</u>	<u>49,379,580</u>	<u>58</u>
	49,399,171	62	47,899,506	57	Equity				
					Common stock	22,182,975	28	22,182,975	26
					Capital surplus	1,261,681	2	1,261,681	2
					Retained Earnings:				
					Legal reserve	5,995,044	7	5,469,637	6
					Special reserve	1,117,003	1	1,117,003	1
					Retained earnings	<u>4,607,055</u>	<u>6</u>	<u>5,639,903</u>	<u>7</u>
						<u>11,719,102</u>	<u>14</u>	<u>12,226,543</u>	<u>14</u>
					Other Equity:				
					Foreign currency translation differences arising from foreign operations, net of tax	792,182	1	237,138	-
					Unrealized loss on available-for-sale financial instruments	<u>(222,810)</u>	<u>-</u>	<u>(300,859)</u>	<u>-</u>
						<u>569,372</u>	<u>1</u>	<u>(63,721)</u>	<u>-</u>
					Total equity attributable to owners of parent	<u>35,733,130</u>	<u>45</u>	<u>35,607,478</u>	<u>42</u>
					Non-controlling interest	<u>181,792</u>	<u>-</u>	<u>240,502</u>	<u>-</u>
					TOTAL STOCKHOLDERS' EQUITY	<u>35,914,922</u>	<u>45</u>	<u>35,847,980</u>	<u>42</u>
TOTAL ASSETS	<u>\$ 80,221,185</u>	<u>100</u>	<u>85,227,560</u>	<u>100</u>	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 80,221,185</u>	<u>100</u>	<u>85,227,560</u>	<u>100</u>

WAN HAI LINES LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the Year Ended December 31,			
	2015		2014	
	Amount	%	Amount	%
Operating revenue	\$ 63,859,142	100	66,974,244	100
Operating cost	<u>55,845,773</u>	<u>87</u>	<u>57,830,591</u>	<u>86</u>
Gross profit	8,013,369	13	9,143,653	14
Operating expenses	<u>3,994,846</u>	<u>6</u>	<u>3,739,151</u>	<u>6</u>
Income from operations	<u>4,018,523</u>	<u>7</u>	<u>5,404,502</u>	<u>8</u>
Non-operating income and expenses				
Other income	428,505	-	359,752	1
Other gains and losses	1,844,932	3	1,576,236	2
Finance costs	(680,180)	(1)	(820,373)	(1)
Share of profit of associated and joint ventures accounted for using equity method	49,789	-	59,076	-
Total non-operating income and expenses	<u>1,643,046</u>	<u>2</u>	<u>1,174,691</u>	<u>2</u>
Profit before tax from continuing operations	5,661,569	9	6,579,193	10
Less: Income tax expense	<u>1,730,924</u>	<u>3</u>	<u>1,261,599</u>	<u>2</u>
Net profit	<u>3,930,645</u>	<u>6</u>	<u>5,317,594</u>	<u>8</u>
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Actuarial losses and gains on defined benefit plans	(20,997)	-	57,606	-
Income tax related to components of other comprehensive income	<u>7,242</u>	<u>-</u>	<u>2,403</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>(13,755)</u>	<u>-</u>	<u>60,009</u>	<u>-</u>
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	552,372	1	928,279	1
Gain (loss) on valuation of available-for-sale financial assets	78,049	-	132,324	-
Income tax expenses related to components of other comprehensive income	<u>(390)</u>	<u>-</u>	<u>(2,427)</u>	<u>-</u>
Total items that will be reclassified subsequently to profit or loss	<u>630,031</u>	<u>1</u>	<u>1,058,176</u>	<u>1</u>
Other comprehensive income (net of tax)	<u>616,276</u>	<u>1</u>	<u>1,118,185</u>	<u>1</u>
Total comprehensive income	<u>\$ 4,546,921</u>	<u>7</u>	<u>6,435,779</u>	<u>9</u>
Profit attributable to :				
Owners of the parent company	\$ 3,942,909	6	5,254,074	8
Non-controlling interest	<u>(12,264)</u>	<u>-</u>	<u>63,520</u>	<u>-</u>
	<u>\$ 3,930,645</u>	<u>6</u>	<u>5,317,594</u>	<u>8</u>
Comprehensive income attributable to :				
Owners of the parent company	\$ 4,562,247	7	6,367,365	9
Non-controlling interest	<u>(15,326)</u>	<u>-</u>	<u>68,414</u>	<u>-</u>
	<u>\$ 4,546,921</u>	<u>7</u>	<u>6,435,779</u>	<u>9</u>
Basic earnings per share (New Taiwan Dollars)	<u>\$ 1.78</u>		<u>2.37</u>	
Diluted earnings per share (New Taiwan Dollars)	<u>\$ 1.77</u>		<u>2.37</u>	

WAN HAI LINES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Thousands of New Taiwan Dollars)

