

Stock Code: 2606



U-MING MARINE TRANSPORT CORP.

Handbook for the 2019 Annual Meeting of Shareholders

MEETING TIME: June 13, 2019

PLACE: Taipei Hero House

No. 20, Sec. 1, Changsha St., Zhongzheng Dist., Taipei, Taiwan

**The English version is the translation of the Chinese version and if there is any conflict between the meaning of terms in the Chinese version and English translation, the meaning of the Chinese version shall prevail.*



U-MING MARINE TRANSPORT CORP.

2019 Annual Meeting of Shareholders

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U-MING MARINE TRANSPORT CORP.

Procedure for the 2019 Annual Meeting of Shareholders

Call the Meeting to Order

Chairman Takes Chair

Chairman Remarks
(Management Presentation)

Matters to Be Reported

Matters to Be Ratified

Matters to Be Discussed and Elected

Extempore Motions

Adjournment

Matters to Be Reported:

1. 2018 Business Report

1. Introduction

The international dry bulk shipping market showed an overall positive growth in 2018. This was attested by an 18% growth in the Baltic Dry Index (BDI) which averaged 1,353 points for the full year. The BDI, which was relatively sluggish in the first quarter of 2018, began to pick up during the second quarter after the end of China's winter production cap; and peaked in the third quarter which was signalling a recovering market. However, the market did not sustain further due to the emerging US-China trade war.

The overall global economy in 2018 was on a slow growth. According to the International Monetary Fund (IMF), the global GDP in 2018 was 3.7%, same as the previous year. However, China's GDP was down by 0.3 percentage point to 6.6%; its manufacturing PMI was averaging 50.9 but in December, it dipped below the 50-point mark; which signalled an increased downward pressure on China's economy. Facing the weak domestic demand, the Chinese government introduced the "The Strategy of Rural Vitalization (2018-2020)" to boost the economy through rural development and railway construction. According to China's official statement in early 2019, this total investment is expected to exceed 70 trillion Yuan. The ASEAN countries and India have also continued their expansionary policies in infrastructure and public investment in response to the quickened pace of urbanisation. Among them, India stood out with GDP rising from 6.7% in 2017 to 7.3% in 2018. Prime Minister Modi of India has an ambitious plan to build 100 "smart cities" with high-speed rail connections by 2022, to drive demand for raw materials including steel hence promoting maritime transportation.

In terms of overall shipping demand, Clarksons estimated that the global bulk cargo shipment in 2018 was about 5.22 billion tons, up 2.4% from 2017; but the demand for iron ore shipping has slowed. According to Worldsteel's estimate, China's cumulative crude steel output in 2018 was 928 million tons, representing an annual growth of 6.59%. However, according to Chinese Customs statistics, China's total iron ore import was 1.064 billion tons, down 1% compared to the previous year. This was likely due to the high port inventory and promotion of scrap steel usage. On the other hand, extreme climates have supported continued demand for coal-powered electricity, driving an annual growth rate of 3.9% in coal import (including thermal coal and coking coal).

The continued US-China trade war saw increasing tariff measures imposed by both countries. The United States imposes a 25% tariff on high-tech products such as aviation, new-energy vehicles and new materials in order to check the progress of the "China Manufacturing 2025" strategy. In a tit-for-tat response, China imposes tariff on US imports including agricultural products and primary products such as fruits, pork and soybeans.

Grain imports and exports were directly affected by the trade war and this has resulted in structural changes in shipping routes. China gradually shifted its import of soybeans from the United States to Brazil, while the United States increased its soybean export to Europe and the other markets.

Clarksons estimated that the full-year US soybean export would decrease by 12% in 2018, while Brazil would increase its export to 83 million tons, up 23% from the previous year. As South America is much further away from China, the shipping distance is relatively longer. Therefore, the average shipping distance of soybean from South America in 2018 is 12% longer than the previous year.

On the ship supply side, the fleet growth was still slow in 2018 with an annual growth rate of 2.88%. The total tonnage of ship scrapping remained sluggish with only 57 bulk carriers being demolished, equivalent to 4.45 million tons, down 69.65% from the previous year. The average earning of the bulk market in 2018 was \$12,249 per day, the highest since 2011. Therefore, ship owners would prefer to continue operating with their existing fleet.

U-Ming had continued to carry out its fleet renewal plan in 2018. The company had sold two 80K Panamax “MV Cemtex Thrift” and “MV Cemtex Prudence”, and took delivery of a new 82K Panamax “MV Cemtex Sincerity” to inject more diverse shipping capacity into the fleet portfolio. With the upcoming Ballast Water Management Convention which requires all ships to be installed with a ballast water treatment system, U-Ming has been well prepared in advance and has already completed installations for twenty ships by the end of 2018, representing a completion rate of 55.56%.

U-Ming has long been committed to sustainable operations and has won recognitions both at home and abroad. The company has won the Silver Award in the Transportation Category of the “2018 Taiwan Corporate Sustainability Award”, for the third time, conferred by the Taiwan Institute for Sustainable Energy (TCSA). In addition, having passed the evaluation criteria of FTSE Russell and Taiwan Stock Exchange, it was again included as a constituent of the FTSE4 Good Emerging Index and FTSE4 Good TIP Taiwan ESG Index. In 2017, the company was also the recipient of the “Excellence in Business Performance” and “Excellence in Green Shipping Development” conferred by the Ministry of Transport in Taiwan. These awards serve to recognize U-Ming’s outstanding ability in the environmental protection, corporate social responsibility and corporate governance (ESG)’s aspects of its businesses.

2. Business Performance

U-Ming turned in yet another good year in 2018 with an annual consolidated revenue of NT\$11,523,222,000. The net profit after tax was NT\$1,668,840,000 and the earning per share (EPS) was NT\$1.97. The operational highlights are summarised as follows:

(1) Long-Term Revenue

On 31 January 2018, U-Ming signed a 25-year long-term iron ore shipping agreement with Vale International SA of Switzerland, the world’s largest iron ore producer. From 2020 to 2045, the company is contracted to ship iron ore exported from Brazil to China. The total contract revenue is expected to exceed USD 600 million. This will increase the company’s long-term charter percentage and will also create a steady cash flow and profit for the company.

(2) Joint-Venture Businesses

In early 2018, U-Ming had entered into a joint venture with Xiamen ITG Group Co., Ltd to establish ITG-UMING Shipping Co., Ltd and ITG-UMING (Xiamen) Co Ltd respectively. Lauded as a win-win co-operation, the joint venture will bring synergistic collaborations in terms of financial

resources, trading know-how and professional shipping experiences to further develop both domestic and foreign import & export logistics businesses.

(3) Fleet Safety Management

In 2016, U-Ming cooperated with Ericsson to develop a world-leading Fleet Safety Management System (FSM); of which the first phase of the project was completed in 2018. Between February and June of 2018, the “Collision Warning” and “Piracy Treat Prediction” functionalities of the system were commissioned. This system would assist the Captain in continuous monitoring of interactive dynamics between the ship and others in its vicinity. When the CPA (closest point of approach) or TCPA (time to closest point of approach) between the ship and its surrounding ships is lower than the pre-set safety distance, the system will invoke a collision alarm to warn the Captain for immediate intervention. This will not only improve the efficiency of the shipping operations, but also the safety of the fleet maritime navigations.

(4) Green Shipping Initiatives

In response to the 2020 low-sulphur fuel policy, U-Ming had collaborated with various international partners to participate in the “Green Corridor JIP” project, aiming to develop a feasible LNG-fuelled vessel specification, to ply between China and Australia in the iron ore and coal trade. The results of the first phase, which proved to be economical and technical viable, were presented on 1 June 2017 at the Nor-Shipping Event in Oslo. In August 2018, the design conference held in Singapore announced that the 260,000-ton very large ore carrier (VLOC) specification has obtained the in-principle approval from the DNV GL Ship Classification Society; a major breakthrough of the project. The “Green Corridor JIP” project brings together major cargo owners and ship owners to exploit each other’s strengths to innovate in environmentally friendly and more efficient ship designs, which is not only conducive to energy saving and carbon reduction in the whole supply chain but also benefits the sustainable development of the shipping industry.

(5) Fleet Expansion

U-Ming had continued to carry out its fleet renewal plan in 2018. As of 31 December 2018, the company has a total of 40 vessels, including vessels under construction. The average age of bulk carrier fleet is about 5.5 years. Together with other joint ventures and managed vessels, U-Ming operates a total of 48 vessels, with a total deadweight of 6.66 million tons.

3. Business Strategy

Looking forward, the macro situation is still grim with the continuing US-China trade war, BREXIT uncertainty and the slowing down of China’s economy. In such uncertainty, U-Ming will adhere to its Far-Eastern ethos of “Sincerity, Diligence, Thrift, Prudence and Innovation” to devise a corporate sustainable development strategy. With an innovative mind set and adoption of new technologies, the company will transform its top-down organisation structure into a more integrated structure that stresses inter-departmental collaborations so as to achieve synergistic brain-storming to better develop new markets and provide more diversified services.

(1) Develop Green Fleet to Optimise Transportation Efficiency

U-Ming endeavours to keep its fleet young by renewing its fleet. This is to ensure its ability to provide

excellent shipping services and better choices for our customers. We will continue to optimise transportation efficiency and to reduce carbon footprint and protect the maritime environment; as well as abiding by the international maritime regulations. The company is expected to take delivery of a new Kamsarmax bulk carrier in 2019 and two new 325,000-ton very large ore carriers (VLOC) in 2020.

(2) Seeking Good Partnership for Long-term Revenue

The world economy is entering a state of recovery, but global economic development has slowed down, presenting severe challenges to our business operations. Looking forward, U-Ming will continue to garner its own competitive advantage and evaluate relevant potential companies with good equity or assets, for investment or acquisition to expand the company's scope of business. Meanwhile, the company will also seek quality reliable customers to establish long-term businesses and to ensure stable cash flow and income.

(3) Ensuring High Fleet Utilisation and Operating Days

U-Ming's average annual fleet utilisation is more than 97%. With the company's fleet management know-how, the company will spare no effort in maintaining such high fleet utilisation and to reduce dock maintenance and off-hire days. This will maximise our shareholders' benefit.

(4) Promote Maritime Digitisation to Enhance Fleet Safety

The Fleet Safety Management System greatly enhances fleet safety through improvement in data transmission efficiency, real-time monitoring, early warning, collision avoidance, and pirate attacks. If a vessel is not sailing at a pre-set speed, the system is able to emit sound reminder for slowing down and optimizing fuel consumption. In 2017 alone, a saving of USD 3.40 million in telecommunication and fuel costs was achieved. To further digitise the processes of fleet safety management, the company has completed installation of such fleet safety management system in various ship types in the year 2018. This has enabled various shipping and navigation data to be promptly transmitted back onshore for real-time monitoring and management. This effectively improves the safety aspect of ship navigation. In 2019, the company will begin a system functionality upgrade plan to fine-tune the system. More warning functions such as avoidance of fishing areas, danger/obstacle zones or anchor dragging will be added to further improve navigation safety. In addition, meteorological and maritime charts will be integrated into the company's system to further improve navigation safety. Furthermore, U-Ming also utilizes big-data analytics on market information to achieve better ship configuration and flexible adjustment of contract time ratio.

(5) Strengthen Crew Training; Implement Port State Control (PSC)

In accordance with various regulations of the International Maritime Organisation (IMO), U-Ming provides crew training and implements various measures of port state control (PSC). This is to enhance on-board environmental awareness in order to achieve the target of zero ship-detention.

(6) Light-Asset Business Strategy to Improve Stable Returns

U-Ming has a team of professional shipping personnel with rich experience. The company has planned to use of its human capital and the external market resources to actively promote charter-in shipping and ship management businesses with the objective to maximise the company's investment returns.

(7) Cross-Industry Cooperation to Develop Cost-Saving Projects

According to the sulphur restriction regulation announced by the International Maritime Organisation (IMO), the sulphur content of shipping fuel must be reduced from the current 3.5% to 0.5% by 2020. Ship owners can achieve this through the use of low-sulphur fuel or through installation of sulphur removing devices (scrubbers). Both methods will mean drastic impact on operational costs. U-Ming is well prepared in advance and has engaged experts to study various business cost saving plans to seek the best win-win solutions for both ship and cargo owners in order to ensure stable profits.

U-Ming continues to fulfil its corporate social responsibility by reducing the impact of its shipping operation on marine ecology and in providing education and training to enhance maritime safety. The company also provides a good maritime career development for all its employees. With its prudent management team and sound financial foundation, the company will continue to grow and to create the highest value for all its stakeholders.

Chairman:



President:



Vice President,
Accounting Division:



2. 2018 Financial Statements

Consolidated Balance Sheets in Y2018

Consolidated Statements of Comprehensive Income in Y2018

Consolidated Statements of Changes Equity in Y2018

Consolidated Statements of Cash Flows in Y2018

Individual Balance Sheets in Y2018

Individual Statements of Comprehensive Income in Y2018

Individual Statements of Changes in Equity in Y2018

Individual Statements of Cash Flows in Y2018

Please see the attachments for Independent Auditors' Report of Deloitte & Touche.

For complete financial reports, please download from M.O.P.S.

(<http://mops.twse.com.tw>)

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 7)	\$ 16,684,916	27	\$ 10,528,550	20
Financial assets at fair value through profit or loss - current (Notes 8 and 26)	2,741,003	4	147,982	-
Financial assets at fair value through other comprehensive income - current (Notes 9 and 27)	5,815,650	9	-	-
Available-for-sale financial assets - current (Notes 10, 26 and 27)	-	-	6,482,215	12
Contract assets - current (Notes 20 and 26)	189,352	-	-	-
Trade receivables from unrelated parties (Note 12)	355,817	1	489,217	1
Trade receivables from related parties (Notes 12 and 26)	81,322	-	62,388	-
Other receivables (Note 12)	185,829	-	652,469	1
Fuel inventory	410,314	1	422,490	1
Other current assets (Note 26)	232,767	-	166,094	-
Total current assets	26,696,970	42	18,951,405	35
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 9)	2,024,330	3	-	-
Financial assets measured at cost - non-current (Note 11)	-	-	892,943	2
Investments accounted for using the equity method (Note 14)	2,826,266	5	2,504,503	5
Property, plant and equipment (Notes 15, 27 and 28)	29,939,341	48	30,217,912	56
Intangible assets	34,624	-	879	-
Deferred tax assets (Note 22)	17,895	-	34,465	-
Prepayments for equipment (Note 15)	747,189	1	342,042	1
Refundable deposits (Notes 26 and 27)	108,076	-	109,706	-
Long-term receivables - related parties (Note 26)	809,669	1	819,523	1
Other non-current assets	4,291	-	22,827	-
Total non-current assets	36,511,681	58	34,944,800	65
TOTAL	\$ 63,208,651	100	\$ 53,896,205	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 6,615,000	10	\$ 5,985,000	11
Short-term bills payable (Notes 16 and 27)	4,748,161	8	2,598,642	5
Financial liabilities at fair value through profit or loss - current (Note 8)	106,395	-	154,238	-
Trade payables (Note 26)	104,938	-	131,536	-
Other payables (Note 17)	1,219,360	2	905,443	2
Current tax liabilities (Note 22)	28,911	-	104,532	-
Current portion of long-term borrowings (Notes 16 and 27)	6,330,698	10	3,370,445	6
Other current liabilities (Note 26)	215,969	-	211,961	1
Total current liabilities	19,369,432	30	13,461,797	25
NON-CURRENT LIABILITIES				
Bank loans (Notes 16 and 27)	17,673,689	28	18,022,116	34
Deferred tax liabilities (Note 22)	170,677	-	178,726	-
Deferred revenue - non-current	170,679	-	189,459	-
Net defined benefit liabilities - non-current (Note 18)	198,639	1	203,897	-
Total non-current liabilities	18,213,684	29	18,594,198	34
Total liabilities	37,583,116	59	32,055,995	59
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Common share capital	8,450,557	13	8,450,557	16
Capital surplus	115,123	-	115,135	-
Retained earnings				
Legal reserve	6,526,608	11	6,426,656	12
Special reserve	2,000,954	3	-	-
Unappropriated earnings	7,526,115	12	8,848,816	17
Total retained earnings	16,053,677	26	15,275,472	29
Other equity	1,006,178	2	(2,000,954)	(4)
Total equity	25,625,535	41	21,840,210	41
TOTAL	\$ 63,208,651	100	\$ 53,896,205	100

The accompanying notes are an integral part of the consolidated financial statements.

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE				
Freight revenue (Notes 20 and 26)	\$ 11,350,673	98	\$ 8,285,385	97
Other operating revenue (Note 21)	<u>172,549</u>	<u>2</u>	<u>215,940</u>	<u>3</u>
Total operating revenue	11,523,222	100	8,501,325	100
OPERATING COSTS				
Freight cost (Notes 21 and 26)	<u>9,808,074</u>	<u>85</u>	<u>7,724,280</u>	<u>91</u>
GROSS PROFIT	1,715,148	15	777,045	9
OPERATING EXPENSES (Notes 21 and 26)	<u>382,139</u>	<u>4</u>	<u>316,027</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>1,333,009</u>	<u>11</u>	<u>461,018</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 21)	(626,789)	(5)	(548,379)	(6)
Interest income	446,047	4	235,651	3
Dividend income	114,654	1	125,303	1
Other income (Note 26)	19,795	-	18,894	-
Net gain on foreign currency exchange (Note 29)	64,732	1	794,145	9
Other losses	(6,438)	-	(17,697)	-
Gain (loss) on disposal of property, plant and equipment, net	285,551	2	(106)	-
Gain (loss) on sale of investments, net	24,402	-	(299,152)	(4)
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	(165,608)	(1)	(103,900)	(1)
Impairment loss (Note 10)	-	-	(4,900)	-
Share of the profit or loss of associates and joint ventures (Note 14)	<u>143,749</u>	<u>1</u>	<u>150,537</u>	<u>2</u>
Total non-operating income and expenses	<u>300,095</u>	<u>3</u>	<u>350,396</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	1,633,104	14	811,414	10
INCOME TAX BENEFIT (Note 22)	<u>(35,736)</u>	<u>(1)</u>	<u>(188,106)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>1,668,840</u>	<u>15</u>	<u>999,520</u>	<u>12</u>

(Continued)

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	\$ 3,949	-	\$ (4,671)	-
Unrealized gain(loss) on investments in equity instruments at fair value through other comprehensive income	613,277	5	-	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	8,216	-	(12,444)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	1,337,998	12	(3,584,374)	(42)
Unrealized gain on available-for-sale financial assets	-	-	623,152	7
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>43,817</u>	<u>-</u>	<u>(107,141)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>2,007,257</u>	<u>17</u>	<u>(3,085,478)</u>	<u>(37)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 3,676,097</u>	<u>32</u>	<u>\$ (2,085,958)</u>	<u>(25)</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 1,668,840</u>	<u>14</u>	<u>\$ 999,520</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 3,676,097</u>	<u>32</u>	<u>\$ (2,085,958)</u>	<u>(25)</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 1.97</u>		<u>\$ 1.18</u>	
Diluted	<u>\$ 1.97</u>		<u>\$ 1.18</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	Common Share Capital	Capital Surplus	Retained Earnings			Other Equity						
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Cash Flow Hedges	Gain on Property Revaluation	Total	Total Equity
BALANCE AT JANUARY 1, 2017	\$ 8,450,557	\$ 115,140	\$ 7,060,448	\$ 337,186	\$ 7,519,741	\$ 1,000,343	\$ -	\$ 66,929	\$ 4	\$ 133	\$ 1,067,409	\$ 24,550,481
Appropriation of 2016 earnings												
Cash dividends distributed from the legal reserve	-	-	(633,792)	-	-	-	-	-	-	-	-	(633,792)
Reversal of special reserve	-	-	-	(337,186)	337,186	-	-	-	-	-	-	-
Change of capital surplus from investments in associates and joint ventures accounted for using the equity method	-	2	-	-	-	-	-	-	-	-	-	2
Net profit for the year ended December 31, 2017	-	-	-	-	999,520	-	-	-	-	-	-	999,520
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	(17,115)	(3,693,524)	-	625,165	(4)	-	(3,068,363)	(3,085,478)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	982,405	(3,693,524)	-	625,165	(4)	-	(3,068,363)	(2,085,958)
Dividends claimed after over five years by stockholders	-	(7)	-	-	-	-	-	-	-	-	-	(7)
Change from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	9,484	-	-	-	-	-	-	9,484
BALANCE AT DECEMBER 31, 2017	8,450,557	115,135	6,426,656	-	8,848,816	(2,693,181)	-	692,094	-	133	(2,000,954)	21,840,210
Effect of retrospective application and retrospective restatement	-	-	-	-	120,155	(1,181)	1,696,487	(692,094)	-	-	1,003,212	1,123,367
BALANCE AT JANUARY 1, 2018 AS RESTATED	8,450,557	115,135	6,426,656	-	8,968,971	(2,694,362)	1,696,487	-	-	133	(997,742)	22,963,577
Appropriation of 2017 earnings												
Legal reserve	-	-	99,952	-	(99,952)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,014,067)	-	-	-	-	-	-	(1,014,067)
Special reserve	-	-	-	2,000,954	(2,000,954)	-	-	-	-	-	-	-
Change of capital surplus from investments in associates and joint ventures accounted for using the equity method	-	4	-	-	-	-	-	-	-	-	-	4
Net profit for the year ended December 31, 2018	-	-	-	-	1,668,840	-	-	-	-	-	-	1,668,840
Other comprehensive income for the year ended December 31, 2018, net of income tax	-	-	-	-	3,337	1,381,813	622,105	-	2	-	2,003,920	2,007,257
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	1,672,177	1,381,813	622,105	-	2	-	2,003,920	3,676,097
Dividends claimed after over five years by stockholders	-	(16)	-	-	-	-	-	-	-	-	-	(16)
Change from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	(60)	-	-	-	-	-	-	(60)
BALANCE AT DECEMBER 31, 2018	<u>\$ 8,450,557</u>	<u>\$ 115,123</u>	<u>\$ 6,526,608</u>	<u>\$ 2,000,954</u>	<u>\$ 7,526,115</u>	<u>\$ (1,312,549)</u>	<u>\$ 2,318,592</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 133</u>	<u>\$ 1,006,178</u>	<u>\$ 25,625,535</u>

The accompanying notes are an integral part of the consolidated financial statements.

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,633,104	\$ 811,414
Adjustments for:		
Depreciation expenses	2,298,209	2,301,321
Amortization expenses	8,813	41
Expected credit loss reversed on trade receivables (recognition of provision for doubtful accounts)	(120)	4,742
Net loss on financial assets and liabilities at fair value through profit or loss	165,608	103,900
Finance costs	626,789	548,379
Interest income	(446,047)	(235,651)
Dividend income	(287,203)	(263,480)
Share of the profit of associates and joint ventures	(143,749)	(150,537)
(Gain) loss on disposal of property, plant and equipment, net	(285,551)	106
Gain on disposal of investments, net	-	(266,784)
Loss on disposal of associates and joint ventures	-	1
Impairment loss recognized on available-for-sale financial assets	-	8,643
Net loss (gain) on foreign currency exchange	129,382	(938,003)
Other non-cash items	(24,402)	(24,631)
Changes in operating assets and liabilities		
Financial assets held for trading	-	23,187
Financial assets mandatorily classified as at fair value through profit or loss	(1,442,682)	-
Contract assets	(189,352)	-
Trade receivables	114,502	(166,954)
Other receivables	459,489	31,941
Fuel inventory	13,879	(160,497)
Other current assets	(66,661)	18,329
Trade payables	(26,598)	(67,707)
Other payables	305,392	240,193
Other current liabilities	4,008	58,654
Net defined benefit liabilities	(1,309)	(58,937)
Cash generated from operations	2,845,501	1,817,670
Interest received	453,198	242,189
Dividends received	287,203	263,480
Interest paid	(618,738)	(537,086)
Income tax paid	(31,376)	(32,434)
Net cash generated from operating activities	<u>2,935,788</u>	<u>1,753,819</u>
		(Continued)

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (35,346)	\$ -
Purchase of available-for-sale financial assets	-	(1,013,012)
Proceeds from sale of available-for-sale financial assets	-	2,869,980
Acquisition of associates	(167,888)	(502)
Purchase of property, plant and equipment	(465,669)	(366,851)
Proceeds from disposal of property, plant and equipment	518,053	-
Decrease (increase) in refundable deposits	1,869	(11,356)
Decrease (increase) in financing provided - related parties	26,530	(16,129)
Payments for intangible assets	(20,945)	(920)
Increase in other non-current assets	(3,077)	(22,827)
Increase in prepayments for equipment	(1,257,364)	(4,132,450)
Dividends received from associates	<u>73,417</u>	<u>809</u>
Net cash used in investing activities	<u>(1,330,420)</u>	<u>(2,693,258)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	630,000	1,585,000
Proceeds from short-term bills payable	2,150,000	241,000
Repayment of bonds payables	-	(1,000,000)
Proceeds from long-term borrowings	8,229,743	8,527,244
Repayments of long-term borrowings	(5,882,922)	(9,812,674)
Dividends paid to owners of the Company	<u>(1,014,083)</u>	<u>(633,799)</u>
Net cash generated from (used in) financing activities	<u>4,112,738</u>	<u>(1,093,229)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>438,260</u>	<u>(979,500)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,156,366	(3,012,168)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>10,528,550</u>	<u>13,540,718</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 16,684,916</u>	<u>\$ 10,528,550</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
U-Ming Marine Transport Corporation

Opinion

We have audited the accompanying consolidated financial statements of U-Ming Marine Transport Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Transportation Equipment

According to IAS 36, the Group should periodically perform impairment assessment on assets. As the nature of the business of the Group pertains to marine transportation, the transportation equipment is material to its financial statements. Also, the estimates and assumptions adopted by the management for the assessment of impairment on the equipment thereof directly impact the recognition of impairment loss in the financial statements. As a result, impairment assessment of the transportation equipment was deemed to be a key audit matter. For information on impairment assessment of transportation equipment, refer to Note 5 to the consolidated financial statements: critical accounting judgments and key sources of estimation uncertainty.

The main audit procedures we have performed in respect of the key audit matter stated above were as follows:

1. We understood and tested the design and implementation of the key controls over the impairment assessment of property, plant and equipment.
2. We obtained and understood the calculation table of impairment assessment of transportation equipment.
3. We assessed and consulted with our internal specialist regarding the reasonableness of accounting estimates used in the impairment assessment, such as the identification of cash-generating units, the confirmation of fair value of transportation equipment by obtaining supporting documents, and the discount rate and future cash flows used in determining the recoverable amount under the discounted cash flow method.
4. We tested the calculation of impairment loss according to the table provided by the management.

Stage of Completion of Freight Contracts

The Group's freight revenue is recognized by reference to the stage of completion of the contract. Because making judgements and estimates is required to a certain extent when measuring and calculating the stage of completion of freight contracts, and revenue recognition and expression might be affected by the selection and application of calculation methods, the determination of the stage of completion of freight contracts was deemed to be a key audit matter. Refer to Note 5 to the consolidated financial statements: critical accounting judgments and key sources of estimation uncertainty for information on the stage of completion of freight contracts.

The main audit procedures we have performed in respect of the key audit matter stated above were as follows:

1. We understood and tested the design and implementation of the key controls over the recognition of freight revenue.
2. We obtained relevant documents and understood the determination of the stage of completion of freight contracts, and we confirmed that the calculation method is appropriate and applied consistently.
3. We verified the management's calculation of percentage of voyages and freight revenue by collating the information on actual voyages, entering/departing reports, sailing schedule and freight contracts.

Other Matter

We have also audited the parent company only financial statements of U-Ming Marine Transport Corporation as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Ming Lee and Li-Wen Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2019

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

U-MING MARINE TRANSPORT CORPORATION
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 12,695	-	\$ 17,660	-
Financial assets at fair value through profit or loss - current	259	-	-	-
Financial assets at fair value through other comprehensive income - current	1,726,585	4	-	-
Available-for-sale financial assets - current	-	-	1,626,942	4
Contract assets	5,640	-	-	-
Trade receivables from unrelated parties	7,495	-	22,618	-
Trade receivables from related parties	77,284	-	40,200	-
Other receivables	74,689	-	39,032	-
Fuel inventory	24,693	-	25,284	-
Other current assets	<u>55,697</u>	<u>-</u>	<u>61,876</u>	<u>-</u>
Total current assets	<u>1,985,037</u>	<u>4</u>	<u>1,833,612</u>	<u>4</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	910,293	2	-	-
Financial assets measured at cost - non-current	-	-	344,296	1
Investments accounted for using equity method	48,120,696	92	47,155,049	93
Property, plant and equipment	870,896	2	933,858	2
Intangible assets	34,624	-	879	-
Deferred tax assets	17,895	-	34,465	-
Refundable deposits	43,657	-	48,542	-
Other non-current assets	<u>10,301</u>	<u>-</u>	<u>27,986</u>	<u>-</u>
Total non-current assets	<u>50,008,362</u>	<u>96</u>	<u>48,545,075</u>	<u>96</u>
TOTAL	<u>\$ 51,993,399</u>	<u>100</u>	<u>\$ 50,378,687</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 6,615,000	13	\$ 5,985,000	12
Short-term bills payable	4,748,161	9	2,598,642	5
Financial liabilities at fair value through profit or loss - current	5,843	-	110,559	-
Trade payables	24,203	-	34,902	-
Other payables	346,480	1	358,923	1
Other payables from related parties	1,846,115	4	10,726,224	21
Current tax liabilities	27,895	-	103,518	-
Current portion of long-term borrowings	3,819,611	7	835,000	2
Other current liabilities	<u>20,571</u>	<u>-</u>	<u>20,132</u>	<u>-</u>
Total current liabilities	<u>17,453,879</u>	<u>34</u>	<u>20,772,900</u>	<u>41</u>
NON-CURRENT LIABILITIES				
Bank loans	8,596,684	17	7,444,288	15
Deferred tax liabilities	170,677	-	178,726	1
Net defined benefit liabilities - non-current	<u>146,624</u>	<u>-</u>	<u>142,563</u>	<u>-</u>
Total non-current liabilities	<u>8,913,985</u>	<u>17</u>	<u>7,765,577</u>	<u>16</u>
Total liabilities	<u>26,367,864</u>	<u>51</u>	<u>28,538,477</u>	<u>57</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Common share capital	<u>8,450,557</u>	<u>16</u>	<u>8,450,557</u>	<u>17</u>
Capital surplus	<u>115,123</u>	<u>-</u>	<u>115,135</u>	<u>-</u>
Retained earnings				
Legal reserve	6,526,608	13	6,426,656	13
Special reserve	2,000,954	4	-	-
Unappropriated earnings	<u>7,526,115</u>	<u>14</u>	<u>8,848,816</u>	<u>17</u>
Total retained earnings	<u>16,053,677</u>	<u>31</u>	<u>15,275,472</u>	<u>30</u>
Other equity	<u>1,006,178</u>	<u>2</u>	<u>(2,000,954)</u>	<u>(4)</u>
Total equity	<u>25,625,535</u>	<u>49</u>	<u>21,840,210</u>	<u>43</u>
TOTAL	<u>\$ 51,993,399</u>	<u>100</u>	<u>\$ 50,378,687</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

U-MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings/Losses Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 1,080,444	100	\$ 878,369	100
OPERATING COSTS	<u>878,018</u>	<u>81</u>	<u>781,243</u>	<u>89</u>
GROSS PROFIT	202,426	19	97,126	11
OPERATING EXPENSES	<u>267,293</u>	<u>25</u>	<u>207,242</u>	<u>23</u>
LOSS FROM OPERATIONS	<u>(64,867)</u>	<u>(6)</u>	<u>(110,116)</u>	<u>(12)</u>
NON-OPERATING INCOME AND EXPENSES				
Financial costs	(331,247)	(31)	(361,984)	(41)
Share of the profit or loss of subsidiaries, associates and joint ventures	1,788,982	166	960,445	109
Interest income	280	-	378	-
Dividend income	108,572	10	117,068	13
Other income	44,684	4	22,560	3
Loss on sale of investments, net	-	-	(499,003)	(57)
Net gain (loss) on foreign currency exchange	(51,105)	(5)	946,040	108
Valuation gain (loss) on financial assets and liabilities at fair value through profit or loss, net	112,054	10	(287,824)	(33)
Other losses	<u>(5,607)</u>	<u>-</u>	<u>(9,196)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>1,666,613</u>	<u>154</u>	<u>888,484</u>	<u>101</u>
PROFIT BEFORE INCOME TAX	1,601,746	148	778,368	89
INCOME TAX BENEFIT	<u>(67,094)</u>	<u>(6)</u>	<u>(221,152)</u>	<u>(25)</u>
NET PROFIT FOR THE YEAR	<u>1,668,840</u>	<u>154</u>	<u>999,520</u>	<u>114</u>

(Continued)

U-MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings/Losses Per Share)

	2018		2017	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (12,354)	(1)	\$ (13,200)	(2)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	68,918	6	-	-
Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures using the equity method	568,878	53	(3,915)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	1,337,857	124	(3,585,151)	(408)
Unrealized gain on available-for-sale financial assets	-	-	133,749	15
Share of the other comprehensive income of subsidiaries, associates and joint ventures using the equity method	<u>43,958</u>	<u>4</u>	<u>383,039</u>	<u>44</u>
Other comprehensive income (loss) for the year, net of income tax	<u>2,007,257</u>	<u>186</u>	<u>(3,085,478)</u>	<u>(351)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 3,676,097</u>	<u>340</u>	<u>\$ (2,085,958)</u>	<u>(237)</u>
EARNINGS PER SHARE				
Basic	<u>\$ 1.97</u>		<u>\$ 1.18</u>	
Diluted	<u>\$ 1.97</u>		<u>\$ 1.18</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

U-MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	Common Share Capital	Capital Surplus	Retained Earnings			Other Equity						Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Financial Assets at Fair Value through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Cash Flow Hedges	Gain on Property Revaluation	Total	
BALANCE AT JANUARY 1, 2017	\$ 8,450,557	\$ 115,140	\$ 7,060,448	\$ 337,186	\$ 7,519,741	\$ 1,000,343	\$ -	\$ 66,929	\$ 4	\$ 133	\$ 1,067,409	\$ 24,550,481
Appropriation of 2016 earnings												
Cash dividends distributed from legal reserve	-	-	(633,792)	-	-	-	-	-	-	-	-	(633,792)
Reversal of special reserve	-	-	-	(337,186)	337,186	-	-	-	-	-	-	-
Change of capital surplus from investments in associates and joint ventures accounted for using equity method	-	2	-	-	-	-	-	-	-	-	-	2
Net profit for the year ended December 31, 2017	-	-	-	-	999,520	-	-	-	-	-	-	999,520
Other comprehensive income for the year ended December 31, 2017, net of income tax	-	-	-	-	(17,115)	(3,693,524)	-	625,165	(4)	-	(3,068,363)	(3,085,478)
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	982,405	(3,693,524)	-	625,165	(4)	-	(3,068,363)	(2,085,958)
Dividends claimed after over five years by stockholders	-	(7)	-	-	-	-	-	-	-	-	-	(7)
Change from investments in associates and joint ventures accounted for using equity method	-	-	-	-	9,484	-	-	-	-	-	-	9,484
BALANCE AT DECEMBER 31, 2017	8,450,557	115,135	6,426,656	-	8,848,816	(2,693,181)	-	692,094	-	133	(2,000,954)	21,840,210
Effect of retrospective application and retrospective restatement	-	-	-	-	120,155	(1,181)	1,696,487	(692,094)	-	-	1,003,212	1,123,367
BALANCE AT JANUARY 1, 2018 AS RESTATED	8,450,557	115,135	6,426,656	-	8,968,971	(2,694,362)	1,696,487	-	-	133	(997,742)	22,963,577
Appropriation of 2017 earnings												
Legal reserve	-	-	99,952	-	(99,952)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,014,067)	-	-	-	-	-	-	(1,014,067)
Special reserve	-	-	-	2,000,954	(2,000,954)	-	-	-	-	-	-	-
Change of capital surplus from investments in associates and joint ventures accounted for using equity method	-	4	-	-	-	-	-	-	-	-	-	4
Net profit for the year ended December 31, 2018	-	-	-	-	1,668,840	-	-	-	-	-	-	1,668,840
Other comprehensive income for the year ended December 31, 2018, net of income tax	-	-	-	-	3,337	1,381,813	622,105	-	2	-	2,003,920	2,007,257
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	1,672,177	1,381,813	622,105	-	2	-	2,003,920	3,676,097
Dividends claimed after over five years by stockholders	-	(16)	-	-	-	-	-	-	-	-	-	(16)
Change from investments in associates and joint ventures accounted for using equity method	-	-	-	-	(60)	-	-	-	-	-	-	(60)
BALANCE AT DECEMBER 31, 2018	<u>\$ 8,450,557</u>	<u>\$ 115,123</u>	<u>\$ 6,526,608</u>	<u>\$ 2,000,954</u>	<u>\$ 7,526,115</u>	<u>\$ (1,312,549)</u>	<u>\$ 2,318,592</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 133</u>	<u>\$ 1,006,178</u>	<u>\$ 25,625,535</u>

The accompanying notes are an integral part of the consolidated financial statements.

U-MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,601,746	\$ 778,368
Adjustments for:		
Depreciation expenses	115,156	115,875
Amortization expenses	8,813	41
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	(112,054)	287,824
Finance costs	331,247	361,984
Interest income	(280)	(378)
Dividend income	(108,572)	(117,068)
Share of the profit of subsidiaries, associates and joint ventures	(1,788,982)	(960,445)
Net loss (gain) on foreign currency exchange	173,746	(963,097)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	7,079	-
Contract assets	(5,640)	-
Trade receivables	(21,961)	(10,302)
Other receivables	(36,168)	39,453
Fuel inventory	591	(9,662)
Other current assets	6,179	23,743
Trade payables	(10,699)	(10,986)
Other payables	(24,609)	29,467
Other current liabilities	439	(3,768)
Net defined benefit liabilities	(8,293)	(41,795)
Cash generated (used) in operations	127,738	(480,746)
Interest received	791	100
Dividends received	108,572	117,068
Interest paid	(328,964)	(357,046)
Income tax paid	(8)	-
Net cash used in operating activities	(91,871)	(720,624)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(50,330)	(68,053)
Decrease (increase) in refundable deposits	4,885	(15,009)
Payment for intangible assets	(20,945)	(920)
Increase in other non-current assets	(3,078)	(22,827)
Increase in prepayment for equipment	(2,714)	(5,395)
Dividends received from subsidiaries and associates	3,300,617	3,108,150
Net cash generated from investing activities	3,228,435	2,995,946

(Continued)

U-MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of short-term borrowings	\$ 535,000	\$ 1,585,000
Proceeds from short-term bills payable	2,150,000	300,000
Repayment of bond payables	-	(1,000,000)
Proceeds from long-term borrowings	7,432,000	5,959,000
Repayments of long-term borrowings	(3,200,000)	(7,684,000)
Decrease in other payables from related parties	(9,044,700)	(803,520)
Dividends paid	<u>(1,014,083)</u>	<u>(633,799)</u>
Net cash used in financing activities	<u>(3,141,783)</u>	<u>(2,277,319)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>254</u>	<u>(533)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,965)	(2,530)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>17,660</u>	<u>20,190</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 12,695</u>	<u>\$ 17,660</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

3. Supervisors' Review Report on 2018 Business and Financial Statements

The Board of Directors have prepared and submitted to us the Company's 2018 Business Reports, the Financial Statements and the Proposal for Earnings Distribution of 2018 with approval and the Financial Statements have also been audited by the CPAs Li-Wen Kuo and Cheng-Ming Lee of Deloitte and Touche Co. The above reports, financial statements, and proposal have been further examined as conforming the Company Act and related law by the undersigned Supervisors of U-Ming Marine Transport Corp.

According to Article 219 of the Company Act., we hereby submit this report.

To

2019 Shareholders' Meeting of U-Ming Marine Transport Corp.

Supervisors:

Chiang Shao, Ruey-Huey



Chang, Tzu-Pong



Hsu, Shu-Ping



4. Distribution of 2018 Remuneration to the Employees, Directors and Supervisors

Explanation:

- (1) In accordance with Article 26 of the “Articles of Incorporation”.
- (2) According to the Statements of Comprehensive Income in Y2018, Profit before income tax is NT\$ 1,634,434,661. Propose allocate one percent, which is NT\$ 16,344,347, as the remuneration of employees. And one percent, which is NT\$ 16,344,347, as the remuneration of Directors and Supervisors. The aforesaid items will be paid in cash.
- (3) This proposal has been approved by the 13th meeting of the seventeenth-term Board of Directors on March 19, 2019.
- (4) The proposal is hereby presented for referendum.