	Retained Earnings									
	Stock	Retained Earnings				Other Equity				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings - Unappropriat ed	Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax	Unrealized Gains (losses) on Available- for-sale Financial Assets	Total Owners' Equity Attributable to Equity Holders of the Parent Company	Non- controlling Interedt	Total
Balance as of January 1, 2014	\$ 22,182,975	1,261,681	5,256,726	1,911,538	1,518,833	(683,820)	(433,183)	31,014,750	174,590	31,189,340
Net profit	-	-	-	-	5,254,074	-	-	5,254,074	63,520	5,317,594
Other comprehensive income	-	-	-	-	60,009	920,958	132,324	1,113,291	4,894	1,118,185
Total comprehensive income	-	-	-	-	5,314,083	920,958	132,324	6,367,365	68,414	6,435,779
Appropriation of retained earnings:										
Legal reserve	-	-	212,911	-	(212,911)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,774,637)	-	-	(1,774,637)	-	(1,774,637)
Reversal of special reserve	-	-	-	(794,535)	794,535	-	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	-	(2,502)	(2,502)
Balance as of December 31, 2014	22,182,975	1,261,681	5,469,637	1,117,003	5,639,903	237,138	(300,859)	35,607,478	240,502	35,847,980
Net profit	-	-	-	-	3,942,909	-	-	3,942,909	(12,264)	3,930,645
Other comprehensive income	-	-	-	-	(13,755)	555,044	78,049	619,338	(3,062)	616,276
Total comprehensive income	-	-	-	-	3,929,154	555,044	78,049	4,562,247	(15,326)	4,546,921
Appropriation of retained earnings:										
Legal reserve	-	-	525,407	-	(525,407)	-	-	-	-	-
Cash dividends	-	-	-	-	(4,436,595)	-	-	(4,436,595)	-	(4,436,595)
Change in non-controlling interest	-	-	-	-	-	-	-	-	(43,384)	(43,384)
Balance as of December 31, 2015	<u>\$ 22,182,975</u>	<u>1,261,681</u>	<u>5,995,044</u>	<u>1,117,003</u>	<u>4,607,055</u>	<u>792,182</u>	<u>(222,810)</u>	<u>35,733,130</u>	<u>181,792</u>	<u>35,914,922</u>

WAN HAI LINES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2015	2014
Cash flows from operating activities:		
Profit before tax	\$ 5,661,569	6,579,193
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	4,451,588	4,253,614
Amortization	28,525	35,363
Net gain (loss) on financial liabilities at fair value through profit or loss	(81,590)	-
Interest expense	680,180	820,373
Interest revenue	(292,726)	(248,803)
Dividend revenue	(135,779)	(110,949)
Investment income under the equity method	(49,789)	(59,076)
Gain on disposal of property, plant and equipment, net	(897,118)	(284,904)
Prepayment for equipment re-classified into expense	-	476
Gain on disposal of available-for-sale assets-current	(2,299)	(61,242)
Loss on impairment of financial assets	343,253	65,000
Unrealized foreign exchange loss	63,354	282,716
Total adjustments to reconcile net income to net cash provided by operating activities	<u>4,107,599</u>	<u>4,692,568</u>
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Notes receivable	7,058	5,513
Accounts receivable (including related parties)	1,435,891	(652,318)
Other receivables	(260,532)	465,813
Inventories	443,454	264,529
Receivables from agents	176,284	(82,195)
Other current assets	(119,233)	182,509
Total changes in operating assets, net	<u>1,682,922</u>	<u>183,851</u>
Changes in operating liabilities, net:		
Current financial liabilities at fair value through profit or loss	-	374,885
Accounts payable (including related parties)	(285,783)	837,544
Other payables	(143,490)	115,883
Payables to agents	11,409	3,258
Other current liabilities	(308,381)	77,064
Accrued pension liabilities	(229,508)	(46,620)
Total changes in operating liabilities, net	<u>(955,753)</u>	<u>1,362,014</u>
Total changes in operating assets and liabilities, net	<u>727,169</u>	<u>1,545,865</u>
Total Adjustments	<u>4,834,768</u>	<u>6,238,433</u>
Cash inflow generated from operations	10,496,337	12,817,626
Income tax paid	(1,763,468)	(467,059)
Net cash provided by operating activities	<u>8,732,869</u>	<u>12,350,567</u>

WAN HAI LINES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2015	2014
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(263,333)	(477,972)
Proceeds from sale of available-for-sale financial assets	14,859	360,181
Long-term equity investment under equity method	(80,030)	-
Acquisition of property, plant and equipment	(4,440,672)	(3,358,298)
Disposal of property, plant and equipment	937,385	295,181
Acquisition of intangible assets	(20,261)	(12,432)
Other non-current assets	(48,308)	37,702
Interest received	290,950	243,467
Dividends received	158,209	140,942
Net cash used in investing activities	(3,451,201)	(2,771,229)
Cash flows from financing activities:		
Increase in short-term debt	50,000	-
Issuance of corporate bond	-	1,800,000
Increase in long-term loans	6,695,450	2,322,380
Repayment of long-term loans	(4,636,915)	(4,149,373)
Decrease in financial liabilities at fair value through profit or loss	(7,175,902)	-
Guarantee deposits	294,263	105,735
Dividend paid	(4,436,595)	(1,774,637)
Interest paid	(668,855)	(809,493)
Change in non-controlling interest	(43,384)	(2,502)
Net cash (used in) provided by financing activities	(9,921,938)	(2,507,890)
Foreign exchange rate effects	(266,552)	(538,669)
Net (decrease) increase in cash and cash equivalents	(4,906,822)	6,532,779
Cash and cash equivalents, beginning of period	26,784,275	20,251,496
Cash and cash equivalents, end of period	\$ 21,877,453	26,784,275

Attachment 4

Supervisors' Report for Fiscal Year 2015

In accordance with Article 219 of the Company Act, the board of Directors has submitted year 2015 final statements, including the business report and financial statements of the company and earnings appropriation. The Supervisors have examined the reports and found that they fairly present the company's financial position. Based on this result, we issued this Supervisors' Report and submitted year 2015 financial statements herewith to be approved.

To the general shareholders' meeting of 2016

WAN HAI LINES LTD.

Supervisor	Yee Sing Co., Ltd.
Representative	Chiu-Ling Wu

Supervisor	Hwa-Mei LinYen
------------	----------------

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

March 21, 2016

Supervisors' Report for Fiscal Year 2015(Consolidated)

In accordance with Article 219 of the Company Act, the board of Directors has submitted year 2015 final statements, including the consolidated business report and consolidated financial statements. The Supervisors have examined the reports and found that they fairly present the financial groups' position. Based on this result, we issued this Supervisors' Report and submitted year 2015 consolidated financial statements herewith to be approved.

To the general shareholders' meeting of 2016

WAN HAI LINES LTD.

Supervisor	Yee Sing Co., Ltd.
Representative	Chiu-Ling Wu

Supervisor	Hwa-Mei LinYen
------------	----------------

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

March 21, 2016

2015 Earnings Appropriation

Unit: NTD

Item	Total
Undistributed earnings for beginning of period	677,900,643
Subtracted:	
Other consolidated income (the remeasurements of defined benefit plans, 2015)	(13,755,331)
Subtotal of undistributed earnings after adjustment	664,145,312
Added : Post-tax net income	3,942,909,485
Subtracted: Provided for legal reserve	(394,290,949)
Added : Reverse in accordance with legal provisions special reserve	63,721,236
Earnings available for distribution	4,276,485,084
Subtracted: items to be appropriated(Note):	
Shareholder cash dividends	(2,661,956,959)
Undistributed earnings for end of period	1,614,528,125
Notes:	
1. Legal reserve and dividends are appropriated according to Article 11-1 of the new amended Company's Memorandum of Association by the year 2015.	
2. Follow as 2015 Earnings Appropriation.	

WAN HAI LINES LTD. Memorandum of Association

Article 1: The Company is incorporated according to the Company Act, and is named WAN HAI LINES LTD.

Article 2: The Company's scope of operation is as listed:

1. Marine Transportation
2. Shipping Agency
3. Purchasing and selling of vessels and containers
4. Container freight station business
5. Leasing of vessels and containers

Article 2-1: The Corporation may make guarantees in the same trade with respect to the business referred to in the preceding paragraph.

Article 2-2: The Company must receive approval from the board of directors to invest in other undertakings. Additionally, the sum total of other investments, in accordance with Article 13 of the Company Act, may not exceed 40% of paid-in capital.

Article 3: The Company is headquartered in Taipei City, and is permitted to establish branch offices or shipping agencies.

Article 4: The Company's public announcement in accordance with Article 28 of Company Act.

Article 5: The Company's authorized capital is NTD 25 billion, separated into 2.5 billion shares, which can be raised in multiple issues at NTD 10 per share.

Article 5-1: The Company's Stock should be numbered, with the signature or authorized seal of three or more directors, subject to validation by the competent authority or any of its approved institutes. The Company is exempt from printing certificates for its issued shares. Shares should be registered with the governing centralized securities depository organization.

Article 5-2: Shareholders shall report their true names, residences, specimen seal and unified number to the Company to be filed for reference, as well as any changes made. All dividends or bonuses received from shares will use the seal as evidence. In the event of transfer of the company stock, establishment of pledge of rights, loss report, inheritance, donation and loss or modification of seal or address, or other share-related matters, apart from cases where there are other securities regulations, will all be handled according to "Regulations Governing the Administration of Shareholder Services of Public Companies."

Article 6: Shareholders Meeting

1. The shareholders meeting is composed of all of the shareholders, and are separated into general shareholders meetings and extraordinary shareholders meetings. General shareholders meetings are held once a year, within six months of the end of the fiscal year, and are held in accordance to law by the board of Directors. Extraordinary shareholders meeting may be held whenever necessary.
2. The general shareholders meeting is chaired by the chairman of the board of directors. If for some reason the chairman of the board is unable to attend, the

vice chairman takes his or her place. If the Vice Chairman is unable to perform his or her duties due to leave of absence or other reason, his proxy shall be appointed in accordance with Article 208 of the Company Act.

3. At the time of the shareholders meeting, apart from when otherwise regulated by the Company Act, when over half of issued shares are represented, a motion may be passed with over half of the present shareholders' votes.
4. When a shareholder is unable to attend the shareholders meeting, a proxy may be appointed, specifying the scope of delegated authority. In the event that one proxy represents two or more shareholders, his or her representative voting right may not surpass 3% of the total of shares distributed, shares in excess of 3% may not be counted.
5. Each share of the Company held by a shareholder counts as one vote.