5. To report the amendments to “Ethical Corporate Management Best Practice Principles” and “Code of Ethical Conduct” of the Company

Explanation:

- (1) Pursuant to the Company’s establishment of the Audit Committee to replace the Supervisors, it is proposed to amend “Ethical Corporate Management Best Practice Principles” and “Code of Ethical Conduct” of the Company. The amendments table is attached as following.
- (2) The proposal is hereby presented for referendum.

Amendments Table of “Ethical Corporate Management Best Practice Principles”

No.	After amendment	Before amendment
Article 16	(Organization and responsibilities) Company personnel shall pay close attention to related matters under due diligence, and supervise the Company to ensure there are no unethical practices. The Board shall also review enforcement and make continued improvements to ensure the proper pursuit of the business integrity policy. Human Resources Department of the Company is dedicated to administer the pursuit of the business integrity policy and the establishment of related preventive measures to make ethical corporate management viable, supervise the enforcement of such measures and make reports to the Board if there is any material misconduct.	(Organization and responsibilities) The Board of the Company shall pay close attention to related matters under due diligence, and supervise the Company to ensure there are no unethical practices. The Board shall also review enforcement and make continued improvements to ensure the proper pursuit of the business integrity policy. Human Resources Department of the Company is dedicated to administer the pursuit of the business integrity policy and the establishment of related preventive measures to make ethical corporate management viable, supervise the enforcement of such measures and make reports to the Board if there is any material misconduct.
Article 22	(Report and punishment) Company personnel shall voluntarily report to the independent directors, the managers, the internal audit chief or other appropriate executives if they discovery any violation of these principles. The Company shall keep the identity of informers and the content of the report in strict confidence and investigate through independent channels. The Company shall take relevant punitive action against Company personnel who violate these principles, depending on the severity of the offense. In addition, the Company shall disclose the job titles and names of offenders, as well as the date and content of the violation, applicable provisions and punitive action on the MOPS website. The Company has established a complaints system for those who allegedly violate these principles to appeal or seek redress.	(Report and punishment) Company personnel shall voluntarily report to the supervisors, the managers, the internal audit chief or other appropriate executives if they discovery any violation of these principles. The Company shall keep the identity of informers and the content of the report in strict confidence and investigate through independent channels. The Company shall take relevant punitive action against Company personnel who violate these principles, depending on the severity of the offense. In addition, the Company shall disclose the job titles and names of offenders, as well as the date and content of the violation, applicable provisions and punitive action on the MOPS website. The Company has established a complaints system for those who allegedly violate these principles to appeal or seek redress.
Article 25	(Implementation)	(Implementation)

No.	After amendment	Before amendment
	This set of principles shall come into full force after being passed by the Board with copies presented to the Shareholders Meeting for ratification. The same procedure is applicable for any amendment thereto.	This set of principles shall come into full force after being passed by the Board with copies <u>delivered to the supervisors and</u> presented to the Shareholders Meeting for ratification. The same procedure is applicable for any amendment thereto.

Amendments Table of “Code of Ethical Conduct”

No.	After amendment	Before amendment
Article 1	(Purpose and normative reference) This code is instituted as an ethical guideline for the behavior of the directors, managers, and all other personnel, to the extent that the Related Parties in the Company understand and duly observe the ethic code of the Company.	(Purpose and normative reference) This code is instituted as an ethical guideline for the behavior of the directors, supervisors , managers, and all other personnel, to the extent that the Related Parties in the Company understand and duly observe the ethic code of the Company.
Article 2	(Applicability) This code is applicable to the directors, managers, and all other employees of the Company (hereinafter referred to as “All employees”).	(Applicability) This code is applicable to the directors, supervisors , managers, and all other employees of the Company (hereinafter referred to as “All employees”).
Article 10	(Encouragement to report any unlawful or unethical practices) The Company shall organize educational program to promote and reinforce the Guidelines regularly. All employees who discover any violation or appearance of violation of the Guidelines, laws, and regulations shall proactively report to independent directors , managers, head of internal audit department, or other properly authorized management according to The whistle-blowing and disciplinary method of violating ethical conduct and ethical management, meanwhile provide sufficient information or evidences to make subsequent investigation and rectification possible. All reports on the aforementioned practices will be kept in strict confidence and verified by independent channels to protect the informer.	(Encouragement to report any unlawful or unethical practices) The Company shall organize educational program to promote and reinforce the Guidelines regularly. All employees who discover any violation or appearance of violation of the Guidelines, laws, and regulations shall proactively report to supervisors , managers, head of internal audit department, or other properly authorized management according to The whistle-blowing and disciplinary method of violating ethical conduct and ethical management, meanwhile provide sufficient information or evidences to make subsequent investigation and rectification possible. All reports on the aforementioned practices will be kept in strict confidence and verified by independent channels to protect the informer.
Article 13	(Implementation) This code shall come into full force through a resolution Board of Directors, with copies presented to the Shareholders Meeting for ratification. The same procedure shall be applicable to any amendment thereto.	(Implementation) This code shall come into full force through a resolution Board of Directors, with copies delivered to supervisors and presented to the Shareholders Meeting for ratification. The same procedure shall be applicable to any amendment thereto.

Matters to Be Ratified:

1. The 2018 Business Report and Financial Statements

Explanation:

- (1) The supervisor's review report is hereby issued after reviewing the 2018 financial statements (including the business report and the independent auditor's report issued by CPA Li-Wen Kuo and CPA Cheng-Ming Lee of Deloitte & Touche; please refer to Page 2~23) without any nonconformity identified.
- (2) Please approve

Resolution:

2. The Proposal for Earnings Distribution of 2018

Explanation:

- (1) Please refer to the 2018 Earnings Distribution proposed in accordance with Article 27 of the Company's Articles of Incorporation as follows:

	NT\$
Unappropriated retained earnings of previous year	5,733,842,715
Less: Investment adjusted retained earnings by using equity method	59,271
Add: Effect of retrospective application and retrospective restatement	120,154,739
Add: 2018 actuarial gain & losses appropriated retained earnings	3,337,146
Adjusted unappropriated retained earnings	5,857,275,329
Add: 2018 net income	1,668,839,657
Less: 10% legal reserve appropriated	166,883,966
Add: Reversal of retained special reserve from before	2,000,954,228
Earnings available for distribution	9,360,185,248
Less: 2018 earning distribution (cash dividend NT\$1.8 per share)	1,521,100,282
Unappropriated retained earnings	7,839,084,966

- (2) The distribution of earnings is calculated to the dollar (round up to the dollar).

The total amount of the odd shares will be booked as the other income of the Company. It is proposed that the Board authorized the Chairman to fix the record date of ex-cash dividend after the approved by the year 2019 annual shareholders' meeting. Upon the approval of the annual shareholders' meeting, it is proposed that the Board be authorized to adjust the amount per share based on the actual shares outstanding number on the record date of ex-cash dividend for the legal reserve distribution by cash if there is an amendment of the number of shares outstanding before the date.

- (3) Please approve.

Resolution:

Matters to Be Discussed and Elected

1. To approve the amendment to the “Company Corporate Charter” (“Articles of Incorporation”).

Explanation:

- (1) According to the Article 14-4 of the Securities and Exchange Act and the official letter issued by the Financial Supervisory Commission (Letter No. FSC 10200531121) on 31 December 2013, the Supervisors will cease to function and be replaced by the Audit Committee after the re-election of the Board of Directors. The Audit Committee is responsible of executing powers relegated to Supervisors by the Company Act, Securities and Exchange Act and other laws and regulations. Please refer to the attached Article Amendments Table for amended articles.
- (2) This proposal has been approved by the 10th meeting of the seventeenth-term Board of Directors on May 7, 2018 and the 13th meeting of the seventeenth-term Board of Directors on March 19, 2019.
- (3) The proposal is hereby presented for referendum.

Resolutions:

Amendments Table of “Articles of Incorporation”

No.	After amendment	Before amendment
Article 1	The Corporation shall be incorporated as a company limited by shares under the Company Law of the Republic of China, and its name in English shall be U-Ming Marine Transport Corporation.	The Corporation shall be incorporated as a company limited by shares under the Company Law of the Republic of China, and its name shall be U-Ming Marine Transport Corporation.
Article 2	The scope of business of the Corporation shall be as follows: (1)Marine transportation. (2)Sale and purchase of vessels. (3)G401011 Shipping agency. (4)ZZ99999 Apart from business requiring permission, the Corporation can operate business that is not prohibited or restricted by laws and regulations.	The scope of business of the Corporation shall be as follows: (1)Marine transportation. (2)Sale and purchase of vessels. (3)G401011 Shipping agency. (4)ZZ99999 Apart from business requiring permission, the Corporation can operate business that is not prohibited or restricted by laws and regulations.
Article 10	Shareholders’ meetings of the Corporation are of two kinds: (1) Regular meetings which shall be convened by the Board of Directors within six months after the close of the fiscal year. (2) Extraordinary meetings which shall be convened in accordance with relevant laws and regulations .	Shareholders’ meetings of the Corporation are of two kinds: (1) Regular meetings which shall be convened by the Board of Directors within six months after the close of the fiscal year. (2) Extraordinary meetings which shall be convened by the Board of Directors whenever deemed necessary by the Board of Directors or upon the written request of shareholders holding three percent or more of the total outstanding capital stock continuously for more than one year. When the Board of Directors is not going to convene or cannot convene the shareholders’ meeting, Supervisor(s) can convene the shareholders’ meeting if deemed necessary for the benefit of the Corporation.
Section IV	Directors and Managers	Directors, Supervisors and Managers
Article 16	The Company has 9~13 directors who are competent shareholders elected in the shareholders’ meeting. The total order shares of the Company held by all directors are to be processed in accordance with the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.”	The Company has 9~13 directors and 3 supervisors who are competent shareholders elected in the shareholders’ meeting. The total order shares of the Company held by all directors and supervisors are to be processed in accordance with the “Rules and Review Procedures for Director and Supervisor

No.	After amendment	Before amendment
	The number of directors referred to above shall include at least three independent directors. Directors are elected among the shareholders by nomination system in accordance with Article 192-1 of the Company Act. Votes casted for the election of independent directors <u>and</u> non-independent directors are counted and elected separately.	Share Ownership Ratios at Public Companies.” The number of directors referred to above shall include at least three independent directors. Directors <u>and supervisors</u> are elected among the shareholders by nomination system in accordance with Article 192-1 of the Company Act. Votes casted for the election of independent directors, non-independent directors, <u>and supervisors</u> are counted and elected separately.
Article 16-1	Pursuant to Article 14-4 of the Securities and Exchange Act, the Company will establish an Audit Committee. The Audit Committee shall make up of the entire number of independent directors, and it is responsible of executing powers relegated to Supervisors by the Company Act, Securities and Exchange Act and other laws and regulations. The organizing members, exercise of powers and other matters to be abided by the Audit Committee shall follow related laws, regulations or rules or regulation of the Company. The organization regulations of the Audit Committee shall be adopted by the Board of Director.	Pursuant to Article 14-4 of the Securities and Exchange Act, the Company will establish an Audit Committee. The Audit Committee shall make up of the entire number of independent directors, and it is responsible of executing powers relegated to Supervisors by the Company Act, Securities and Exchange Act and other laws and regulations. <u>The Supervisors will cease to function and be ipso facto dismissed on the date of instituting of the Audit Committee.</u> The organizing members, exercise of powers and other matters to be abided by the Audit Committee shall follow related laws, regulations or rules or regulation of the Company. The organization regulations of the Audit Committee shall be adopted by the Board of Director.
Article 17	The term of office for Directors shall be three years and they shall be re-appointed if being re-elected.	The term of office for Directors shall be three years <u>and term of office for Supervisors shall be three years</u> and they shall be re-appointed if being re-elected.
Article 20	(Delete)	<u>The Supervisors, in addition to performing their supervising duties in accordance with Applicable laws, shall attend meetings of the Board of Directors and voice opinions, but shall not be entitled to participate in Voting.</u>

No.	After amendment	Before amendment
Article 23-1	<u>The company shall obtain directors and officers liability insurance with respect to liabilities resulting from exercising their duties during their terms of office.</u>	(New)
Article 25	The Board of Directors shall prepare various financial reports pursuant to relevant laws and regulations. Such reports shall be submitted by the Board of Directors to the regular shareholders' meeting for acceptance. The appointment, dismissal and remuneration of the auditors of the preceding financial reports shall be made with the consent of a majority of the Directors.	The Board of Directors shall prepare various financial reports pursuant to relevant laws and regulations. Such reports shall, <u>after being reviewed and approved by the Supervisors of the Corporation,</u> be submitted by the Board of Directors <u>thirty days prior</u> to the regular shareholders' meeting for acceptance. The appointment, dismissal and remuneration of the auditors of the preceding financial reports shall be made with the consent of a majority of the Directors.
Article 26	If the Corporation has a profit at the end of a fiscal year, the Corporation shall allocate one percent as the remuneration of employees, and less than one percent as the remuneration of Directors. But if the Corporation still has had losses of the previous years, should remain to make up the losses first. The Corporation 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 submitted to the shareholders' meeting. Remuneration for Directors, the manner in which it is to be distributed shall be decided by the Board of Directors.	If the Corporation has a profit at the end of a fiscal year, the Corporation shall allocate one percent as the remuneration of employees, and less than one percent as the remuneration of Directors <u>and Supervisors</u>. But if the Corporation still has had losses of the previous years, should remain to make up the losses first. The Corporation 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 submitted to the shareholders' meeting. Remuneration for Directors <u>and Supervisors</u>, the manner in which it is to be distributed shall be decided by the Board of Directors.
Article 27	If the Corporation has a profit at the end of a fiscal year, the Corporation shall make up losses of previous years after paying business income taxes based on Law and, if there is any remaining profit, a legal reserve of 10% of the	If the Corporation has a profit at the end of a fiscal year, the Corporation shall make up losses of previous years after paying business income taxes based on Law and, if there is any remaining profit, a legal reserve of 10% of the

No.	After amendment	Before amendment
	balance shall be appropriated as legal reserve. In addition, after appropriation of special reserve based on provision in law, together with the accumulated undistributed earnings of the previous year, the total shall be the profit that is available for allocation. However, depending on the condition of the business, part of the profit shall be retained, to be allocated in proportion to all shares. In case of an increase in the capital of the Corporation, the shareholders bonus for the new shares for the same year shall be decided by the shareholders' meeting. Dividends distributed to shareholders consideration shall be given to the business perspective of the corporation, the life cycle of various products or service provided, capital requirement in the future and the effect of possible changes of tax laws respectively, distributing under the objective of maintaining a stable dividend policy. For issue of dividend, except save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, <u>when distributing shareholders' dividend, which is not less than 50% of the final surplus of after-tax profit in same year to withhold accumulated losses, legal reserve and special reserve</u>, the cash dividend shall not be lower than 10% of shareholders bonus of that year.	balance shall be appropriated as legal reserve. In addition, after appropriation of special reserve based on provision in law, together with the accumulated undistributed earnings of the previous year, the total shall be the profit that is available for allocation. However, depending on the condition of the business, part of the profit shall be retained, to be allocated in proportion to all shares. In case of an increase in the capital of the Corporation, the shareholders bonus for the new shares for the same year shall be decided by the shareholders' meeting. Dividends distributed to shareholders consideration shall be given to the business perspective of the corporation, the life cycle of various products or service provided, capital requirement in the future and the effect of possible changes of tax laws respectively, distributing under the objective of maintaining a stable dividend policy. For issue of dividend, except save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, the cash dividend shall not be lower than 10% of shareholders bonus of that year.
Article 29	The Articles of Incorporation of the Corporation are stipulated on the 22nd day of June 1968 and after resolution was obtained in the stockholders' regular meeting, it was submitted to the competent authority for approval and became effective on the same day. Subsequent amendment to these Articles of Incorporation shall become effective after being passed at the stockholders' meeting. (Omitted)	The Articles of Incorporation of the Corporation are stipulated on the 22nd day of June 1968 and after resolution was obtained in the stockholders' regular meeting, it was submitted to the competent authority for approval and became effective on the same day. Subsequent amendment to these Articles of Incorporation shall become effective after being passed at the stockholders' meeting. (Omitted)

No.	After amendment	Before amendment
	The forty-seventh revision was in June 6th 2018. The forty-eighth revision was in June 13th 2019.	The forty-seventh revision was in June 6th 2018.

2. To approve the amendment to the “Regulations Governing the Election of Board Directors and Supervisors” of the Company.

Explanation:

- (1) Pursuant to the Company’s establishment of an Audit Committee to replace the Supervisors, the Company shall amend the company bylaw of “Regulations Governing the Election of Board Directors and Supervisors” and revise the name of the election procedures to “Regulations Governing the Election of Board Directors”. Please refer to the attached Article Amendments Table for amended articles.
- (2) This proposal has been approved by the 13th meeting of the seventeenth-term Board of Directors on March 19, 2019.
- (3) The proposal is hereby presented for referendum.

Resolutions:

Amendments Table of “Regulations Governing the Election of Board Directors”

No.	After amendment	Before amendment
	Regulations Governing the Election of Board Directors	Regulations Governing the Election of Board Directors and Supervisors
Article 1	Elections of board directors of this Corporation shall be handled in accordance with these regulations.	Elections of board directors and supervisors of this Corporation shall be handled in accordance with these regulations.
Article 2	A cumulative voting method shall be adopted for elections of board directors. Attendance ID numbers of electors printed on the ballots may be used in place of the names of voters. Ballots shall be prepared by the board of directors numbered according to attendance ID numbers. The number of voting rights shall be indicated on the ballots.	A cumulative voting method shall be adopted for elections of board directors and supervisors. Attendance ID numbers of electors printed on the ballots may be used in place of the names of voters. Ballots shall be prepared by the board of directors numbered according to attendance ID numbers. The number of voting rights shall be indicated on the ballots.
Article 3	The Company’s independent directors and non-independent directors are elected as independent directors and non-independent directors in that order in accordance with the number of chairs designated in the Articles of Incorporation and the electoral votes from top down. If there are two or more candidates received the same votes of suffrage resulting more candidates elected than the chairs designated, the candidates who received the same votes of suffrage are to take a draw for a solution; also, the Chairman is to take a draw on behalf of the absentees. The Company’s directors are elected in accordance with Article 192-1 of the Company Act. The qualifications, independence conditions, and other matters of the independent directors must comply with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and other relevant regulations.	The Company’s directors and supervisors are elected as independent directors, non-independent directors, and supervisors in that order in accordance with the number of chairs designated in the Articles of Incorporation and the electoral votes from top down. If there are two or more candidates received the same votes of suffrage resulting more candidates elected than the chairs designated, the candidates who received the same votes of suffrage are to take a draw for a solution; also, the Chairman is to take a draw on behalf of the absentees. The Company’s directors and supervisors are elected in accordance with Article 192-1 of the Company Act. The qualifications, independence conditions, and other matters of the independent directors must comply with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and other relevant regulations.

No.	After amendment	Before amendment
Article 8	<u>The ballot box is prepared by the Company, and examined publicly by the scrutineers before voting.</u>	<u>One ballot box each shall be prepared for board director and supervisor ballots and votes shall be counted separately.</u>
Article 13	Elected board directors shall receive an official notification from the board of directors.	Elected board directors <u>and supervisors</u> shall receive an official notification from the board of directors.

3. To approve the amendment to the “Procedures Governing the Acquisition or Disposal of Assets” of the Company.

Explanation:

- (1) Pursuant to the Company’s establishment of an Audit Committee to replace the Supervisors and to the official letter issued by the Financial Supervisory Commission (Letter No. FSC 1070341072) on 26 November 2018, the Company shall amend the company bylaw of “Procedures Governing the Acquisition or Disposal of Assets”. Please refer to the attached Article Amendments Table for amended articles.
- (2) This proposal has been approved by the 13th meeting of the seventeenth-term Board of Directors on March 19, 2019.
- (3) The proposal is hereby presented for referendum.