Article 7: The Board of Directors

1. The Company's Board of Directors consists of 7 individuals, elected by shareholders possessing the capacity to do so. The term of office is three years, and directors may be reelected to serve another term.
2. The Company's directors shall be nominated and elected from the name list of directors. The Company should be of not less than three people, and not less than one-fifth of the directors should be in attendance. The professional qualifications, restrictions on shareholdings and concurrent post, identification of independence, nomination and election, and exercise of authority, and other requirements to be complied with by the independent directors shall be handled subject to the Securities and Exchange Act and the relevant laws and regulations.
3. With two-thirds or more of the directors present, one chairman of the board, and one vice chairman of the board may be elected by consent of over half of the present directors.
4. Article 208 of the Company Act shall apply when the directors' meeting is suspended.
5. The Board of Directors meets once every quarterly months, and extraordinary sessions may be convened when necessary. The Chairman of the Board serves as Chairman of the meeting. If the Chairman has asked for leave, or is unable to exercise his responsibilities due to other circumstances, the vice Chairman acts on the Chairman's behalf. In the case of the vice also asking for leave or being unable to exercise his responsibilities due to other circumstances, the Chairman of the Board may appoint a director to act on his or her behalf. If the Chairman has not indicated a representative, the directors may nominate a director to take his or her place. Unless otherwise provided for in the Company Act and these Articles, resolutions at a directors' meeting shall be adopted at the meeting attended by a majority of the Directors and upon a majority votes of the present directors.
6. In the event that a director is unable to attend the Board of Directors meeting, a proxy may be appointed to attend, in compliance with Article 205 of the Company Act.
7. A directors' meeting may be convened via fax or E-mail.
8. The total number of shares of the Company held by the entirety of the Board of Directors must comply with regulations as stated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the Financial Supervisory Commission.

9. The remuneration to all members of the Board of Directors is based on the value of their participation and contributions to the operation of the Company, bearing in mind amount of remuneration in industry peers.

Article 8: Supervisor

1. The Supervisors of the Company consists of three individuals, elected by shareholders possessing the capacity to do so. Each term of office is three years, and Supervisors may be reelected. The Company's supervisors shall be nominated and elected from the name list of supervisors.
2. Supervisors conduct independent supervision in accordance to the law, and must attend the board of directors meeting as a nonvoting delegate.
3. Supervisors may not concurrently hold the position of director, manager, or other position at the company.
4. The total number of shares of the Company held by the entirety of the Supervisors must comply with regulations as stated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the Financial Supervisory Commission.
5. The remuneration to all Supervisors is based on the value of their participation and contributions to the operation of the Company, bearing in mind amount of remuneration in industry peers.

Since the 20th term of the Company's Board of Directors Meeting, A Supervisor has not been appointed, and from the date of the 20th term of the Company's Board of Directors Meeting an Audit Committee has been established to exercise the Company Act, the Securities Exchange Act and other laws and regulations containing supervisory powers.

Article 9: Manager

The Company has one president, legally appointed by the Board of Directors upon nomination of the Chairman of the Board.

Article 10: The Company's final accounting period is at the end of December each year, the board of directors must prepare the items listed below, which are given to the Supervisors for examination. Figures are then given to shareholders general meeting for acknowledgement, the shareholders general meeting must be held by the board of directors within six months of the end of the fiscal year.

1. Business Report
2. Financial Statements
3. Earnings distribution or loss reimbursement proposal

Article 11: 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 and Supervisors. However, if there are accumulated losses to the company, compensation should be reserved in advance. The remuneration of independent directors shall not be made during the remuneration of the Directors, as the remuneration shall be determined by a resolution from the Board of Directors.

Article 11-I: The industry in which the Company operates is changeable, and is capital-intensive. In times of stable growth, the Company considers future capital needs, and long-term financial plans, as well as satisfying shareholder needs pertaining to cash inflows, any surplus earnings after the Company's total annual accounts have been calculated, after tax, and compensation for accumulated losses, are then carried to the 10% legal reserve, and according to the law, set aside or added to the reversal of special reserve. If there is a requirement for the expansion of transportation equipment and an improvement of the financial structure, this shall be made using the surplus within the special reserve, along with undistributed earnings within the same year to complete the amount needed, including 30% or more of the undistributed earnings at the beginning of the period will be considered in regards to the Company's capital requirements by the Board of Directors, along with the capital budget and other factors. The interests of shareholders and the company's long-term financial planning will be taken into account, with the proportion of dividends and dividend distribution being assigned after the shareholders' meeting.

The cash or shares distribution ratio, is subject to the current years' profits, financial conditions, and capital expansion program dividend distribution scheme, where the proportion of cash dividends may not be below 10% of total dividends.

Article 12: The Board of Directors is authorized to determine the Company's organizational rules.

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

Article 14: This Memorandum of Association was created on 6 January 1965.