Resolutions:

Amendments Table of “Procedures Governing the Acquisition or Disposal of Assets”

No.	After amendment	Before amendment
Article 2	The term “Assets” as used in these Procedures shall include the following: 1. Marketable securities: Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (pull) warrants, beneficiary securities, and asset-backed securities. 2. Real property (including land, houses, and buildings, investment property) and facilities. 3. Memberships. 4. Intangible assets such as patent rights, copyrights, trademark rights, and franchise rights. 5. Right-of-use assets. 6. Derivatives. 7. Assets acquired or disposed of on account of mergers, demergers, acquisitions, or transfer of shares in accordance with the law. 8. Other major assets.	The term “Assets” as used in these Procedures shall include the following: 1. Marketable securities: Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (pull) warrants, beneficiary securities, and asset-backed securities. 2. Real property (including land, houses, and buildings, investment property, land usage rights) and facilities. 3. Memberships. 4. Intangible assets such as patent rights, copyrights, trademark rights, and franchise rights. 5. Derivatives. 6. Assets acquired or disposed of on account of mergers, demergers, acquisitions, or transfer of shares in accordance with the law. 7. Other major assets.
Article 3	Key terms used in these Procedures are defined as follows: 1. Derivatives: Forward contracts, option contracts, futures contracts, leverage contracts, swap contracts, and combination of the aforementioned contracts, or synthetic contract of embedded derivative or structured products etc. whose value is derived from specific interest rates, financial tool prices, commodity prices, exchange rates, prices or fee rate indices, credit ratings etc. or credit indices, or other variables. Forward contracts shall not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sales) commitments. 2. Assets acquired or disposed of on account of mergers, demergers, acquisitions, or transfer of shares: Assets acquired through mergers, demergers, acquisitions, or transfer of shares conducted pursuant to the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or the issuance of new shares due to the acquisition of shares of another company in accordance with the	Key terms used in these Procedures are defined as follows: 1. Derivatives: Forward contracts, option contracts, futures contracts, leverage contracts, swap contracts, and compound contracts combining the aforementioned products whose value is derived from assets, interest rates, exchange rates, indices, or other interests. Forward contracts shall not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sales) commitments. 2. Assets acquired or disposed of on account of mergers, demergers, acquisitions, or transfer of shares: Assets acquired through mergers, demergers, acquisitions, or transfer of shares conducted pursuant to the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or the issuance of new shares due to the acquisition of shares of another company in accordance with the

No.	After amendment	Before amendment
	regulations set forth in Article 156-3 of the Company Act (hereinafter referred to as the “acquisition of shares”). 3. Related parties and subsidiaries: shall be defined in accordance with the regulations set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 4. Professional appraiser: Real property appraisers or other providers of appraisal services for real property or facilities in accordance with relevant laws. 5. Occurrence date: Transaction contract signature date, payment date, consignment trade date, transfer date, board resolution date, or other dates used to determine transaction parties or transaction amounts, whichever date is earlier. For investments requiring the approval by competent authorities the earliest of the above dates or the date of receipt of approval by competent authorities shall apply. 6. Investments in Mainland China: Investments in China approved by the Investment Commission of the Ministry of Economic Affairs or made in accordance with the provisions set forth in the Regulations Governing the Approval of Technical Cooperation.	regulations set forth in Article 156, Paragraph 8 of the Company Act (hereinafter referred to as the “acquisition of shares”). 3. Related parties and subsidiaries: shall be defined in accordance with the regulations set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 4. Professional appraiser: Real property appraisers or other providers of appraisal services for real property or facilities in accordance with relevant laws. 5. Occurrence date: Transaction contract signature date, payment date, consignment trade date, transfer date, board resolution date, or other dates used to determine transaction parties or transaction amounts, whichever date is earlier. For investments requiring the approval by competent authorities the earliest of the above dates or the date of receipt of approval by competent authorities shall apply. 6. Investments in Mainland China: Investments in China approved by the Investment Commission of the Ministry of Economic Affairs or made in accordance with the provisions set forth in the Regulations Governing the Approval of Technical Cooperation.
Article 4	Acquisition or disposal of assets in accordance with these Procedures or other laws and regulations shall be approved by the board of directors. If board directors express their dissent as proven by records or written statement, the Corporation shall submit these dissenting opinions to the audit committee. Their opinions shall be given full consideration during deliberations by the board of directors regarding transactions involving the acquisition and disposal of assets in accordance with relevant regulations. Concurring or dissenting opinions of independent directors and the reasons for these opinions shall be included in the meeting minutes. Major asset or derivative transactions shall be consented by not less than half of all members of the audit committee and shall be submitted to the board of directors for resolution.	Acquisition or disposal of assets in accordance with these Procedures or other laws and regulations shall be approved by the board of directors. If board directors express their dissent as proven by records or written statement, the Corporation shall submit these dissenting opinions to each supervisor. If independent directors have been appointed, their opinions shall be given full consideration during deliberations by the board of directors regarding transactions involving the acquisition and disposal of assets in accordance with relevant regulations. Concurring or dissenting opinions of independent directors and the reasons for these opinions shall be included in the meeting minutes.

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	<u>Where for any matters consented by the audit committee pursuant to the provision of this procedure, if consent is not obtained from over half of all members of the audit committee, such matter shall be exercised upon consent by over two-thirds of all directors and the resolution shall be specified in the minutes of meeting of the board of directors. All members of the audit committee and all directors shall be calculated based on who are actually incumbent.</u>	
Article 5	Total investments in marketable securities listed in consolidated statements of the Corporation shall not exceed a maximum of 150% of the shareholders' equity as specified in the most recent financial statement, while investments in individual marketable securities listed in consolidated statements shall not exceed a maximum of 60% of the shareholders' equity as specified in the most recent financial statement. The total book value of non-operating real property, facilities <u>and its right-of-use assets</u> shall not exceed a maximum of 50% of the total asset value as specified in the most recent financial statement. Total equity investments of the Corporation and its subsidiaries shall not exceed a maximum of 150% of the shareholders' equity as specified in the most recent financial statement. This proportion shall be calculated in accordance with the regulations set forth in the Operating Rules of the Taiwan Stock Exchange Corporation and relevant decrees. The term "most recent financial statement" as used in these Procedures shall refer to consolidated financial statements of the Corporation audited and attested by a CPA in a transparent manner in accordance with relevant laws before the acquisition and disposal of assets.	Total investments in marketable securities listed in consolidated statements of the Corporation shall not exceed a maximum of 150% of the shareholders' equity as specified in the most recent financial statement, while investments in individual marketable securities listed in consolidated statements shall not exceed a maximum of 60% of the shareholders' equity as specified in the most recent financial statement. The total book value of non-operating real property <u>or</u> facilities shall not exceed a maximum of 50% of the total asset value as specified in the most recent financial statement. Total equity investments of the Corporation and its subsidiaries shall not exceed a maximum of 150% of the shareholders' equity as specified in the most recent financial statement. This proportion shall be calculated in accordance with the regulations set forth in the Operating Rules of the Taiwan Stock Exchange Corporation and relevant decrees. The term "most recent financial statement" as used in these Procedures shall refer to consolidated financial statements of the Corporation audited and attested by a CPA in a transparent manner in accordance with relevant laws before the acquisition and disposal of assets.
Article 7	Procedures governing the acquisition or disposal of real property, facilities <u>or its right-of-use assets</u> 1. Appraisal procedures (a) When the Corporation engages in investments in real property, facilities <u>or its right-of-use assets</u>,	Procedures governing the acquisition or disposal of real property <u>or</u> facilities 1. Appraisal procedures (a) When the Corporation engages in investments in real property <u>and</u> facilities, the Accounting Division

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	the Accounting Division or other relevant units shall carefully assess the expected investment returns and risks based on the current business and financial conditions and future development plans. (b) The declared present value, assessed value, and the actual transaction value of adjacent real properties shall be taken into consideration for the acquisition or disposal of real property <u>or its right-of-use assets</u> and transaction terms and values shall be recommended. These data shall be compiled into an analysis report. (c) Facilities <u>or its right-of-use assets</u> shall be acquired or disposed of through price inquiry, price comparison, bargaining, or bidding. 2. Appraisal reports Unless real property, facilities <u>or its right-of-use assets</u> are acquired or disposed of through transactions with a <u>domestic</u> government agency, commissioned construction on owned or rented land, or acquisition and disposal of operating facilities <u>or its right-of-use assets</u>, appraisal reports shall be issued by professional appraisers before the occurrence date for transaction values exceeding 20% of the total paid-in capital or NT\$ 300 million (a detailed list of required items for appraisal reports is provided in Appendix 1). The following regulations shall be observed: (a) If limited prices, specified prices, or special prices are used as a reference basis for the determination of transaction prices due to special circumstances, said transaction shall be approved in advance by a board resolution. The aforementioned procedures shall also apply to <u>subsequent</u> modifications of transaction terms. (b) If transaction amounts exceed NT\$ 1 billion, appraisals shall be conducted by at least two professional appraisers. (c) An accountant shall be hired to conduct an appraisal in accordance with the provisions set forth in Statement on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation and render specific opinions regarding the reasons for	or other relevant units shall carefully assess the expected investment returns and risks based on the current business and financial conditions and future development plans. (b) The declared present value, assessed value, and the actual transaction value of adjacent real properties shall be taken into consideration for the acquisition or disposal of real property and transaction terms and values shall be recommended. These data shall be compiled into an analysis report. (c) Facilities shall be acquired or disposed of through price inquiry, price comparison, bargaining, or bidding. 2. Appraisal reports <u>for real property or facilities</u> Unless real property <u>or</u> facilities are acquired or disposed of through transactions with a government agency, commissioned construction on owned or rented land, or acquisition and disposal of operating facilities, appraisal reports shall be issued by professional appraisers before the occurrence date for transaction values exceeding 20% of the total paid-in capital or NT\$ 300 million (a detailed list of required items for appraisal reports is provided in Appendix 1). The following regulations shall be observed: (a) If limited prices, specified prices, or special prices are used as a reference basis for the determination of transaction prices due to special circumstances, said transaction shall be approved in advance by a board resolution. The aforementioned procedures shall also apply to <u>future</u> modifications of transaction terms. (b) If transaction amounts exceed NT\$ 1 billion, appraisals shall be conducted by at least two professional appraisers. (c) An accountant shall be hired to conduct an appraisal in accordance with the provisions set forth in Statement on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation and render specific opinions regarding the reasons for

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	discrepancies and the appropriateness of the transaction price if the results of appraisals conducted by professional appraisers meet one of the following criteria unless the appraised values of assets to be acquired are all higher than the transaction amounts or the appraised values of assets to be disposed of are all lower than the transaction amounts: 1. The discrepancy between appraisal results and the transaction amount exceeds 20%. 2. The discrepancy between appraisal results of two or more professional appraisers exceeds 10% of the transaction amount. (d) No more than 3 months shall elapse between the issuance date of the appraisal report and the contract conclusion date. If the publicly announced current value for the same period applies and less than six months have elapsed, the original professional appraiser shall issue an official opinion. (e) If the Corporation acquires or disposes of assets through foreclosure auction procedures, certificates issued by the court may replace appraisal reports or the opinions of accountants. 3. Decision-making authority and execution units The acquisition or disposal of real property, facilities <u>or its right-of-use assets</u> shall be executed upon approval of relevant data that are inspected and submitted by the Finance Division by the board of directors. If prior approval is impossible, the General Manager shall be authorized to make decisions regarding transactions of a value of less than NT\$ 10 million (the General Manager may also delegate decision-making authority to others), while the Chairman shall be authorized to make decisions regarding transactions of a value of more than NT\$ 10 million (the Chairman may also delegate decision-making authority to others). Transactions shall be approved by the next board meeting.	discrepancies and the appropriateness of the transaction price if the results of appraisals conducted by professional appraisers meet one of the following criteria unless the appraised values of assets to be acquired are all higher than the transaction amounts or the appraised values of assets to be disposed of are all lower than the transaction amounts: 1. The discrepancy between appraisal results and the transaction amount exceeds 20%. 2. The discrepancy between appraisal results of two or more professional appraisers exceeds 10% of the transaction amount. (d) No more than 3 months shall elapse between the issuance date of the appraisal report and the contract conclusion date. If the publicly announced current value for the same period applies and less than six months have elapsed, the original professional appraiser shall issue an official opinion. (e) If the Corporation acquires or disposes of assets through foreclosure auction procedures, certificates issued by the court may replace appraisal reports or the opinions of accountants. 3. Decision-making authority and executive units The acquisition or disposal of real property <u>or</u> facilities shall be executed upon approval of relevant data that are inspected and submitted by the Finance Division by the board of directors. If prior approval is impossible, the General Manager shall be authorized to make decisions regarding transactions of a value of less than NT\$ 10 million (the General Manager may also delegate decision-making authority to others), while the Chairman shall be authorized to make decisions regarding transactions of a value of more than NT\$ 10 million (the Chairman may also delegate decision-making authority to others). Transactions shall be approved by the next board meeting.
Article 8	Procedures governing transactions by related parties 1. When the Corporation intends to	Procedures governing transactions by related parties 1. When the Corporation intends to

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	acquire or dispose of assets from or to related parties, the resolution procedures and assessment of the reasonableness of the transaction terms shall be handled in accordance with the provisions set forth in these Procedures and appraisal reports issued by professional appraisers in accordance with these Procedures or accountant opinions shall be obtained if transaction amounts exceed 10% of the total asset value of the Corporation. When determining whether transaction parties are related parties, legal formalities and the actual nature of the relationship shall be taken into account. 2. Appraisal and operating procedures If transaction amounts for assets other than real property <u>or its right-of-use assets</u> acquired or disposed of from or to related parties exceed 20% of the total paid-in capital of the Corporation, 10% of the total asset value, or NT\$ 300 million, the following data shall be submitted to <u>the audit committee for consent and the board of directors for approval</u> before transaction contracts may be signed or payments made. These regulations shall not apply to the trading of <u>domestic</u> government bonds, bonds under repurchase or resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises: (a) Purpose, necessity, and projected benefits of asset acquisition or disposal. (b) Reasons for selection of related parties as transaction parties. (c) Data related to the assessment of the reasonableness of the predefined transaction terms with regard to assets <u>or its use-of-right assets</u> acquired from related parties conducted in accordance with relevant regulations set forth in Paragraph 3, Clause 1 and 4 of this article. (d) Date and price of the original acquisition by the related party, transaction parties, and their relationship with the Corporation and the related party. (e) Forecasted monthly cash flows in the year following the month of contract conclusion and assessment of the necessity of the transaction and the reasonableness of fund utilization.	acquire or dispose of assets from or to related parties, the resolution procedures and assessment of the reasonableness of the transaction terms shall be handled in accordance with the provisions set forth in these Procedures and appraisal reports issued by professional appraisers in accordance with these Procedures or accountant opinions shall be obtained if transaction amounts exceed 10% of the total asset value of the Corporation. When determining whether transaction parties are related parties, legal formalities and the actual nature of the relationship shall be taken into account. 2. Appraisal and operating procedures If transaction amounts for assets other than real property acquired or disposed of from or to related parties exceed 20% of the total paid-in capital of the Corporation, 10% of the total asset value, or NT\$ 300 million, the following data shall be submitted to <u>the board of directors for approval and the supervisors for confirmation</u> before transaction contracts may be signed or payments made. These regulations shall not apply to the trading of government bonds, bonds under repurchase or resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises: (a) Purpose, necessity, and projected benefits of asset acquisition or disposal. (b) Reasons for selection of related parties as transaction parties. (c) Data related to the assessment of the reasonableness of the predefined transaction terms with regard to assets acquired from related parties conducted in accordance with relevant regulations set forth in Paragraph 3, Clause 1 and 4 of this article. (d) Date and price of the original acquisition by the related party, transaction parties, and their relationship with the Corporation and the related party. (e) Forecasted monthly cash flows in the year following the month of contract conclusion and assessment of the necessity of the transaction and the reasonableness of fund utilization.

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	(f) Appraisal reports issued by professional appraisers or accountant opinions obtained in accordance with the regulations set forth in Paragraph one of this article. (g) Restrictions and other important covenants pertaining to this transaction. <u>When our company submit to the board of directors for discussion in accordance with the aforementioned provision, opinions of various individual directors shall be fully considered. Dissenting opinion or reserved opinion of individual director, if there is any, shall be specified in the minutes of meeting of the board of directors.</u> 3. Assessment of the reasonableness of transaction costs (a) The following methods shall be employed for assessments of the reasonableness of transaction costs for real property <u>or its right-of-use assets</u> acquired from related parties: 1. Addition of necessary interest on funds and costs borne by the buyer in accordance with relevant laws based on the transaction price of the related party. Necessary interest on funds is imputed as the weighted average interest rate on borrowed funds in the year of asset acquisition by the Corporation. This rate shall not exceed the maximum interest rate on borrowings for non-financial institutions as announced by the Ministry of Finance. 2. Total loan value appraisal conducted by a financial institution if a mortgage loan has been secured by the related party for said property. The actual cumulative loan amount granted by the financial institution for the property shall amount to over 70% of the total appraised loan value of the property and the period of the loan shall exceed one year. These regulations shall not apply if the financial institution and one of the transaction parties are related parties. (b) In case of combined purchases <u>or lease</u> of land and structures as a	(f) Appraisal reports issued by professional appraisers or accountant opinions obtained in accordance with the regulations set forth in Paragraph one of this article. (g) Restrictions and other important covenants pertaining to this transaction. 3. Assessment of the reasonableness of transaction costs (a) The following methods shall be employed for assessments of the reasonableness of transaction costs for real property acquired from related parties: 1. Addition of necessary interest on funds and costs borne by the buyer in accordance with relevant laws based on the transaction price of the related party. Necessary interest on funds is imputed as the weighted average interest rate on borrowed funds in the year of asset acquisition by the Corporation. This rate shall not exceed the maximum interest rate on borrowings for non-financial institutions as announced by the Ministry of Finance. 2. Total loan value appraisal conducted by a financial institution if a mortgage loan has been secured by the related party for said property. The actual cumulative loan amount granted by the financial institution for the property shall amount to over 70% of the total appraised loan value of the property and the period of the loan shall exceed one year. These regulations shall not apply if the financial institution and one of the transaction parties are related parties. (b) In case of combined purchases of land and structures as a single

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	single property, transaction costs may be appraised separately for the land and building structures by employing any method specified in the preceding clause. (c) When acquiring real property or its right-of use asset from related parties, the Corporation shall not only appraise the costs of said property or its right-of-use assets in accordance with the regulations set forth in the preceding two clauses but shall also hire an accountant to conduct reviews and render specific opinions. (d) When one of the following conditions applies to the acquisition of real property or its right-of-use assets from related parties, such transactions shall be handled in accordance with the regulations set forth in Paragraph 1 and 2 of this article. The regulations regarding assessment of the reasonableness of transaction costs in the preceding three clauses shall not be applicable to such transactions. 1. Related party acquired the real property or its right-of-use assets through inheritance or as a gift. 2. Over five years have elapsed between the time the related party concluded a contract to acquire the property or its right-of-use assets and the date of the current transaction contract. 3. Real property acquired by the related party through the signing of a joint construction contract or construction on owned or rented land by the related party as a contractor. 4. Between our company and subsidiaries, or subsidiaries that our company holds 100% issued shares or total capital, the right-of-use asset of real property provided for operation is acquired. (e) If the results of assessments conducted in accordance with the regulations set forth in Clause (a) and (b) of this paragraph are uniformly lower than the transaction price, the regulations prescribed in Clause (f) and (g) of this paragraph shall apply. These restrictions shall not apply in case of the following circumstances if	property, transaction costs may be appraised separately for the land and building structures by employing any method specified in the preceding clause. (c) When acquiring real property from related parties, the Corporation shall not only appraise the costs of said property in accordance with the regulations set forth in the preceding two clauses but shall also hire an accountant to conduct reviews and render specific opinions. (d) When one of the following conditions applies to the acquisition of real property from related parties, such transactions shall be handled in accordance with the regulations set forth in Paragraph 1 and 2 of this article. The regulations regarding assessment of the reasonableness of transaction costs in the preceding three clauses shall not be applicable to such transactions. 1. Related party acquired the real property through inheritance or as a gift. 2. Over five years have elapsed between the time the related party concluded a contract to acquire the property and the date of the current transaction contract. 3. Real property acquired by the related party through the signing of a joint construction contract or construction on owned or rented land by the related party as a contractor. (e) If the results of assessments conducted in accordance with the regulations set forth in Clause (a) and (b) of this paragraph are uniformly lower than the transaction price, the regulations prescribed in Clause (f) and (g) of this paragraph shall apply. These restrictions shall not apply in case of the following circumstances if