The 1st Amendment was made on 31 March 1966

The 2nd Amendment was made on 10 September 1966

The 3rd Amendment was made on 25 May 1967

The 4th Amendment was made on 30 September 1968

The 5th Amendment was made on 1 August 1977

The 6th Amendment was made on 12 December 1977

The 7th Amendment was made on 31 January 1978

The 8th Amendment was made on 19 March 1979

The 9th Amendment was made on 5 May 1981

The 10th Amendment was made on 7 December 1982

The 11th Amendment was made on 29 December 1983

The 12th Amendment was made on 14 December 1984

The 13th Amendment was made on 16 January 1986

The 14th Amendment was made on 16 August 1986

The 15th Amendment was made on 19 December 1987

The 16th Amendment was made on 17 May 1988

The 17th Amendment was made on 30 December 1988

The 18th Amendment was made on 23 May 1989

The 19th Amendment was made on 18 May 1990

The 20th Amendment was made on 21 May 1991

The 21st Amendment was made on 1 May 1992

The 22nd Amendment was made on 27 August 1992

The 23rd Amendment was made on 15 June 1993
The 24th Amendment was made on 10 August 1993
The 25th Amendment was made on 2 September 1994
The 26th Amendment was made on 6 May 1995
The 27th Amendment was made on 13 May 1996
The 28th Amendment was made on 13 May 1998
The 29th Amendment was made on 24 May 2000
The 30th Amendment was made on 29 June 2002
The 31st Amendment was made on 26 June 2003
The 32nd Amendment was made on 23 June 2006
The 33rd Amendment was made on 27 June 2007
The 34th Amendment was made on 18 June 2010
The 35th Amendment was made on 27 June 2012
The 36th Amendment was made on 14 June 2013
The 37th Amendment was made on 12 June 2015
The 38th Amendment was made on 29 June 2016

WAN HAI LINES LTD. General Shareholders Meeting Rules

Article 1: In order to create an excellent system of governance for the shareholders meeting, complete supervisory functions, and strengthened management functions, these regulations have been created as a way of complying with Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2: Unless otherwise specified by law, the Company's shareholders meetings rules of procedure must proceed according to this policy.

Article 3: An Agenda shall be provided for the shareholders meeting, and notification sent to each shareholder 30 days prior to the shareholders meeting. Notification of the shareholders meeting for shareholders holding less than 1000 shares is permitted to be done by public announcement 30 days prior to the shareholders meeting. Both notification and public announcement should be clearly recorded as pertaining to the convening of the shareholders meeting. Electronic notification may be allowed after the consent of the shareholder.

Selection or resignation of directors, supervisors, changes to Memorandum of Association, corporate liquidation, mergers, divestments, or any items contained in Article 185 Item 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act shall be listed, and not brought up by extraordinary motion.

Shareholders holding 1% or more of distributed shares must submit proposals in writing to the Company. Proposals by shareholders are limited to one item, any items exceeding this amount will not be made into a motion. Additionally, if any proposals made by shareholders are amongst any of the situations listed in Article 172-1 Item 4 of the Company Act, the Board of Directors is required to not list it as a motion.

The Company should, prior to convening the shareholders meeting, halt the transfer of shares to the shareholder proposing the motion, and notify the shareholder of the location, and time period of acceptance. The period of acceptance should not be under 10 days.

A motion proposed by a shareholder should not exceed 300 words. Proposals exceeding 300 words will not be entered into a motion. The proposing shareholder or a proxy should be attendance at the shareholders general meeting, and participate in discussion of the motion.

The Company should notify the results of the proposed motion to the proposing shareholder before the announcement of the shareholders meeting, and the proposed motion should be included in the shareholders meeting notification. With regards to proposals not entered into motions, the Board of Directors should give explanation of the reason for the proposal not entering into a motion at the shareholders meeting.

Article 4: Shareholders wishing for a proxy to attend the shareholders meeting must produce the Company's proxy form and specify the scope of delegated authority. One shareholder is limited to one proxy application and one proxy. Forms must be delivered to the Company five days prior to the shareholders meeting. In the case of duplicate forms, the form first received will be accepted. The cancellation of a previous proxy is not subject to these constraints.

After the proxy form is delivered to the Company, and the shareholder desires to

personally attend the shareholders meeting, or vote in written or electronic form, a written notification of the cancellation of a proxy must be delivered to the Company no later than two days before the shareholders meeting. For those wishing to cancel who exceed the time limit, the proxy will attend and voting rights.

Article 5: The location of the shareholders meeting should be in a place where the Company is located, or a location that is suitable and convenient for shareholders. The meeting must not commence anytime earlier than 9a.m. or later than 3p.m..

Article 6: The company will provide an attendance log to record the shareholders or proxies of shareholders (hereafter referred to as shareholders) attendance; alternatively, attending shareholders may present their attendance cards to signify their presence. The company will provide the Agenda, Annual Report, Attendance Record, Statement Cards, Voting Cards, and other meeting-related information to the attending shareholders. For elections of directors and supervisors, ballots will be distributed as well. Shareholders should attend the shareholders meeting possessing an Attendance Certificate, Attendance Cards, or other proof of attendance; those acting as proxies should bring their identification cards for confirmation. Governments or corporations acting as shareholders are not limited to one attending person. Corporations acting as proxies attending the meeting must designate one representative for attendance.