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	objective evidence has been submitted and specific opinions on reasonableness have been obtained from professional real estate appraisers or accountants: 1. The related party has acquired raw or leased land for construction. Proof of conformance with one of the following conditions shall be provided: (1) Raw land has been appraised in accordance with the provisions set forth in the preceding clauses and the sum of the construction costs incurred by the related party for building structures and reasonable construction profits exceed the actual transaction price. The term “reasonable construction profits” shall be based on the average gross profit margin of the related party’s construction department in the last three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance (whichever is lower). (2) Transaction case of non-related parties of other floors of the same property or adjoining areas within the last year provided that the area size and transaction terms are similar as determined by assessment of reasonable floor or area price differentials in accordance with real property or leasing trading practices. 2. If the Corporation provides evidence that the transaction	objective evidence has been submitted and specific opinions on reasonableness have been obtained from professional real estate appraisers or accountants: 1. The related party has acquired raw or leased land for construction. Proof of conformance with one of the following conditions shall be provided: (1) Raw land has been appraised in accordance with the provisions set forth in the preceding clauses and the sum of the construction costs incurred by the related party for building structures and reasonable construction profits exceed the actual transaction price. The term “reasonable construction profits” shall be based on the average gross profit margin of the related party’s construction department in the last three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance (whichever is lower). (2) Completed transactions by non-related parties of other floors of the same property or adjoining areas within the last year provided that the area size and transaction terms are similar as determined by assessment of reasonable floor or area price differentials in accordance with real property trading practices. (3) Leasing by non-related parties of other floors of the same property within the last year provided that transaction terms are similar as determined by estimates of reasonable floor price differentials in accordance with real property leasing practices. 2. If the Corporation provides evidence that the transaction

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	terms of real property acquired or the right-of-use assets of the real property acquired from leasing from related parties are similar to those of transaction case by non-related parties of adjoining areas of a similar parcel size within the last year. The term “adjoining area transactions” shall refer to transactions in the same or an adjacent street block and within a radius of less than 500m from the transaction object or if the publicly announced current value is similar. The term “similar area size” shall refer to area sizes of transactions of non-related parties of at least 50% of the transaction object. (f) If the results of assessments conducted for real property or right-of-use assets acquired from related parties in accordance with the regulations set forth in the preceding five clauses of this paragraph are uniformly lower than the transaction price, the following steps shall be taken: 1. A special reserve shall be set aside to account for the difference between the transaction price of the real property or its right-of-use assets and the appraised costs in accordance with the regulations set forth in Article 41, Paragraph 1 of the Securities and Exchange Act. Said reserve shall not be distributed or used for capital increase or stock dividends. If investors of this Corporation, which are public companies, adopt the equity method for evaluation they shall also set aside a special reserve proportional to its hareholding ratio in accordance with the law. 2. Independent directors shall handle the matter in accordance with Article 218 of the Company Act. 3. Measures taken in accordance with sub-clause 1 and 2 above shall be reported to the board of directors and the transaction details shall be disclosed in	terms of real property acquired from related parties are similar to those of completed transactions by non-related parties of adjoining areas of a similar parcel size within the last year. The term “adjoining area transactions” shall refer to transactions in the same or an adjacent street block and within a radius of less than 500m from the transaction object or if the publicly announced current value is similar. The term “similar area size” shall refer to area sizes of transactions of non-related parties of at least 50% of the transaction object. (f) If the results of assessments conducted for real property acquired from related parties in accordance with the regulations set forth in the preceding five clauses of this paragraph are uniformly lower than the transaction price, the following steps shall be taken: 1. A special reserve shall be set aside to account for the difference between the transaction price of the real property and the appraised costs in accordance with the regulations set forth in Article 41, Paragraph 1 of the Securities and Exchange Act. Said reserve shall not be distributed or used for capital increase or stock dividends. If investors of this Corporation, which are public companies, adopt the equity method for evaluation they shall also set aside a special reserve proportional to its hareholding ratio in accordance with the law. 2. Supervisors shall handle the matter in accordance with Article 218 of the Company Act. 3. Measures taken in accordance with sub-clause 1 and 2 above shall be reported to the board of directors and the transaction details shall be disclosed in annual reports and investment

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	annual reports and investment prospectuses. (g) Special reserves set aside by this Corporation pursuant to the regulations set forth in the preceding clause shall only be used upon approval by the Financial Supervisory Commission after a loss due to declining market values of assets purchased <u>or leased</u> at a premium has been determined or they have been disposed of, <u>or the leasing contract has been terminated</u> or appropriate compensation has been made, or the status quo ante has been restored, or other types of evidence prove that no unreasonable circumstances exist. (h) If other types of evidence indicate that irregular business practices exist with regard to the acquisition of real property <u>or its right-of-use assets</u> from related parties by the Corporation, matters shall be handled in accordance with the regulations set forth in Clause (f) and (g) of this paragraph. 4. Decision-making authority and executive units Acquisition or disposal of operating facilities between the Corporation and its subsidiaries <u>or subsidiaries that this corporation holds 100% issued shares or total capital engaging the following transactions directly or indirectly</u> shall be executed upon approval of relevant data that are inspected and submitted by the Accounting Division or other relevant departments by the board of directors. The Chairman shall be authorized to make prior decisions regarding transactions of a value of less than NT\$ 300 million. Such transactions shall be confirmed by the next board meeting. 1. <u>Operating facilities or its right-of-use assets acquired or disposed.</u> 2. <u>Right-of-use assets of operating real property acquired or disposed.</u> 5. Percentages of the total asset value referred to in the regulations prescribed in these Procedures shall be calculated based on the total asset value indicated in the most recent parent company only financial statement or individual financial statement prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.	prospectuses. (g) Special reserves set aside by this Corporation pursuant to the regulations set forth in the preceding clause shall only be used upon approval by the Financial Supervisory Commission after a loss due to declining market values of assets purchased at a premium has been determined or they have been disposed of, or appropriate compensation has been made, or the status quo ante has been restored, or other types of evidence prove that no unreasonable circumstances exist. (h) If other types of evidence indicate that irregular business practices exist with regard to the acquisition of real property from related parties by the Corporation, matters shall be handled in accordance with the regulations set forth in Clause (f) and (g) of this paragraph. 4. Decision-making authority and executive units <u>Acquisition or disposal of operating facilities</u> between the Corporation and its subsidiaries shall be executed upon approval of relevant data that are inspected and submitted by the Accounting Division or other relevant departments by the board of directors. The Chairman shall be authorized to make prior decisions regarding transactions of a value of less than NT\$ 300 million. Such transactions shall be confirmed by the next board meeting. 5. Percentages of the total asset value referred to in the regulations prescribed in these Procedures shall be calculated based on the total asset value indicated in the most recent parent company only financial statement or individual financial statement prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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Article 9	Procedures governing the acquisition or disposal of <u>intangible assets and its right-of-use assets or memberships</u> - Appraisal and operating procedures - When acquiring or disposing of memberships, transaction terms and prices shall be recommended based on fair market prices and shall be compiled into an analysis report. Transactions of a value of less than NT\$ 3 million shall be approved by the General Manager and reported to the next board meeting after completion of said transaction to be approved for future reference. Transactions of a value of more than NT\$ 3 million shall be approved by a board meeting before they are executed. - When acquiring or disposing of intangible assets <u>or its right-of-use assets</u>, transaction terms and prices shall be recommended based on expert appraisal reports or fair market prices and shall be compiled into an analysis report to be submitted to the General Manager. Transactions of a value of less than NT\$ 3 million shall be approved by the General Manager and reported to the next board meeting after completion of said transaction to be approved for future reference. Transactions of a value of more than NT\$ 3 million shall be approved by a board meeting before they are executed. - Expert appraisal reports and opinions - When acquiring or disposing of intangible assets <u>or its right-of-use assets or memberships</u>, the Corporation shall obtain appraisal reports issued by experts. - Unless <u>intangible assets or its right-of-use assets or memberships</u> are acquired or disposed of through transactions with a <u>domestic</u> government agency, accountants shall be hired to render opinions regarding the reasonableness of transaction prices in accordance with the provisions prescribed in Statement on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation before the occurrence date for transaction values	Procedures governing the acquisition or disposal of <u>memberships or intangible assets</u> - Appraisal and operating procedures - When acquiring or disposing of memberships, transaction terms and prices shall be recommended based on fair market prices and shall be compiled into an analysis report. Transactions of a value of less than NT\$ 3 million shall be approved by the General Manager and reported to the next board meeting after completion of said transaction to be approved for future reference. Transactions of a value of more than NT\$ 3 million shall be approved by a board meeting before they are executed. - When acquiring or disposing of intangible assets, transaction terms and prices shall be recommended based on expert appraisal reports or fair market prices and shall be compiled into an analysis report to be submitted to the General Manager. Transactions of a value of less than NT\$ 3 million shall be approved by the General Manager and reported to the next board meeting after completion of said transaction to be approved for future reference. Transactions of a value of more than NT\$ 3 million shall be approved by a board meeting before they are executed. - Expert appraisal reports and opinions <u>for memberships or intangible assets</u> - When acquiring or disposing of intangible assets, the Corporation shall obtain appraisal reports issued by experts. - Unless <u>memberships or intangible assets</u> are acquired or disposed of through transactions with a government agency, accountants shall be hired to render opinions regarding the reasonableness of transaction prices in accordance with the provisions prescribed in Statement on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation before the occurrence date for transaction values exceeding 20% of the total paid-in

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	exceeding 20% of the total paid-in capital or NT\$ 300 million. (c) If the Corporation acquires or disposes of assets through foreclosure auction procedures, certificates issued by the court may replace appraisal reports or the opinions of accountants. 3. Executive units Acquisitions and disposals of memberships or intangible assets <u>or its right-of-use assets or memberships</u> shall be executed upon submission for approval by the Accounting Division in accordance with the authority levels specified in Paragraph 1.	capital or NT\$ 300 million. (c) If the Corporation acquires or disposes of assets through foreclosure auction procedures, certificates issued by the court may replace appraisal reports or the opinions of accountants. 3. Executive units Acquisitions and disposals of <u>memberships or</u> intangible assets shall be executed upon submission for approval by the Accounting Division in accordance with the authority levels specified in Paragraph 1.
Article 9-1	The calculation of transaction amounts referred to in Article 6, 7, and 9 and Article 8, Paragraph 1 shall be handled in accordance with the regulations set forth in Article 12, Paragraph 1, Clause <u>7</u>. “Within the last year” as used herein shall refer to one year calculated backwards from the occurrence date of this transaction. Items for which an appraisal report from a professional appraiser or the opinion of an accountant has been obtained in accordance with these Procedures need not be counted toward the transaction amount The calculation of transaction amounts referred to in Article 8, Paragraph 2 shall be handled in accordance with the regulations set forth in Article 12, Paragraph 1, Clause <u>7</u>. “Within the last year” as used herein shall refer to one year calculated back from the occurrence date of this transaction. Items that have been <u>submitted to the audit committee for consent and approved by the board of directors</u> in accordance with these Procedures need not be counted towards the transaction amount.	The calculation of transaction amounts referred to in Article 6, 7, and 9 and Article 8, Paragraph 1 shall be handled in accordance with the regulations set forth in Article 12, Paragraph 1, Clause <u>5</u>. “Within the last year” as used herein shall refer to one year calculated backwards from the occurrence date of this transaction. Items for which an appraisal report from a professional appraiser or the opinion of an accountant has been obtained in accordance with these Procedures need not be counted toward the transaction amount The calculation of transaction amounts referred to in Article 8, Paragraph 2 shall be handled in accordance with the regulations set forth in Article 12, Paragraph 1, Clause <u>5</u>. “Within the last year” as used herein shall refer to one year calculated back from the occurrence date of this transaction. Items that have been <u>approved by the board of directors and confirmed by the supervisors</u> in accordance with these Procedures need not be counted toward the transaction amount.
Article 10	Procedures governing the acquisition and disposal of derivatives 1. Transaction principles and strategies (a) Transaction types 1. This Corporation may engage in derivative transactions for the contract types specified in Article 3, Paragraph 1. 2. The term “for trading purposes” shall refer to the goal of exploitation of transaction price differentials	Procedures governing the acquisition and disposal of derivatives 1. Transaction principles and strategies (a) Transaction types 1. This Corporation may engage in derivative transactions for the contract types specified in Article 3, Paragraph 1. 2. The term “for trading purposes” shall refer to the goal of exploitation of transaction price differentials

No.	After amendment	Before amendment
	by holders and issuers of derivatives. This includes transaction activities based on fair value measurement and recognized current profits or losses. “For purposes other than trading” shall refer to trading activities for purposes other than those mentioned above. (b) Business or hedge strategy 1. For trading purposes: Business strategies are based on the principles of flexibility and agility. 2. For purposes other than trading: Hedge strategies based on principles of soundness and conservatism. (c) Division of authority 1. Signing of transaction contracts and relevant documents: Chairman or other designated persons representing the Corporation. 2. Execution of transactions and assessment of profits and losses: (1) If product types are related to raw materials, the Procurement Division shall be responsible. If they are related to finances, the Finance Division shall be responsible. (2) Account creation, trading, confirmation, settlement: Decided and authorized by responsible executives of relevant departments. (3) Dealing slips, payment requests, and payment deposit slips are created by traders, reviewed by competent executives at all levels, and forwarded to the Finance Division, Accounting Division, and Auditing Division. (4) Profit and loss assessments are carried out by dedicated personnel of relevant departments and assessment reports are submitted to Chairman or his assigned proxy. 3. Accounting: The Accounting Division creates vouchers	by holders and issuers of derivatives. This includes transaction activities based on fair value measurement and recognized current profits or losses. “For purposes other than trading” shall refer to trading activities for purposes other than those mentioned above. (b) Business or hedge strategy 1. For trading purposes: Business strategies are based on the principles of flexibility and agility. 2. For purposes other than trading: Hedge strategies based on principles of soundness and conservatism. (c) Division of authority 1. Signing of transaction contracts and relevant documents: Chairman or other designated persons representing the Corporation. 2. Execution of transactions and assessment of profits and losses: (1) If product types are related to raw materials, the Procurement Division shall be responsible. If they are related to finances, the Finance Division shall be responsible. (2) Account creation, trading, confirmation, settlement: Decided and authorized by responsible executives of relevant departments. (3) Dealing slips, payment requests, and payment deposit slips are created by traders, reviewed by competent executives at all levels, and forwarded to the Finance Division, Accounting Division, and Auditing Division. (4) Profit and loss assessments are carried out by dedicated personnel of relevant departments and assessment reports are submitted to Chairman or his assigned proxy. 3. Accounting: The Accounting Division creates vouchers

No.	After amendment	Before amendment
	based on issued receipts and completes accounting statements based on accounting periods. 4. Audits: Scheduled and non-scheduled audits are conducted by the Auditing Division based on the internal audit system. 5. Legal Affairs: Reviews of transaction contracts are conducted by levels above legal specialists. 6. Unless stipulated otherwise, levels above administrator shall be in charge of the execution of transactions of derivatives. (d) Performance assessment Performance assessments are based on year-end net losses/profits. (e) Total contract value and authorization levels 1. For trading purposes: Total contract values at any time point shall not exceed 10% of the net value of the Corporation in the previous year. Responsible executives of relevant departments shall be authorized to approve contracts of a value of less than 5% of the total net value. Said contracts shall be reported to the next board meeting after completion of said transaction to be approved for future reference. Contracts of a value of more than 5% of the total net value shall be approved by a board meeting before they are executed. 2. For purposes other than trading: Responsible executives of relevant units shall be authorized to approve transactions confined to assets or liabilities held or expected to be traded. Such transactions shall be reported to the next board meeting after completion to be approved for future reference. (f) Upper limit of losses 1. For trading purposes: Upper loss limits of individual contracts shall not exceed 5% of the total contract value.	based on issued receipts and completes accounting statements based on accounting periods. 4. Audits: Scheduled and non-scheduled audits are conducted by the Auditing Division based on the internal audit system. 5. Legal Affairs: Reviews of transaction contracts are conducted by levels above legal specialists. 6. Unless stipulated otherwise, levels above administrator shall be in charge of the execution of transactions of derivatives. (d) Performance assessment Performance assessments are based on year-end net losses/profits. (e) Total contract value and authorization levels 1. For trading purposes: Total contract values at any time point shall not exceed 10% of the net value of the Corporation in the previous year. Responsible executives of relevant departments shall be authorized to approve contracts of a value of less than 5% of the total net value. Said contracts shall be reported to the next board meeting after completion of said transaction to be approved for future reference. Contracts of a value of more than 5% of the total net value shall be approved by a board meeting before they are executed. 2. For purposes other than trading: Responsible executives of relevant units shall be authorized to approve transactions confined to assets or liabilities held or expected to be traded. Such transactions shall be reported to the next board meeting after completion to be approved for future reference. (f) Upper limit of losses 1. For trading purposes: Upper loss limits of individual contracts shall not exceed 5% of the total contract value.

No.	After amendment	Before amendment
	Upper loss limits of all contracts shall not exceed 5% of the total contract value of all contracts. 2. For purposes other than trading: Upper loss limits of individual contracts shall not exceed 25% of the total contract value. Upper loss limits of all contracts shall not exceed 25% of the total contract value of all contracts. 2. Risk management measures: (a) Credit risks of transaction counterparties – Transaction counterparties shall be financial institutions with excellent rating. (b) Price reversal risks – Handled in accordance with the regulations set forth in Paragraph 1, Clause 6 of this article. (c) Market liquidity risks – The Corporation shall only engage in transactions of products for which horizontal two-way quotations between at least two financial institutions exist on the market. (d) Cash flow risks – Fair market prices shall be disclosed on a regular basis for traded financial products to properly express projected cash flows for said products. (e) Internal operation risks – Handled in accordance with the regulations set forth in Paragraph 1, Clause 3 of this article. (f) Legal risks with regard to the signing of contracts and relevant documents- Professional opinions shall be submitted by the Legal Affairs Office. (g) Personnel in charge of the trading of derivatives and the confirmation and settlement of such trades shall not concurrently perform each other's tasks. (h) The personnel in charge of measurement, monitoring, and control of risks shall belong to different departments than the personnel specified in the preceding clause and shall submit reports to the board of directors or top-level executives not in charge of trading or position decision-making. (i) Positions held in derivative trading shall be evaluated at least once a	Upper loss limits of all contracts shall not exceed 5% of the total contract value of all contracts. 2. For purposes other than trading: Upper loss limits of individual contracts shall not exceed 25% of the total contract value. Upper loss limits of all contracts shall not exceed 25% of the total contract value of all contracts. 2. Risk management measures: (a) Credit risks of transaction counterparties – Transaction counterparties shall be financial institutions with excellent rating. (b) Price reversal risks – Handled in accordance with the regulations set forth in Paragraph 1, Clause 6 of this article. (c) Market liquidity risks – The Corporation shall only engage in transactions of products for which horizontal two-way quotations between at least two financial institutions exist on the market. (d) Cash flow risks – Fair market prices shall be disclosed on a regular basis for traded financial products to properly express projected cash flows for said products. (e) Internal operation risks – Handled in accordance with the regulations set forth in Paragraph 1, Clause 3 of this article. (f) Legal risks with regard to the signing of contracts and relevant documents- Professional opinions shall be submitted by the Legal Affairs Office. (g) Personnel in charge of the trading of derivatives and the confirmation and settlement of such trades shall not concurrently perform each other's tasks. (h) The personnel in charge of measurement, monitoring, and control of risks shall belong to different departments than the personnel specified in the preceding clause and shall submit reports to the board of directors or top-level executives not in charge of trading or position decision-making. (i) Positions held in derivative trading shall be evaluated at least once a

No.	After amendment	Before amendment
	week, while hedge trading required for business operations shall be evaluated at least twice a month. Evaluation reports shall be forwarded to Chairman or his assigned proxy. 3. Internal audit system Internal auditing personnel shall have a clear understanding of the appropriateness of internal control operations with regard to derivative trading as well as review the actual compliance of trading departments with these Procedures on a monthly basis. These data shall be compiled into audit reports. If serious violations are detected, the audit committee shall be notified in writing. 4. Methods for regular assessments and handling of irregularities (a) Chairman or his assigned proxy to closely monitor the supervision and control of risks pertaining to derivative trading. (b) Chairman or his assigned proxy to evaluate the performance in the field of derivative trading on a regular basis to determine conformance with adopted business strategies and ascertain whether or not incurred risks fall within the tolerance range set by the Corporation. (c) Chairman or his assigned proxy shall evaluate the suitability of currently adopted risk management measures on a regular basis and determine proper handling in accordance with the procedures set forth in this article. They shall also monitor transactions and profits/losses. Detected irregularities shall be reported to the board of directors in a prompt manner and required response measures shall be adopted. If independent directors have been appointed, they shall attend board meetings and express their opinions. (d) When this Corporation engages in derivative trading, a logbook shall be created specifying detailed transaction dates, amounts, and board approval dates as well as matters requiring careful assessment in accordance with Paragraph 2, Clause 9 and Clause 2 and 3 of this paragraph for future	week, while hedge trading required for business operations shall be evaluated at least twice a month. Evaluation reports shall be forwarded to Chairman or his assigned proxy. 3. Internal audit system Internal auditing personnel shall have a clear understanding of the appropriateness of internal control operations with regard to derivative trading as well as review the actual compliance of trading departments with these Procedures on a monthly basis. These data shall be compiled into audit reports. If serious violations are detected, the supervisors shall be notified in writing. 4. Methods for regular assessments and handling of irregularities (a) Chairman or his assigned proxy to closely monitor the supervision and control of risks pertaining to derivative trading. (b) Chairman or his assigned proxy to evaluate the performance in the field of derivative trading on a regular basis to determine conformance with adopted business strategies and ascertain whether or not incurred risks fall within the tolerance range set by the Corporation. (c) Chairman or his assigned proxy shall evaluate the suitability of currently adopted risk management measures on a regular basis and determine proper handling in accordance with the procedures set forth in this article. They shall also monitor transactions and profits/losses. Detected irregularities shall be reported to the board of directors in a prompt manner and required response measures shall be adopted. If independent directors have been appointed, they shall attend board meetings and express their opinions. (d) When this Corporation engages in derivative trading, a logbook shall be created specifying detailed transaction dates, amounts, and board approval dates as well as matters requiring careful assessment in accordance with Paragraph 2, Clause 9 and Clause 2 and 3 of this paragraph for future

No.	After amendment	Before amendment
	reference.	reference.
Article 11	Procedures governing mergers, demergers, acquisitions, or transfer of shares 1. Appraisal and operating procedures (a) When this Corporation engages in mergers, demergers, acquisitions, or transfer of shares, the Accounting Division shall commission an accountant, lawyer, or securities underwriter to render an opinion on the reasonableness of share swap ratios, acquisition prices, or distribution of cash or other property to shareholders before board meetings are convened and submit it to the board of directors for deliberation and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by this Corporation of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which this Corporation directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital. (The followings are omitted)	Procedures governing mergers, demergers, acquisitions, or transfer of shares 2. Appraisal and operating procedures (a) When this Corporation engages in mergers, demergers, acquisitions, or transfer of shares, the Accounting Division shall commission an accountant, lawyer, or securities underwriter to render an opinion on the reasonableness of share swap ratios, acquisition prices, or distribution of cash or other property to shareholders before board meetings are convened and submit it to the board of directors for deliberation and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital. (The followings are omitted)
Article 12	Procedures governing the public disclosure of information 1. Items to be publicly announced and reported and relevant standards (a) Transaction amounts for real property or its right-of-use assets a acquired or disposed of from or to a related party as well as assets other than real property or its right-of-use assets acquired or disposed of from or to a related party exceed 20% of the total paid-in capital of the Corporation, 10% of the total asset value, or NT\$ 300 million. These regulations shall not apply to trading of domestic government bonds, bonds under repurchase or resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (b) Mergers, demergers, acquisitions,	Procedures governing the public disclosure of information 1. Items to be publicly announced and reported and relevant standards (a) Transaction amounts for real property acquired or disposed of from or to a related party as well as assets other than real property acquired or disposed of from or to a related party exceed 20% of the total paid-in capital of the Corporation, 10% of the total asset value, or NT\$ 300 million. These regulations shall not apply to trading of government bonds, bonds under repurchase or resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (b) Mergers, demergers, acquisitions,

No.	After amendment	Before amendment
	or transfer of shares. (c) Losses incurred due to the trading of derivatives reach the upper limits for all contracts or individual contracts as set out in Article 10, Paragraph 1, Clause (f). (d) Acquisition or disposal of operating facilities <u>or its right-of-use assets</u> if the transaction party is not a related party and transaction amounts fall short of NT\$ 500 million. (e) If real property is acquired through commissioned construction on owned or rented land, joint construction and allocation of housing units or ownership percentages or separate sale with projected transaction amounts of less than NT\$ 500 million <u>and its transaction target is an non-related party</u>. (f) Asset transactions or investments in Mainland China not stated in the preceding five clauses if transaction amounts exceed 20% of the total paid-in capital of the Corporation or NT\$ 300 million. This shall not apply to the following conditions: 1. Trading of <u>domestic</u> government bonds. 2. Bonds under repurchase or resale agreements, or subscription or redemption of money market issued by domestic securities investment trust enterprises. (g) The transaction amounts specified in the preceding six clauses shall be calculated as follows: 1. Amount of any individual transaction. 2. Cumulative transaction amount through acquisitions and disposals of the same type of underlying asset with the same trading counterpart within the last year. 3. Cumulative transaction amount through acquisitions or disposals (acquisitions and disposals cumulated separately) of real property <u>or its right-of-use assets</u> of the same development program within the last year. 4. Cumulative transaction amount through acquisitions	or transfer of shares. (c) Losses incurred due to the trading of derivatives reach the upper limits for all contracts or individual contracts as set out in Article 10, Paragraph 1, Clause (f). (d) Acquisition or disposal of operating facilities if the transaction party is not a related party and transaction amounts fall short of NT\$ 500 million. (e) If real property is acquired through commissioned construction on owned or rented land, joint construction and allocation of housing units or ownership percentages or separate sale with projected transaction amounts of less than NT\$ 500 million. (f) Asset transactions or investments in Mainland China not stated in the preceding five clauses if transaction amounts exceed 20% of the total paid-in capital of the Corporation or NT\$ 300 million. This shall not apply to the following conditions: 1. Trading of government bonds. 2. Bonds under repurchase or resale agreements, or subscription or redemption of money market issued by domestic securities investment trust enterprises. (g) The transaction amounts specified in the preceding six clauses shall be calculated as follows: 1. Amount of any individual transaction. 2. Cumulative transaction amount through acquisitions and disposals of the same type of underlying asset with the same trading counterpart within the last year. 3. Cumulative transaction amount through acquisitions or disposals (acquisitions and disposals cumulated separately) of real property of the same development program within the last year. 4. Cumulative transaction amount through acquisitions

No.	After amendment	Before amendment
	or disposals (acquisitions and disposals cumulated separately) of the same security type within the last year. (h) “Within the last year” as used herein shall refer to one year calculated back from the occurrence date of this transaction. Items already announced in accordance with these Procedures need not be counted toward the transaction amount. 2. Time limits for public announcements and reports Public announcements and reports for asset acquisitions and disposals as specified in Clause (a) – (f) of the preceding paragraph shall be issued within two days after occurrence. 3. Announcement and reporting procedures (a) This Corporation shall announce and report relevant information on the website designated by the Financial Supervisory Commission. (b) This Corporation shall post information pertaining to derivative trading conducted by itself and its subsidiaries that are not domestic public companies until the end of the previous month on the information reporting website designated by the Financial Supervisory Commission by the tenth of every month. (c) In case of necessary corrections of errors and omissions in required items for public announcements, the Corporation shall re-announce all required items within two days counting inclusively from the date of knowing of such error or omission. (d) Upon public announcement of transactions in accordance with relevant regulations, the Corporation shall announce information related to the following circumstances on the website designated by FSC within two days upon occurrence: 1. Modification, termination, or rescission of contracts related to original transactions. 2. Failure to complete mergers, demergers, acquisitions, or transfer of shares by the	or disposals (acquisitions and disposals cumulated separately) of the same security type within the last year. (h) “Within the last year” as used herein shall refer to one year calculated back from the occurrence date of this transaction. Items already announced in accordance with these Procedures need not be counted toward the transaction amount. 2. Time limits for public announcements and reports Public announcements and reports for asset acquisitions and disposals as specified in Clause (a) – (f) of the preceding paragraph shall be issued within two days after occurrence. 3. Announcement and reporting procedures (a) This Corporation shall announce and report relevant information on the website designated by the Financial Supervisory Commission. (b) This Corporation shall post information pertaining to derivative trading conducted by itself and its subsidiaries that are not domestic public companies until the end of the previous month on the information reporting website designated by the Financial Supervisory Commission by the tenth of every month. (c) In case of necessary corrections of errors and omissions in required items for public announcements, the Corporation shall re-announce all required items within two days counting inclusively from the date of knowing of such error or omission. (d) Upon public announcement of transactions in accordance with relevant regulations, the Corporation shall announce information related to the following circumstances on the website designated by FSC within two days upon occurrence: 1. Modification, termination, or rescission of contracts related to original transactions. 2. Failure to complete mergers, demergers, acquisitions, or transfer of shares by the

No.	After amendment	Before amendment
	scheduled date stipulated in the contract. 3. Modification of the contents of original announcements or reports. 4. Announcements format This Corporation makes announcements based on the items and contents set out in these Procedures. Formats are based on the Regulations Governing the Acquisition and Disposal of Assets by Public Companies in the appendix.	scheduled date stipulated in the contract. 3. Modification of the contents of original announcements or reports. 4. Announcements format This Corporation makes announcements based on the items and contents set out in these Procedures. Formats are based on the Regulations Governing the Acquisition and Disposal of Assets by Public Companies in the appendix.
Article 14	Subsidiaries of this Corporation shall abide by the following regulations: 1. Subsidiaries shall also formulate Procedures Governing the Acquisition or Disposal of Assets in accordance with relevant provisions set forth in the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. These procedures shall be reported to the Accounting Division of the Corporation upon approval by the board of directors and a shareholders' meeting of said subsidiary. The Accounting Division shall control and manage the summaries of procedures formulated by subsidiaries for future reference. The same procedure shall apply to amendments. 2. The board of directors of each subsidiary shall determine the quotas for total purchases of non-operating real property <u>or its right-of-use assets</u> or marketable securities and investments in individual securities by subsidiaries. 3. If assets acquired or disposed of by subsidiaries that are not domestic public companies meet the standards for public announcement set forth in the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, this Corporation shall handle the reporting and announcement procedures. 4. <u>The provision of paid-in capital or total asset</u> as used in the announcement and reporting standards of subsidiaries shall refer to the total paid-in capital or total asset value of this Corporation. 5. Subsidiaries shall assess independently whether or not their Procedures Governing the Acquisition or Disposal of Assets conform to the provisions set forth in the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and whether or not	Subsidiaries of this Corporation shall abide by the following regulations: 1. Subsidiaries shall also formulate Procedures Governing the Acquisition or Disposal of Assets in accordance with relevant provisions set forth in the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. These procedures shall be reported to the Accounting Division of the Corporation upon approval by the board of directors and a shareholders' meeting of said subsidiary. The Accounting Division shall control and manage the summaries of procedures formulated by subsidiaries for future reference. The same procedure shall apply to amendments. 2. The board of directors of each subsidiary shall determine the quotas for total purchases of non-operating real property or marketable securities and investments in individual securities by subsidiaries. 3. If assets acquired or disposed of by subsidiaries that are not domestic public companies meet the standards for public announcement set forth in the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, this Corporation shall handle the reporting and announcement procedures. 4. <u>"20% of the total paid-in capital or 10% of the total asset value"</u> as used in the announcement and reporting standards of subsidiaries shall refer to the total paid-in capital or total asset value of this Corporation. 5. Subsidiaries shall assess independently whether or not their Procedures Governing the Acquisition or Disposal of Assets conform to the provisions set forth in the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and whether or not

No.	After amendment	Before amendment
	matters pertaining to the acquisition or disposal of assets are handled in accordance with said procedures. The auditing units of this Corporation shall examine the independent assess reports submitted by the subsidiaries.	matters pertaining to the acquisition or disposal of assets are handled in accordance with said procedures. The auditing units of this Corporation shall examine the independent assess reports submitted by the subsidiaries.
Article 16	These procedures and all amendments hereof shall <u>have the consent of the audit committee and resolution and approval of the board of directors and shall be submitted to the meeting of shareholders for consent</u>. If board directors express their dissent as proven by records or written statement, this Corporation shall submit these dissenting opinions to <u>the audit committee</u>. <u>When these procedures are submitted to the board of directors for discussion according to the preceding provision, opinions of various independent directors shall be fully considered. Dissenting opinions or reserved opinions of independent directors shall be specified in the minutes of meeting of the board of directors.</u>	These procedures and all amendments hereof shall <u>be forwarded to the supervisors and reported to the shareholders' meeting upon ratification by the board of directors</u>. If board directors express their dissent as proven by records or written statement, this Corporation shall submit these dissenting opinions to <u>each supervisor</u>.

4. To approve the amendment to the “Procedures Governing Loans of Funds to Others” and the “Procedures Governing Endorsements/Guarantees” of the Company.

Explanation:

- (1) Pursuant to the Company’s establishment of an Audit Committee to replace the Supervisors and to the official letter issued by the Financial Supervisory Commission (Letter No. FSC 1080304826) on 7 March 2019, the Company shall amend the company bylaw of “Procedures Governing Loans of Funds to Others” and the “Procedures Governing Endorsements/Guarantees”. Please refer to the attached Article Amendments Tables for amended articles.
- (2) This proposal has been approved by the 13th meeting of the seventeenth-term Board of Directors on March 19, 2019 and the 14th meeting of the seventeenth-term Board of Directors on May 2, 2019.
- (3) The proposal is hereby presented for referendum.

Resolutions:

Amendments Table of “Procedures Governing Loans of Funds to Others”

No.	After amendment	Before amendment
Article 2	(Total loan amounts and quotas of individual beneficiaries) Total loan amounts granted to borrowers as specified in Paragraph 1 of the preceding Article by this Corporation shall not exceed 50% of the net value of this Corporation as stated in the most recent financial statement audited and certified by a CPA (hereinafter referred to as “net value as stated in the latest financial statement”). Individual loan amounts granted to companies that have business dealings with this Corporation shall not exceed the total transaction amount. The term “total transaction amount of the business dealings” shall refer to the actual order and sales amounts or transaction amounts in the previous fiscal year between this Corporation and the beneficiary at the time of conclusion of the loan contract. Total loan amounts granted to companies with short-term financing needs shall not exceed 15% of the net value as stated in the latest financial statement, while individual loan amounts shall not exceed 5% of the net value as stated in the latest financial statement. <u>Inter-company loans of funds between overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares, or loans to overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares, which are necessary short-term financing facility, shall not be applied to the restriction of financing amount and durations that shall not exceed 40 percent of the lender's net worth and one year. But the total loan amount, each loan amount and durations shall be applied to the Procedures.</u>	(Total loan amounts and quotas of individual beneficiaries) Total loan amounts granted to borrowers as specified in Paragraph 1 of the preceding Article by this Corporation shall not exceed 50% of the net value of this Corporation as stated in the most recent financial statement audited and certified by a CPA (hereinafter referred to as “net value as stated in the latest financial statement”). Individual loan amounts granted to companies that have business dealings with this Corporation shall not exceed the total transaction amount. The term “total transaction amount of the business dealings” shall refer to the actual order and sales amounts or transaction amounts in the previous fiscal year between this Corporation and the beneficiary at the time of conclusion of the loan contract. Total loan amounts granted to companies with short-term financing needs shall not exceed 15% of the net value as stated in the latest financial statement, while individual loan amounts shall not exceed 5% of the net value as stated in the latest financial statement. <u>If this Corporation extends loans to foreign companies in which it directly or indirectly holds 100% of voting shares, the aggregate balance of short-term financing funds shall not exceed 40% of the net value as stated in the latest financial statement.</u>

No.	After amendment	Before amendment
	The financial statements of this Corporation are prepared in accordance with International Financial Reporting Standards. The term “net value” as used in these procedures shall refer to the equity attributable to the owners of the parent company on the balance sheet in accordance with the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.	The financial statements of this Corporation are prepared in accordance with International Financial Reporting Standards. The term “net value” as used in these procedures shall refer to the equity attributable to the owners of the parent company on the balance sheet in accordance with the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
Article 4	(Procedures for the handling of loans of funds) Borrowers shall submit required financial information in advance to apply for a line of credit with the Finance Division of this Corporation. The Finance Division shall carefully assess whether the borrower meets the criteria set forth in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies (hereinafter referred to as “Regulations Governing Loans and Endorsements/Guarantees”), the regulations set forth in these procedures as well as the criteria specified in the following clauses. The assessment results shall be reported to the audit committee for approval, and then to the board of directors for resolution. Decision-making authority may not be delegated to others: 1. Necessity of reasonableness of loans to others 2. Credit and risk assessments of loan beneficiaries 3. Impact on business risks, financial conditions, and shareholders’ equity of this Corporation 4. Necessity of acquisition of collateral and assessment of the value of collateral Loans between this Corporation and subsidiaries or between different subsidiaries of the company shall be reported to the board of directors for resolution in accordance with the	(Procedures for the handling of loans of funds) Borrowers shall submit required financial information in advance to apply for a line of credit with the Finance Division of this Corporation. The Finance Division shall carefully assess whether the borrower meets the criteria set forth in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies (hereinafter referred to as “Regulations Governing Loans and Endorsements/Guarantees”), the regulations set forth in these procedures as well as the criteria specified in the following clauses. The assessment results shall be reported to the board of directors for resolution. Decision-making authority may not be delegated to others: 1. Necessity of reasonableness of loans to others 2. Credit and risk assessments of loan beneficiaries 3. Impact on business risks, financial conditions, and shareholders’ equity of this Corporation 4. Necessity of acquisition of collateral and assessment of the value of collateral Loans between this Corporation and subsidiaries or between different subsidiaries of the company shall be reported to the board of directors for resolution in accordance with the

No.	After amendment	Before amendment
	regulations set forth in the preceding paragraph. The chairman may be authorized to grant loans in installments or provide a revolving line of credit to the same loan beneficiary within certain limits for a period of no more than one year. As for the limits referred to in the preceding paragraph, the credit limit granted to single enterprises by this Corporation or its subsidiaries shall not exceed 10% of the net value of the company extending the loan as stated in the most recent financial statement unless the provisions set forth in Article 2, Paragraph 4 are met. After the credit limit has been approved, the borrower shall submit an application to the Finance Division. Applications shall be approved by a person authorized by the board before the loan can be drawn. The Finance Division shall report implementation conditions to the board for approval on a regular basis. When borrowers submit applications for financing funds in accordance with the regulations set forth in the preceding paragraph, they shall provide guarantee notes or other collateral or guarantors approved by this Corporation for the same amount as a guarantee for the loan. Full consideration shall be given to the opinions of independent directors during deliberations regarding these procedures by the board or extension of loans to others. Concurring and dissenting opinions and the reasons for dissent shall be included in the meeting minutes. If beneficiaries of loans fail to meet these regulations or specified loan balances are exceeded due to changed circumstances, this Corporation shall formulate improvement plans and	regulations set forth in the preceding paragraph. The chairman may be authorized to grant loans in installments or provide a revolving line of credit to the same loan beneficiary within certain limits for a period of no more than one year. As for the limits referred to in the preceding paragraph, the credit limit granted to single enterprises by this Corporation or its subsidiaries shall not exceed 10% of the net value of the company extending the loan as stated in the most recent financial statement unless the provisions set forth in Article 2, Paragraph 4 are met. After the credit limit has been approved, the borrower shall submit an application to the Finance Division. Applications shall be approved by a person authorized by the board before the loan can be drawn. The Finance Division shall report implementation conditions to the board for approval on a regular basis. When borrowers submit applications for financing funds in accordance with the regulations set forth in the preceding paragraph, they shall provide guarantee notes or other collateral or guarantors approved by this Corporation for the same amount as a guarantee for the loan. <u>If independent directors have been appointed</u>, full consideration shall be given to the opinions of <u>these</u> directors during deliberations regarding these procedures by the board or extension of loans to others. Concurring and dissenting opinions and the reasons for dissent shall be included in the meeting minutes. If beneficiaries of loans fail to meet these regulations or specified loan balances are exceeded due to changed circumstances, this Corporation shall formulate improvement plans and

No.	After amendment	Before amendment
	submit these plans to the audit committee. Improvements shall be completed in accordance with the schedule specified in the plans. According to these Procedures, the matters shall be approved by the audit committee, if the matters have not been approved by more than half members of all audit committee members, the matters shall be approved by the board of directors with two-thirds of all directors and the resolution of audit committee shall be recorded in the board of directors minutes. The audit committee members and the board of directors members as stated will only calculate the members in present position.	submit these plans to each supervisor. Improvements shall be completed in accordance with the schedule specified in the plans.
Article 6	(Follow-up control and management measures and procedures for handling of overdue loans) Log books shall be prepared by this Corporation for the handling of matters pertaining to loans of funds to create detailed records of the beneficiaries of loans, amounts, dates of approval by the audit committee, dates of approval by the board, loan dates as well as assessment items as specified in the regulations set forth in Article 4, Paragraph 1. The Auditing Division of this Corporation shall conduct audits of these procedures and their implementation at least on a quarterly basis and compile written reports. If severe violations are detected, the audit committee shall be notified in writing in a prompt manner. After the granting of loans, the financial, business, and credit conditions of the borrower and guarantor shall be closely monitored. If collateral has been provided, changes in the value of said collateral shall also be closely observed. In case of material changes, the General Manager shall be notified promptly	(Follow-up control and management measures and procedures for handling of overdue loans) Log books shall be prepared by this Corporation for the handling of matters pertaining to loans of funds to create detailed records of the beneficiaries of loans, amounts, dates of approval by the board, loan dates as well as assessment items as specified in the regulations set forth in Article 4, Paragraph 1. The Auditing Division of this Corporation shall conduct audits of these procedures and their implementation at least on a quarterly basis and compile written reports. If severe violations are detected, each supervisor shall be notified in writing in a prompt manner. After the granting of loans, the financial, business, and credit conditions of the borrower and guarantor shall be closely monitored. If collateral has been provided, changes in the value of said collateral shall also be closely observed. In case of material changes, the General Manager shall be notified promptly