Article 7: Shareholders meetings that are convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is unable to perform his or her duties due to leave of absence or other reason, the Vice Chairman acts on his behalf. If there is no Vice Chairman or the Vice Chairman is unable to perform his or her duties due to leave of absence or other reason, the Chairman may appoint a director to act on his behalf. If no one is appointed, the remaining directors may choose a director to perform the Chairman's duties. For shareholders meetings called by the Board of Directors, the number of participating directors who attend must exceed one half. If the shareholder meeting is convened by someone other than the Board of Directors, the convener will act as the meeting chairman. If there are two or more conveners, they shall appoint one amongst themselves to chair the meeting. The Company may summon its lawyers, certified public accountants, and any relevant personnel to the shareholders meeting.

Article 8: The Company's shareholders meetings must be recorded in video or audio, and kept for at least a year. However, if a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, the audio or video recordings must be retained until the end of litigation.

Article 9: Attendance of shareholders meeting should be calculated on the basis of number of shares. The number of shares represented during the meeting is calculated based on the amount registered in the attendance log or the attendance cards collected, plus the amount of shares whose voting rights are exercised through proxy forms or electronic methods.

The chairman should announce the commencement of the meeting as soon as it is due. However, if the number of shares held by those in attendance number less than 50% of all

outstanding shares, the chairman may postpone the meeting up to two times, the total time of postponement may not exceed one hour. If the number of outstanding shares represented does not exceed one third after the second postponement, the chairman must announce the lack of quorum.

If, after two postponements, the number of shares represented still does not exceed 50%, but exceeds one-third of all outstanding shares, the Company may proceed according to item 1 of Article 175 of the Company Act to reach a temporary resolution with the approval of more than half of voting rights represented during the meeting. The temporary resolution must be communicated to shareholders, and a new shareholders meeting must be convened within a month. If the number of shares represented during the meeting reaches a total of over half of all outstanding shares, the chairman may re-propose the temporary resolutions for final voting according to Article 174 of the Company Act.

Article 10: If the shareholders' meeting is convened by the Board of Directors, than the agenda will be set by the Board of Directors. The meeting shall proceed according to the agenda, and may not be modified without a resolution from the shareholders meeting.

The aforementioned rules also apply to meetings convened by other authorized parties. The meeting chairman cannot dismiss the meeting while an agenda (including special motions) is still in progress without an official resolution. If the chairman violates meeting rules and dismiss the meeting, the other directors must quickly attend to the shareholders according to legal procedures. With the approval of more than half of voting rights represented during the meeting another person may be chosen as chairman, and the meeting may proceed.

The chairman must give ample opportunities for the explanation and discussion of proposals, and corrections or special motions raised by shareholders. When the meeting chairman believes a resolution can be reached, he or she may announce the end of discussion, and proceed with voting.

Article 11: Shareholders wishing to speak during the meeting must first produce a Speak Request Form, detailing the topic of speaking, and the shareholder's name and account number. The order of the shareholders' comments will be determined by the chairman. Shareholders who submit Speak Request Forms without speaking are considered to have remained silent. If the shareholders spoken comments differ from the comments recorded on the Speak Request Form, the spoken comments take precedence.

Shareholders cannot speak more than two times, for more than five minutes each, on the same proposal without consent from the chairman. The meeting chairman may stop shareholders in violation of these rules, or shareholders whose comments are irrelevant to the proposal.

While a shareholder is speaking, other shareholders may not speak to disrupt the speaker without the consent of the meeting chairman and the speaker. The meeting chairman shall restrain any violators. For corporate shareholders who have appointed two or more representatives to attend the shareholders meeting, only one representative may speak per agenda. When a shareholder is finished speaking, the chairman must reply, either personally or by assigned relevant personnel.

Article 12: Voting in the shareholders meeting is determined on the basis of shares.

Non-voting shareholders are not counted in the total number of issued shares for resolutions at the shareholders meeting.

Shareholders cannot vote, or appoint proxies to vote, on any agendas that present conflicting interests, if doing so may compromise the Company's interests.

The number of shares that are subject to voting restrictions are not counted in the attending shareholders' number of voting rights.

Apart from trust organizations or shareholders service organizations approved by the competent authority, a person serving as proxy for two or more people may not have voting right in excess of 3% of the voting rights of issued shares. Voting rights that do exceed 3% will not be counted.

Article 13: Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in item 2 of Article 179 of the Company Act where no voting rights are granted.

When the shareholder meeting is convened, voting rights can be exercised in writing or through electronic methods. Instructions for exercising voting rights in writing or through electronic methods must be clearly stated in the notification to shareholders of the convening of the shareholders meeting. Shareholders who have voted in writing or through electronic methods are considered to have attended the shareholders meeting in person. However, they waive their rights to participate in any special motions or revisions to the original agendas that may arise during the shareholders meeting.

The intention to use written and electronic votes mentioned above must be delivered to the Company at least two days before the shareholders meeting. If there are duplicate submissions, the earlier submission takes precedence. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous vote.