No.	After amendment	Before amendment
	and adequate measures shall be adopted in accordance with directions. When loans are due, borrowers shall repay the principal and the interest in a prompt manner. The Finance Division of this Corporation shall immediately send a reminder notice. If the borrower still fails to repay the loan in full, this Corporation shall be authorized to dispose of the collateral as seen fit or seek compensation from the guarantor.	and adequate measures shall be adopted in accordance with directions. When loans are due, borrowers shall repay the principal and the interest in a prompt manner. The Finance Division of this Corporation shall immediately send a reminder notice. If the borrower still fails to repay the loan in full, this Corporation shall be authorized to dispose of the collateral as seen fit or seek compensation from the guarantor.
Article 8	(Public announcement and reporting procedures) This Corporation shall publicly announce and report the aggregate balance of loans extended by itself and its subsidiaries in the previous month by the 10th of every month. Public announcements and reports shall be made within two days after the occurrence date if loans of funds extended by this Corporation meet one of the following criteria: 1. The balance of loans extended by this Corporation and its subsidiaries exceeds 20% of the net value as stated in the latest financial statement. 2. The balance of loans extended by this Corporation and its subsidiaries to a single enterprise exceeds 10% of the net value as stated in the latest financial statement. 3. The total amount of a new loan extended by this Corporation or its subsidiaries exceeds NT\$ 10 million or 2% of the net value as stated in the latest financial statement. If subsidiaries of this Corporation are not domestic public companies, public announcements in accordance with Clause 3 of the preceding paragraph shall be made by this Corporation on their behalf. The term “public announcements and reports” as used in these procedures	(Public announcement and reporting procedures) This Corporation shall publicly announce and report the aggregate balance of loans extended by itself and its subsidiaries in the previous month by the 10th of every month. Public announcements and reports shall be made within two days after the occurrence date if loans of funds extended by this Corporation meet one of the following criteria: 4. The balance of loans extended by this Corporation and its subsidiaries exceeds 20% of the net value as stated in the latest financial statement. 5. The balance of loans extended by this Corporation and its subsidiaries to a single enterprise exceeds 10% of the net value as stated in the latest financial statement. 6. The total amount of a new loan extended by this Corporation or its subsidiaries exceeds NT\$ 10 million or 2% of the net value as stated in the latest financial statement. If subsidiaries of this Corporation are not domestic public companies, public announcements in accordance with Clause 3 of the preceding paragraph shall be made by this Corporation on their behalf. The term “public announcements and reports” as used in these procedures

No.	After amendment	Before amendment
	shall refer to the posting of relevant information on the information reporting website designated by the Financial Supervisory Commission. The term “Occurrence date” as used in these procedures shall refer to the date of contract signing, date of payment, dates of board resolutions, or other dates which determine the counterparties and amounts for lending of capital, whichever date is earlier. This Corporation shall assess loan conditions and establish sufficient allowances for uncollectible accounts, disclose relevant information in financial statements in an adequate manner, as well as provide relevant data for required audit procedures conducted by a CPA.	shall refer to the posting of relevant information on the information reporting website designated by the Financial Supervisory Commission. The term “Occurrence date” as used in these procedures shall refer to the date of contract signing, date of payment, dates of board resolutions, or other dates which determine transaction counterparties and amounts, whichever date is earlier. This Corporation shall assess loan conditions and establish sufficient allowances for uncollectible accounts, disclose relevant information in financial statements in an adequate manner, as well as provide relevant data for required audit procedures conducted by a CPA.
Article 10	(Effectiveness and amendment) These procedures and all amendments hereof shall be approved by the audit committee, then resolved by the board of directors, then forwarded to the shareholders' meeting for approval. If board directors express their dissent as proven by records or written statement, this Corporation shall submit these dissenting opinions to the audit committee and shareholders' meeting for discussion.	(Effectiveness and amendment) These procedures and all amendments hereof shall be forwarded to each supervisor and reported to a shareholders' meeting for approval upon ratification by the board of directors. If board directors express their dissent as proven by records or written statement, this Corporation shall submit these dissenting opinions to each supervisor and report them to the shareholders' meetings for discussion.

Amendments Table of “Procedures Governing Endorsements/Guarantees”

No.	After amendment	Before amendment
Article 4	Prior to the provision of endorsements or guarantees for others by this Corporation, the Finance Division shall carefully assess whether the regulations set forth in the Regulations Governing Loaning of Funds and Provision of Endorsements/Guarantees by Public Companies and the criteria specified in the following clauses are met. The assessment results shall be reported to the audit committee for approval, and then to the board of directors for resolution. The chairman shall be authorized by the board to give prior approval to endorsements/guarantees within the limitations specified in the preceding paragraph to increase the overall efficiency. Decisions by the chairman shall be reported to the next board meeting for ratification: I. Necessity and reasonableness of endorsements/guarantees II. Credit and risk assessments of beneficiaries of endorsements/guarantees III. Impact on operational risks, financial conditions, and shareholders' equity of this Corporation IV. Necessity of acquisition of collateral and assessment of the value of collateral	Prior to the provision of endorsements or guarantees for others by this Corporation, the Finance Division shall carefully assess whether the regulations set forth in the Regulations Governing Loaning of Funds and Provision of Endorsements/Guarantees by Public Companies and the criteria specified in the following clauses are met. The assessment results shall be reported to the board of directors for resolution. The chairman shall be authorized by the board to give prior approval to endorsements/guarantees within the limitations specified in the preceding paragraph to increase the overall efficiency. Decisions by the chairman shall be reported to the next board meeting for ratification: I. Necessity and reasonableness of endorsements/guarantees II. Credit and risk assessments of beneficiaries of endorsements/guarantees III. Impact on operational risks, financial conditions, and shareholders' equity of this Corporation IV. Necessity of acquisition of collateral and assessment of the value of collateral
	The provision of endorsements/guarantees by companies in which this Corporation directly or indirectly holds over 90% of voting shares in accordance with the regulations set forth in Article 2, Paragraph 2 shall be reported to the audit committee for approval, and then to the board of directors of this Corporation for resolution prior to execution. These restrictions shall not apply to endorsements/guarantees between companies in which this Corporation directly or indirectly holds 100% of voting rights.	The provision of endorsements/guarantees by companies in which this Corporation directly or indirectly holds over 90% of voting shares in accordance with the regulations set forth in Article 2, Paragraph 2 shall be reported to the board of directors of this Corporation for resolution prior to execution. These restrictions shall not apply to endorsements/guarantees between companies in which this Corporation directly or indirectly holds 100% of voting rights.
	If endorsements/guarantees are provided due to needs arising from business contacts, it shall be determined whether	If endorsements/guarantees are provided due to needs arising from business contacts, it shall be

No.	After amendment	Before amendment
	the amount of the endorsement/guarantee is commensurate to the total transaction amount. The term “total transaction amount” shall refer to the actual order and sales amounts or transaction amounts in the previous fiscal year between this Corporation and the beneficiary at the time of endorsement/guarantee. Endorsements/guarantees provided by this Corporation due to business needs in excess of the maximum amounts set out in the preceding articles but in conformance with the criteria specified in these procedures shall be approved by the audit committee, and then approved by the board of directors and a majority of board directors shall issue a joint guarantee with regard to potential losses incurred due to the exceeding of limits. These procedures shall be amended and the amendments shall be ratified by a shareholders’ meeting. If the shareholders’ meeting disapproves the excess endorsements/guarantees, this Corporation shall formulate a plan to remove the excess amount within a specified period of time. Full consideration shall be given to the opinions of independent directors during deliberations regarding these procedures, provision of endorsements/guarantees for others, or matters specified in the preceding paragraph by the board. Concurring or dissenting opinions of independent directors and the reasons for these opinions shall be included in the meeting minutes. If beneficiaries of endorsements/guarantees fail to meet these regulations or specified maximum amounts are exceeded due to changed circumstances, this Corporation shall formulate improvement plans and submit these plans to the audit committee. Improvements shall be	determined whether the amount of the endorsement/guarantee is commensurate to the total transaction amount. The term “total transaction amount” shall refer to the actual order and sales amounts or transaction amounts in the previous fiscal year between this Corporation and the beneficiary at the time of endorsement/guarantee. Endorsements/guarantees provided by this Corporation due to business needs in excess of the maximum amounts set out in the preceding articles but in conformance with the criteria specified in these procedures shall be approved by the board of directors and a majority of board directors shall issue a joint guarantee with regard to potential losses incurred due to the exceeding of limits. These procedures shall be amended and the amendments shall be ratified by a shareholders’ meeting. If the shareholders’ meeting disapproves the excess endorsements/guarantees, this Corporation shall formulate a plan to remove the excess amount within a specified period of time. If independent directors have been appointed, full consideration shall be given to the opinions of these directors during deliberations regarding these procedures, provision of endorsements/guarantees for others, or matters specified in the preceding paragraph by the board. Concurring or dissenting opinions of independent directors and the reasons for these opinions shall be included in the meeting minutes. If beneficiaries of endorsements/guarantees fail to meet these regulations or specified maximum amounts are exceeded due to changed circumstances, this Corporation shall formulate improvement plans and submit these plans to each supervisor. Improvements

No.	After amendment	Before amendment
	completed in accordance with the schedule specified in the plans. If the beneficiary of endorsements/guarantees provided by this Corporation or its subsidiaries is a subsidiary with a net value lower than half of its paid-in capital, the financial, business, and credit conditions of said company shall be closely monitored. If collateral has been provided, changes in the value of said collateral shall also be closely observed. In case of material adverse changes, endorsements/guarantees shall be terminated and appropriate measures shall be adopted. If a subsidiary's stock has no face value or the face value other than NT\$ 10 per share, the aforementioned paid-in capital shall refer to the sum of the share capital plus capital reserves minus the original issue premium. <u>According to these Procedures, the matters shall be approved by the audit committee, if the matters have not been approved by more than half members of all audit committee members, the matters shall be approved by the board of directors with two-thirds of all directors and the resolution of audit committee shall be recorded in the board of directors minutes. The audit committee members and the board of directors members as stated will only calculate the members in present position.</u>	shall be completed in accordance with the schedule specified in the plans. If the beneficiary of endorsements/guarantees provided by this Corporation or its subsidiaries is a subsidiary with a net value lower than half of its paid-in capital, the financial, business, and credit conditions of said company shall be closely monitored. If collateral has been provided, changes in the value of said collateral shall also be closely observed. In case of material adverse changes, endorsements/guarantees shall be terminated and appropriate measures shall be adopted. If a subsidiary's stock has no face value or the face value other than NT\$ 10 per share, the aforementioned paid-in capital shall refer to the sum of the share capital plus capital reserves minus the original issue premium.
Article 7	This Corporation shall handle endorsements/guarantees based on "Endorsement/Guarantee Applications" submitted by the beneficiaries. Log books shall be prepared to create detailed records of the beneficiaries of endorsements/guarantees, amounts, <u>dates of approval by the audit committee</u>, dates of approval or decisions by the board, endorsement/guarantee dates as well as assessment items as specified in the	This Corporation shall handle endorsements/guarantees based on "Endorsement/Guarantee Applications" submitted by the beneficiaries. Log books shall be prepared to create detailed records of the beneficiaries of endorsements/guarantees, amounts, dates of approval or decisions by the board, endorsement/guarantee dates as well as assessment items as specified in the regulations set forth in Article 4, Paragraph 1.

No.	After amendment	Before amendment
	regulations set forth in Article 4, Paragraph 1. The Auditing Division of this Corporation shall conduct audits of these procedures and their implementation at least on a quarterly basis and compile written reports. If severe violations are detected, <u>the audit committee</u> shall be notified in writing in a prompt manner.	The Auditing Division of this Corporation shall conduct audits of these procedures and their implementation at least on a quarterly basis and compile written reports. If severe violations are detected, <u>each supervisor</u> shall be notified in writing in a prompt manner.
Article 8	This Corporation shall publicly announce and report the aggregate balance of endorsements/guarantees provided by itself and its subsidiaries in the previous month by the 10th of every month. Public announcements and reports shall be made within two days after the occurrence date if endorsements/guarantees provided by this Corporation meet one of the following criteria: I. The balance of endorsements/guarantees provided by this Corporation and its subsidiaries exceeds 50% of the net value as stated in the most recent financial statement II. The balance of endorsements/guarantees provided by this Corporation and its subsidiaries for a single enterprise exceeds 20% of the net value as stated in the most recent financial statement. III. The balance of endorsements/guarantees provided by this Corporation and its subsidiaries for a single enterprise exceeds NT\$ 10 million and the aggregate amount of endorsements/guarantees to, <u>accounted amount of</u> investments <u>under the equity method</u>, and loan balance with said enterprise exceeds 30% of the net value as stated in the most recent financial statement. IV. Newly added endorsement/guarantee amounts of this Corporation or its subsidiaries exceed NT\$ 30 million or 5% of the net value as stated in the most recent financial statement.	This Corporation shall publicly announce and report the aggregate balance of endorsements/guarantees provided by itself and its subsidiaries in the previous month by the 10th of every month. Public announcements and reports shall be made within two days after the occurrence date if endorsements/guarantees provided by this Corporation meet one of the following criteria: I. The balance of endorsements/guarantees provided by this Corporation and its subsidiaries exceeds 50% of the net value as stated in the most recent financial statement II. The balance of endorsements/guarantees provided by this Corporation and its subsidiaries for a single enterprise exceeds 20% of the net value as stated in the most recent financial statement. III. The balance of endorsements/guarantees provided by this Corporation and its subsidiaries for a single enterprise exceeds NT\$ 10 million and the aggregate amount of endorsements/guarantees to, <u>long-term</u> investments <u>in</u>, and loan balance with said enterprise exceeds 30% of the net value as stated in the most recent financial statement. IV. Newly added endorsement/guarantee amounts of this Corporation or its subsidiaries exceed NT\$ 30 million or 5% of the net value as stated in the most recent financial statement.

No.	After amendment	Before amendment
	If subsidiaries of this Corporation are not domestic public companies, public announcements in accordance with Clause 4 of the preceding paragraph shall be made by this Corporation on their behalf. The term “public announcements and reports” as used in these procedures shall refer to the posting of relevant information on the information reporting website designated by the Financial Supervisory Commission. The term “Occurrence date” as used in these procedures shall refer to the date of contract signing, date of payment, dates of board resolutions, or other dates which determine the counterparties and amounts for endorsements/guarantees, whichever date is earlier. The corporation shall assess or record losses incurred due to endorsements/guarantees and disclose information pertaining to endorsements/guarantees in an adequate manner in financial statements as well as provide relevant data for required audit procedures conducted by a CPA.	If subsidiaries of this Corporation are not domestic public companies, public announcements in accordance with Clause 4 of the preceding paragraph shall be made by this Corporation on their behalf. The term “public announcements and reports” as used in these procedures shall refer to the posting of relevant information on the information reporting website designated by the Financial Supervisory Commission. The term “Occurrence date” as used in these procedures shall refer to the date of contract signing, date of payment, dates of board resolutions, or other dates which determine transaction counterparties and amounts, whichever date is earlier. The corporation shall assess or record losses incurred due to endorsements/guarantees and disclose information pertaining to endorsements/guarantees in an adequate manner in financial statements as well as provide relevant data for required audit procedures conducted by a CPA.
Article 9	If subsidiaries of this Corporation plan to provide endorsements/guarantees for others, they shall formulate operating procedures for endorsements/guarantees in accordance with the provisions set forth in relevant regulations and shall handle endorsements/guarantees in accordance with said procedures. Operating procedures governing endorsements/guarantees formulated by subsidiaries shall be reported to the Finance Division of this Corporation. The Finance Division shall forward summaries of procedures formulated by subsidiaries to the board of directors which shall approve them for future reference.	If subsidiaries of this Corporation plan to provide endorsements/guarantees for others, they shall formulate operating procedures for endorsements/guarantees in accordance with the provisions set forth in relevant regulations and shall handle endorsements/guarantees in accordance with said procedures. Operating procedures governing endorsements/guarantees formulated by subsidiaries shall be reported to the Finance Division of this Corporation. The Finance Division shall forward summaries of procedures formulated by subsidiaries to the board of directors which shall approve them for future reference.

No.	After amendment	Before amendment
	If subsidiaries of this Corporation are domestic public companies, they shall handle all announcement and reporting procedures independently in accordance with relevant regulations. Subsidiaries shall submit detailed lists of endorsements/guarantees provided in the previous month to this Corporation for compilation by the 5th of every month. Subsidiaries shall <u>evaluate</u> independently whether or not the formulated operating procedures governing endorsements/guarantees conform to the provisions set forth in relevant regulations and whether or not relevant matters are handled in accordance with said procedures. The Auditing Division of this Corporation shall examine the self-<u>evaluation</u> reports submitted by the subsidiaries.	If subsidiaries of this Corporation are domestic public companies, they shall handle all announcement and reporting procedures independently in accordance with relevant regulations. Subsidiaries shall submit detailed lists of endorsements/guarantees provided in the previous month to this Corporation for compilation by the 5th of every month. Subsidiaries shall <u>review</u> independently whether or not the formulated operating procedures governing endorsements/guarantees conform to the provisions set forth in relevant regulations and whether or not relevant matters are handled in accordance with said procedures. The Auditing Division of this Corporation shall examine the self-<u>inspection</u> reports submitted by the subsidiaries.
Article 11	These procedures and all amendments hereof shall be <u>approved by the audit committee, then resolved by the board of directors, then forwarded to the shareholders' meeting for approval</u>. If board directors express their dissent as proven by records or written statement, this Corporation shall submit these dissenting opinions to <u>the audit committee and shareholders' meeting for discussion</u>.	These procedures and all amendments hereof shall be <u>forwarded to the supervisors and reported to the shareholders' meeting for approval upon ratification by the board of directors</u>. If board directors express their dissent as proven by records or written statement, this Corporation shall submit these dissenting opinions to <u>each supervisor and report them to shareholders' meetings for discussion</u>.

5. To elect Directors (including Independent Directors) of the Company.

Explanation:

- (1) The 17th term Directors and Supervisors were elected and appointed at the 2016 Annual General Shareholders' Meeting, serving a term of three years and the tenure will expire. The Board of Directors resolved that Directors be elected at this Annual General Shareholders' Meeting and the Supervisors will cease to function and be replaced by the Audit Committee.
- (2) According to Article 16 of the "Articles of Incorporation", 11 Directors (including two Independent Directors) shall be elected, and each Director will serve a three year term beginning from June 13, 2019.
- (3) Director and Independent Director candidates shall be nominated by the candidate nomination system. The Board of Directors or any shareholder with 1% shareholding or more may nominate candidates. The period for candidate nomination of Directors and Independent Directors to be elected in this coming Shareholders' Meeting is from April 8, 2019 to April 17, 2019. During this period, the Board of Directors has received the nomination of 8 Director candidates and 3 Independent Director candidates from the shareholder, Asia Cement Corporation. The Board has reviewed the candidate list of Directors and Independent Directors in the 14th meeting of the seventeenth-term Board of Directors on May 2, 2019. And the list also be announced publicly in accordance with the law.
- (4) Please refer to the following table for the candidate list.
- (5) Please elect.