If, after submitting a written or electronic vote, the shareholder wishes to attend the shareholders meeting in person, then a proper declaration of withdrawal must be issued using the same method as the original vote at least two days before the shareholders meeting. If the request is submitted after the deadline, the original exercise of voting rights by written or electronic vote will be counted. If the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders meeting, then the voting decision exercised by the proxy shall take precedence. Votes on motions, unless otherwise specified by the Company Act or the Company's Memorandum of Association, shall be passed with the approval of over half of the attending shareholders voting rights. At the time of voting, the total number of shareholders voting rights should be announced by the chairman or appointed personnel. If the chairman consults the entirety of attending shareholders without objection regarding a motion, it is considered passed. Its efficacy is the same as deciding by vote. If there are objections, the motion must be voted on by the methods described above. If there are several amendments or alternate solutions to a motion, the meeting chairman will determine the voting sequence. If any of the motions are passed, all other motions are deemed rejected and no further voting is necessary.

The meeting chairman will appoint a ballot examiner and ballot counter for voting on motions. However, the ballot examiner must be a shareholder. Ballot counting will proceed openly during the meeting. The outcome of the vote must be documented and announced on site.

Article 14: The election of directors and supervisors must be conducted in accordance to the Company's relevant election procedures. The results of the election shall be announced at the shareholders meeting. The previous item's election ballot must signed and sealed by the ballot inspector and preserved for at least a year. However, if a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, the ballots must be retained until the end of litigation.

Article 15: The resolutions passed at the shareholders meeting must be compiled into minutes, signed or stamped by the meeting chairman. The minutes must be delivered to all shareholders within 20 days of the meeting. The preparation and distribution of meeting minutes may be done by electronic methods.

The Company for distribution of the meeting minutes must be entered as an announcement into a Market Observation Post System. The minutes must detail the year, month, day, and location of the meeting, the chairman's name, the method of resolution, and the summary and results of meeting agendas. These minutes must be retained for as long as the company continues to exist. Any resolutions involving the chairman asking for objections from shareholders and receiving none in return must be remarked as "Passed without objections from any shareholders present in the meeting". If objections were raised by shareholders, then the resolution must be noted as having passed by way of voting, with details on the number of passing votes.

Article 16: The amount of shares solicited by solicitors and represented by proxies should be noted in chart form on the day of the shareholders meeting, and shown prominently at the venue of the shareholders meeting.

If resolutions of the shareholders meeting fall are regarded as important news pertaining to laws and regulations or regulations of the Taiwan Stock Exchange, the Company must report the content of the resolution on the Market Observation Post System within the designated time period.

Article 17: Staff running the shareholders meeting should wear I.D. badges or armbands.

The chairman may instruct picket members (or security staff) to help maintain order in the meeting. While maintaining order in the meeting, all picket members (or security staff) must wear arm badges or I.D. badges which identify their roles as a "picket member".

For meetings equipped with sound amplifying devices, shareholders not using sound amplifying devices prepared by the Company while speaking must be stopped by the chairman. The Chairman may call upon picket members or security staff to escort shareholders from the premises who are violating rules of procedure and not adhering to the chairman's corrections, or are hampering the proceedings of the meetings who refuse to be stopped.

Article 18: The chairman may call the meeting into recess at a suitable time. In the occurrence of any force majeure events, the meeting chairman may suspend the meeting and announce the time of continuation of the meeting after examining the situation.

If the agenda arranged by the Board of Directors (including special motions) has not reached its conclusion, and the location of the shareholder meeting cannot be used for any longer, it is up to the Board of Directors to find another suitable place for the meeting. According to regulations of Article 182 of the Company Act, the Board of Directors may postpone a

meeting for not more than five days, or to reconvene the meeting within five days.

Article 19: These rules shall become effective once resolved during the shareholders meeting; the same applies to all subsequent revisions.

Article 20: These rules were created on 21 May 1991

The 1st amendment was made on 13 May 1998

The 2nd amendment was made on 29 June 2002

The 3rd amendment was made on 23 June 2006

The 4th amendment was made on 24 June 2011

The 5th amendment was made on 27 June 2012

Other Information That Should Be Disclosed

I. 2014 Earnings Distribution: Directors and Supervisors Remunerations and Employee Bonuses:

Unit: NTD

Items	Sub-Total	Stock Conversion	Scale of Stock Dilution
Director and Supervisor Remunerations	\$ 45,271,377	-	-
Employee Bonuses (Cash)	\$ 45,271,377	-	-
Employee Bonuses (Stock)	\$ 0	-	-
Total	\$ 90,542,754	-	-
Note: The above distribution matched a Board of Directors resolution reached on April 21, 2015.			

II. Dividends Policy

1. Before the shareholders amended the Memorandum of Association, the Company's dividend policy has been modified as follows:

The industry in which the Company operates is changeable, and is capital-intensive. In times of stable growth, the Company considers future capital needs, and long-term financial plans, as well as satisfying shareholder needs pertaining to cash inflows. The current income after the Company's final accounting shall reimburse losses made in previous years as well as 10% of the remainder to be provided for a legal earnings reserve, except in accordance with legal provisions or reverse special reserve, the special reserve could be defined if any plan to expand transportation equipment and improved the financial structure. 30% or more of the remaining balance, plus any unappropriated earnings accumulated at the beginning of the period and any undistributed earnings adjustment in the current year, shall be distributed. The Board of Directors is responsible for planning the earnings appropriation, and these may be distributed after adoption by the shareholders meeting. Appropriation must include:

- (1) Employees' bonuses of no less than 1%.
- (2) Directors' and Supervisors' remuneration, totaling 1%.
- (3) The remainder after deducting amounts in subparagraphs 1 and 2 shall be shareholders' dividends.
- (4) Independent directors shall not take part in the allocation of earnings, whose remuneration shall be decided upon resolution of a directors' meeting.

The proportion of stock dividends or cash dividends distributed must be done in accordance with the current years' actual profit, capital position, and plans for increasing capital. The proportion of cash dividends may not be below 10% of total dividends. In the event of having previous years' accumulated earnings, or the current years' earnings, but be unable to provide for the current years' shareholders' equity, the accumulated earnings from the previous year should be used to provide for an identical special earnings reserve, which must first be deducted before being apportioned.

2. After the shareholders amended the Memorandum of Association, the Company's dividend policy has been modified as follows:

Article 11: 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 and Supervisors. However, if there are accumulated losses to the company, compensation should be reserved in advance. The remuneration of independent directors shall not be made during the remuneration of the Directors, as the remuneration shall be determined by a resolution from the Board of Directors.

The industry in which the Company operates is changeable, and is capital-intensive. In times of stable growth, the Company considers future capital needs, and long-term financial plans, as well as satisfying shareholder needs pertaining to cash inflows, any surplus earnings after the Company's total annual accounts have been calculated, after tax, and compensation for accumulated losses, are then carried to the 10% legal reserve, and according to the law, set aside or added to the reversal of special reserve. If there is a requirement for the expansion of transportation equipment and an improvement of the financial structure, this shall be made using the surplus within the special reserve, along with undistributed earnings within the same year to complete the amount needed, including 30% or more of the undistributed earnings at the beginning of the period will be considered in regards to the Company's capital requirements by the Board of Directors, along with the capital budget and other factors. The interests of shareholders and the company's long-term financial planning will be taken into account, with the proportion of dividends and dividend distribution being assigned after the shareholders' meeting.

The cash or shares distribution ratio, is subject to the current years' profits, financial conditions, and capital expansion program dividend distribution scheme, where the proportion of cash dividends may not be below 10% of total dividends.

III. Proposed distribution of retained earnings of year 2015

1. The Company's 2015 net income after tax was NT\$3,942,909,485. In accordance with relevant laws and the Memorandum of Association, 10% of this amount NT\$394,290,949, and the reversal of special reserve was NT\$63,721,236, with the addition of beginning period undistributed earnings of NT\$677,900,643, and other comprehensive losses with a deduction of NT\$ 13,755,331 (the 2015 annual benefit scheme number was re-evaluated), the available undistributed earnings was NT\$4,276,485,084. In addition to the non-allocation at the beginning period of undistributed earnings, the 2015 annual earnings appropriation was NT\$104 2,661,956,959 for distribution to shareholders as cash dividend of NT\$1.2 per share. The influence of stock dividends toward operating performance, EPS, and ROE of the company: It is not applicable.
2. Employees' bonus and Directors' and Supervisors' remuneration:
The current period estimated employees' remuneration and Directors' and Supervisors' remuneration is based on the calculation of number of stock dividends issued and actual issued monetary amount. Any differences between the estimated and actual amount are then accounted for: the current period estimated employees' remuneration was NT\$57,306,693, and the Directors' and Supervisors' remuneration was NT\$57,306,693, as the same figure was allotted by the Board of Directors for both groups.

Status of the Number of Shares Held by Directors and Supervisors

1. Detailed Table of the minimum shares held by all Directors and all Supervisors, and share numbers recorded in shareholder registration book

Title Name	Shall Maintain An Aggregate Holding of Shares	Share Numbers Recorded in the Shareholder Registration Book (shares)
Director	53,239,139 Shares	77,788,805 Shares
Supervisor	5,323,913 Shares	28,895,025 Shares

Note: Book closure date: May 1, 2016

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

Until book closure date: May 1, 2016

Title	Name	Share Numbers Recorded in the Shareholder Registration Book(shares)	Notation
Chairman	Po-Ting Chen	9,603,548	
Director	FORMOSA WONDERWORLD Co., Ltd.	880,794	Representative: Cheng-Hsien Lin
Director	TAILI Corporation	5,469,256	Representative: Randy Chen
Director	Chen-Yung Foundation	31,902,176	Representative: Chih-Chao Chen
Director	SHIH LIN PAPER CORP.	29,933,031	Representative: Mr. Fur-Lung Hsieh
Independent Directors	Ruei-Chuen Liu	525	
Independent Directors	Rung-Nian Lai	0	
Supervisor	Yee Sing Co., Ltd.	1,470,000	Representative: Chiu-Ling Wu
Supervisor	Yi Teh Optical Technology Co., Ltd.	7,698,024	Representative: Chih-Hsiang Chen
Supervisor	Hwa-Mei Lin Yen	19,727,001	

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

Note 2: All Directors and all Supervisors shall maintain an aggregate holding of shares have reached the legal standards.