Resolutions:

List of The 18th Term Director (including Independent Director) Candidates

No	Type	Candidate	Education	Major Experiences	Current position	No. of shares held	Name of Institutional Shareholders
1	Director	Hsu, Shu-Tong	Master, University of Notre Dame, USA	● Chairman, Far Eastern New Century Corp. ● Chairman, Far Eastone Telecommunications Co., Ltd. ● Chairman, Asia Cement Corp.	● Chairman, Far Eastern Department Stores Ltd. ● Chairman, Oriental Union Chemical Corp.	992,133	N/A
2	Director	Chee Chen Tung	Master in Mechanical Engineering, Massachusetts Institute of Technology, USA	● President, The Hong Kong General Chamber of Commerce ● President, Orient Overseas Container Line Ltd.	● Chairman, Island Navigation Corporation International Ltd.	0	N/A
3	Director	Hsu, Shu-Ping	Master in Operation Research, Stanford University, USA	● Vice President, Ding & Ding Management Consults Co., Ltd.	● Vice Chairman, Far Eastern New Century Corp. ● President, Ding & Ding Management Consults Co., Ltd.	83,595	N/A
4	Director	Chang , Tsai-Hsiung	Mechanical Technology Section, National Central Industrial College	● CEO, Asia Cement (China) Holdings Corp. ● President, Asia Cement	● Occupational Executive Director, Asia Cement Corp.	331,701,152	Asia Cement Corp.

No	Type	Candidate	Education	Major Experiences	Current position	No. of shares held	Name of Institutional Shareholders
			(Chongqing)	Corp.			
5	Director	Lee, Kun-Yen	Yi-Lan Sanxing Elementary School	● Director, Tamkang University ● Supervisor, Far Eastern New Century Corp. ● Chairman, Ya Tung Ready-Mixed Concrete Corp.	● Director, Asia Cement Corp. ● President, Asia Cement Corp.	331,701,152	Asia Cement Corp.
6	Director	Douglas Jefferson Hsu	MBA, University of Notre Dame, USA	● In the US, had been employed by new funded high technology company, Nestle, DENSO, KIA Motors and Target, under the position of strategy and design consultant. ● Served at United States Marine Corps, Ranked Captain	● CIO, Far Eastern Group ● Director, Far EasTone Telecommunications Co., Ltd. ● Executive Vice President, U-Ming Marine Transport Corp.	331,701,152	Asia Cement Corp.
7	Director	Ong Choo Kiat	Bachelor of Industrial and Business Management, Nanyang University, Republic of Singapore	● Supervisor, Far EasTone Telecommunications Co., Ltd.	● Director, Global Energy Marine Transport Corp. ● Director, The Steamship Mutual Underwriting	93,000	Yue Ding Industry Co., Ltd.

No	Type	Candidate	Education	Major Experiences	Current position	No. of shares held	Name of Institutional Shareholders
					Association ● President, U-Ming Marine Transport Corp.		
8	Director	Lee, Kuan-Chun	Master in Business Administration, Texas A&I University, USA	● Supervisor, Far Eastern New Century Corp.	● Director, Far Eastern New Century Corp. ● Director, Far EastTone Telecommunications Co., Ltd. ● Director, Asia Cement Corp.	8,869,000	Yuan Ding Investment Corp.
9	Independent Director	Pan, Wen-Yen	Ph.D. in Chemical Engineering, University of Wyoming, USA	● Chairman, CPC Corp., Taiwan ● Chairman, Gintech Energy Corp.	● Chairman, CTCI Foundation	0	N/A
10	Independent Director	Chu, Shao-Hua	M.S., Chemical Engineering and Petroleum Refining, Colorado School of Mines, USA	● Chairman, CPC Corp., Taiwan ● Chairman, Chinese Petroleum Institute (Taiwan)	● Chairman and President, Powertec Energy Corp. ● Executive Director, Taiwan Institute of Chemical Engineers ● Supervisor, Taiwan Green Productivity Foundation	0	N/A
11	Independent Director	Liu, Chorng-Jian	Ph.D. in Socio-economic Planning, University of	● Commissioner, National Communications	● Professor, Department of Economics, National	0	N/A

No	Type	Candidate	Education	Major Experiences	Current position	No. of shares held	Name of Institutional Shareholders
			Tsukuba, Japan	Commission ● Secretary General, Taiwan Telecommunication Industry Development Association ● Consultant, Industrial Economics and Knowledge Center, Industrial Technology Research Institute	Taipei University		

6. To approve the release of the relevant Directors from the non-competition restriction under Article 209 of the Company Act.

Explanation:

- (1) This is processed in accordance with Paragraph 1 of Article 209 of the Company Act: “A director who acts for himself or on behalf of another person in a manner that is within the scope of the company’s business shall explain to the shareholders’ meeting the essential contents of such act and obtain the approval from shareholders’ meeting”.
- (2) The new Directors of the company are investing in or managing other companies and also acting as directors of such companies which are in the same or similar business as FENC (please refer to the following table). It is proposed to seek approval at the Shareholders’ Meeting to release new Directors and their representatives from the non-competition restriction.
- (3) Please approve.

Title	Name	Serve as Director/Chairman at other companies in the industry
Director	Hsu, Shu-Tong	Director, Global Energy Marine Transport Corp.
		Director, Cape Asia Ltd.
		Director, Cape Asia Newbuildings (III) Ltd.
		Director, Winyield Investment Ltd.
Director	Chee Chen Tung	Chairman, Island Navigation Corporation International Ltd.
Director	Chang , Tsai-Hsiung (Representative of Asia Cement Corp.)	Chairman, Wuhan Asia Marine Transport Corp. Ltd.
Director	Douglas Jefferson Hsu (Representative of Asia Cement Corp.)	Director, Global Energy Marine Transport Corp.
Director	Ong Choo Kiat (Representative of Yue Ding Industry Co., Ltd.)	Director, Global Energy Marine Transport Corp.
		Director, Winyield Investment Ltd.
		Director, ITG-Uming (Xiamen) Shipping Co., Ltd.
		Director, ITG-Uming Shipping Co., Ltd.

Resolutions:

Extempore Motions:

U-Ming Marine Transport Corporation

Articles of Incorporation

Amended and approved by the Shareholders' Meeting on June 6, 2018

Section I - General Provisions

- Article 1** The Corporation shall be incorporated as a company limited by shares under the Company Law of the Republic of China, and its name shall be U-Ming Marine Transport Corporation.
- Article 2** The scope of business of the Corporation shall be as follows:
- (1) Marine transportation.
 - (2) Sale and purchase of vessels.
 - (3) G401011 Shipping agency.
 - (4) ZZ99999 Apart from business requiring permission, the Corporation can operate business that is not prohibited or restricted by laws and regulations.
- Article 3** The Corporation may provide external guarantee in accordance to the regulations set out in the "Procedure for Corporate Guarantees."
- Article 4** When the Corporation intends to become a limited liability shareholder due to reinvestment in other company, it is not subjected to the restriction stipulated in Article 13 of the Company Law of the Republic of China that the total amount of its reinvestment in other companies shall not exceed forty (40) per cent of the amount of its paid-up capital. However, the Corporation's practice in relation to the reinvestment shall be made according to a resolution adopted at the meeting of the Board of Directors.
- Article 5** The Corporation shall have its head office in Taipei, and may set up branch offices at various locations inside and outside of the Republic of China, depending upon the Corporation's business necessity.

Section II - Capital Stock

- Article 6** The total capital stock of the Corporation shall be in the amount of NT\$10,500,000,000 divided into 1,050,000,000 shares, with par value of NT\$10 per share. For the un-issued shares, the Board of Directors is authorized to issue these shares in installments.
- Article 7** Shares issued by the Corporation shall be exempted from printing of share certificates.

However, the Corporation shall register with the Securities Consolidated Custody Business Organization.

The corporation can issue share certificate for special shares.

When the Corporation merges with other company, on matters related to the merging, it is not necessary to obtain resolution from an extraordinary shareholders' meeting.

Article 8 Shares affair matters of the Corporation shall be handled based on the provisions in "Public Issue Shares Company Shares Affairs Handling Standard" and other relevant laws and regulations.

Article 9 No transfer of shares shall be made within sixty days prior to each annual shareholders' regular meeting or within thirty days before an extraordinary meeting or within five days fixed by the Corporation for distributing dividend, bonus or other benefits.

Section III – Shareholders' Meetings

Article 10 Shareholders' meetings of the Corporation are of two kinds:

- (1) Regular meetings which shall be convened by the Board of Directors within six months after the close of the fiscal year.
- (2) Extraordinary meetings which shall be convened by the Board of Directors whenever deemed necessary by the Board of Directors or upon the written request of shareholders holding three percent or more of the total outstanding capital stock continuously for more than one year.

When the Board of Directors is not going to convene or cannot convene the shareholders' meeting, Supervisor(s) can convene the shareholders' meeting if deemed necessary for the benefit of the Corporation.

Article 11 Convention of shareholders' regular meeting shall be notified to various shareholders in writing 30 days in advance. Convention of shareholders shall be notified to various shareholders in writing 15 days in advance. That written notice shall state clearly the date and place and the reasons for convening the meeting and shall also be publicly announced based on Law.

Article 12 Unless otherwise provided in the Company Law of the Republic of China, a shareholders' meeting may proceed with its conference if attended by shareholders representing more than one half of the total outstanding shares of the Corporation. Resolutions shall be made by a majority vote of the shareholders present at the meeting.

Article 13 The meeting shall be adjourned if encountering an air-raid alarm during the meeting. The meeting shall resume one hour after the alarm is lifted.

Shareholder shall present power of attorney to assign representative to attend the shareholders' meeting. Apart from shares affairs representative organization approved by trust business or securities management institution, if more than two powers of attorney are in favor of one person (proxy) the voting right of such proxy shall not exceed three percent of the total outstanding shares of the Corporation, and the exceeding portion shall not be counted.

In regard to method of appointing for attendance by shareholder, unless otherwise provided in the Company Law, it shall be processed based on the "Rules of Utilization of Power of Attorney to Attend Shareholders' Meeting Of Public Issue Company".

Article 14 During shareholders' meeting, unless otherwise provided in the Company Law or this Articles of Incorporation, the meeting shall be processed based on the "Rules of Procedure for Shareholders' Meetings" of the Corporation.

Article 15 The resolutions of the shareholders' meeting shall be recorded in the minutes, which shall specify the date, place of meeting, number of shareholders who attended such meeting, number of holding shares or representing shares, number or voting rights, name of the chairman, resolutions and method thereof, and such minutes shall be signed or sealed by the Chairman of the meeting. Such minutes, together with the shareholders' attendance book (card) and proxies, shall be kept in the Corporation based on Law.

Section IV - Directors, Supervisors and Managers

Article 16 The Company has 9~13 directors and 3 supervisors who are competent shareholders elected in the shareholders' meeting. The total order shares of the Company held by all directors and supervisors are to be processed in accordance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies."

The number of directors referred to above shall include at least three independent directors.

Directors and supervisors are elected among the shareholders by nomination system in accordance with Article 192-1 of the Company Act. Votes casted for the election of independent directors, non-independent directors, and supervisors are counted and elected separately.

Article 16-1 Pursuant to Article 14-4 of the Securities and Exchange Act, the Company will establish an Audit Committee. The Audit Committee shall make up of the entire number of independent directors, and it is responsible of executing powers relegated to Supervisors by the Company Act, Securities and Exchange Act and other laws and regulations. The Supervisors will cease to function and be ipso facto dismissed on the date of instituting of the Audit Committee. The organizing members, exercise of powers and other matters to be abided by the Audit

Committee shall follow related laws, regulations or rules or regulation of the Company. The organization regulations of the Audit Committee shall be adopted by the Board of Director.

Article 17 The term of office for Directors shall be three years and term of office for Supervisors shall be three years and they shall be re-appointed if being re-elected.

Article 18 The Board of Directors shall be organized by Directors to exercise the job authorities of directors. The Directors shall elect from among themselves a Chairman who will represent the company and one Vice Chairman. When the Chairman is absent or cannot exercise his job authorities for any reason whatsoever, the Vice Chairman shall be designated by the Chairman as his agent. When the Vice Chairman is absent or cannot exercise his job authorities, one director will be assigned by the Chairman to be the agent. In case of no such assignment, the Directors shall elect one from among themselves.

Article 19 Meetings of the Board of Directors shall be held regularly. Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors. Unless otherwise provided for in the Company Law, meetings of the Board of Directors shall be attended by a majority of Directors. Resolutions of the Board of Directors shall be adopted by a majority of the Directors at a meeting attended by majority of the Directors. For urgent matters, the Chairman can convene extraordinary meetings at any time.

If a Director cannot attend a meeting of the Board of Directors, he should submit a power of attorney appointing another Director to act on his behalf in accordance with the Law.

The Notice of Meeting provided in preceding paragraph could be served by way of writing, email or fax.

Article 20 The Supervisors, in addition to performing their supervising duties in accordance with Applicable laws, shall attend meetings of the Board of Directors and voice opinions, but shall not be entitled to participate in Voting.

Article 21 The remuneration of Chairman and Vice Chairman shall be decided by the Board of Directors with consideration of industry and listing companies' remuneration level.

Article 22 The Corporation shall have one President and various certain numbers of Vice Presidents, Assistant Vice Presidents and managers and their appointment and dismissal shall be adopted by a majority of the Directors at a meeting attended by a majority of the Directors.

Article 23 The Chairman, deputy chairman and general manager shall perform daily duties of the corporation according to the resolutions made at the meeting of the Board of Directors.

Section V - Financial Reports

Article 24 The fiscal year for the Corporation shall be from January 1 of each year to December 31 of

the same year. After the close of each fiscal year, the Corporation shall prepare financial reports.

Article 25 The Board of Directors shall prepare various financial reports pursuant to relevant laws and regulations. Such reports shall, after being reviewed and approved by the Supervisors of the Corporation, be submitted by the Board of Directors thirty days prior to the regular shareholders' meeting for acceptance.

The appointment, dismissal and remuneration of the auditors of the preceding financial reports shall be made with the consent of a majority of the Directors.

Article 26 If the Corporation has a profit at the end of a fiscal year, the Corporation shall allocate one percent as the remuneration of employees, and less than one percent as the remuneration of Directors and Supervisors. But if the Corporation still has had losses of the previous years, should remain to make up the losses first.

The Corporation 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 submitted to the shareholders' meeting. Remuneration for Directors, the manner in which it is to be distributed shall be decided by the Board of Directors.

Article 27 If the Corporation has a profit at the end of a fiscal year, the Corporation shall make up losses of previous years after paying business income taxes based on Law and, if there is any remaining profit, a legal reserve of 10% of the balance shall be appropriated as legal reserve. In addition, after appropriation of special reserve based on provision in law, together with the accumulated undistributed earnings of the previous year, the total shall be the profit that is available for allocation. However, depending on the condition of the business, part of the profit shall be retained, to be allocated in proportion to all shares. In case of an increase in the capital of the Corporation, the shareholders bonus for the new shares for the same year shall be decided by the shareholders' meeting.

Dividends distributed to shareholders consideration shall be given to the business perspective of the corporation, the life cycle of various products or service provided, capital requirement in the future and the effect of possible changes of tax laws respectively, distributing under the objective of maintaining a stable dividend policy. For issue of dividend, except save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, the cash dividend shall not be lower than 10% of shareholders bonus of that year.

Section VI - Supplementary Provisions

Article 28 Should there be any incomplete matter in the articles of incorporation of the Corporation, it shall be handled based on the provisions in the Company Law and other relevant laws and regulations.

Article 29 The Articles of Incorporation of the Corporation was stipulated on June 22, 1968 and after resolution was obtained in the shareholders' regular meeting. It was submitted to the competent authority for approval and became effective on the same day. Subsequent amendment to these Articles of Incorporation shall become effective after being passed at the shareholders' meeting.

The 1st revision was on August 16, 1968.

The 2nd revision was on March 21, 1969.

The 3rd revision was on May 30, 1969.

The 4th revision was on October 20, 1970.

The 5th revision was on April 26, 1971.

The 6th revision was on August 4, 1971.

The 7th revision was on February 20, 1974.

The 8th revision was on April 29, 1974.

The 9th revision was on May 30, 1975.

The 10th revision was on April 30, 1976.

The 11th revision was on April 29, 1977.

The 12th revision was on May 15, 1978.

The 13th revision was on December 22, 1978.

The 14th revision was on May 29, 1980.

The 15th revision was on April 25, 1981.

The 16th revision was on May 27, 1981.

The 17th revision was on May 27, 1983.

The 18th revision was on May 18, 1984.

The 19th revision was on September 17, 1984.

The 20th revision was on January 16, 1985.

The 21st revision was on March 27, 1987.

The 22nd revision was on June 15, 1987.

The 23rd revision was on December 21, 1987

The 24th revision was on February 26, 1988.

The 25th revision was on August 19, 1988.

The 26th revision was on May 12, 1989.

The 27th revision was on April 18, 1990.
The 28th revision was on May 15, 1991.
The 29th revision was on May 15, 1992.
The 30th revision was on May 29, 1993.
The 31st revision was on August 14, 1993.
The 32nd revision was on May 18, 1994.
The 33rd revision was on May 25, 1995.
The 34th revision was on May 15, 1996.
The 35th revision was on May 15, 1998.
The 36th revision was on May 17, 1999.
The 37th revision was on May 5, 2000.
The 38th revision was on April 27, 2001.
The 39th revision was on May 30, 2002.
The 40th revision was on June 8, 2005.
The 41st revision was on May 23, 2006.
The 42nd revision was on June 3, 2010.
The 43rd revision was on June 8, 2011.
The 44th revision was on June 14, 2012.
The 45th revision was on June 10, 2015.
The 46th revision was on June 8, 2016.
The 47th revision was on June 6, 2018.

U-Ming Marine Transport Corporation

Rules of Procedure for Shareholders' Meetings

Amended and approved by the Shareholders' Meeting on June 9, 2014

Article 1 The shareholders' meeting of the Company shall be held according to the rules herein.

Article 2 The location for shareholders' meeting shall be the Company's place of business or a place convenient for attendance by shareholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM. The shareholders (or proxies) when attending the meeting shall wear admission badge and hand in signed attendance form to be used to calculate the number of attending shares.

The Company may appoint lawyers, accountants or related personnel to attend the shareholders' meeting.

The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.

For a shareholders' meeting convened by the Board of Directors, the Chairperson of the Board of Directors shall preside at the meeting. If the Chairperson of the Board of Directors is on leave or unable to exert the rights, the Vice-Chairperson of the Board of Directors shall preside instead; if the position of Vice-Chairperson is vacant or the Vice-Chairperson is on leave or unable to exert the rights, the Chairperson of the Board of Directors shall designate a director to preside at the meeting. If no director is so designated, the Chairperson of the meeting shall be elected by the Board of Directors among themselves. For a shareholders' meeting convened by any other person having the convening right, he/she shall act as the Chairperson of that meeting; if there are two or more persons having the convening right, the Chairperson of the meeting shall be elected among themselves.

The complete processes of the meeting shall be recorded by voice or video recorders and all the records shall be kept by the Company for a minimum period of at least one year.

Article 3 The Chairperson shall announce starting of the meeting when the attending shareholders (or proxies) represent more than half of the total shares issued in public. The Chairperson may announce postponement of the meeting if the legal quorum is not present after the designated meeting time. Such postponement is limited to two times and the aggregated postponed time shall not exceed one hour. If quorum is still not present after two postponements but the attending shareholders (or proxies) represent more than one third of the total shares issued in public, tentative resolution/s may be passed with respect to ordinary resolution/s by a majority of those present. After proceeding with the aforesaid tentative resolutions, the Chairperson may put the tentative resolutions for re-voting over the meeting if and when the shares represented by the attending shareholders (or proxies) reached the legal quorum.

- Article 4** If the shareholders' meeting is convened by the Board of Directors, the agenda shall be designated by the Board of Directors. The meeting shall proceed in accordance with the designated agenda and shall not be amended without resolutions.
- If the meeting is convened by person, other than the Board of Directors, having the convening right, the provision set out in the preceding paragraph shall apply mutatis mutandis.
- Except with shareholders' resolution, the Chairperson shall not declare adjournment of the meeting before the first two matters set out in the agendas (including extemporary motions) are concluded. During the meeting, if the Chairperson declares adjournment of the meeting in violation of the preceding rule, a new Chairperson may be elected by a resolution passed by majority of the attending shareholders to continue the meeting.
- When the meeting is adjourned by resolution, the shareholders shall not elect another Chairperson to continue the meeting at the same location or another venue.
- Article 5** The shareholders (or proxies) shall complete statement slip setting out the number of his/her attendance card, name and statement brief before speaking, and the Chairperson will designate the order in which each person is to speak during the session.
- No statement will be considered to have been made if the shareholder (or proxies) merely completes the statement slip without speaking at the meeting. If there are any discrepancies between the content of the statement slip and the speech made, the statement to be adopted shall be the statement confirmed.
- Article 6** Any proposal for the agendas shall be submitted in written form. Except for the proposals set out in the agenda, any proposal by the shareholders (or proxies) to amend, substitute or to initiate extemporary motions with respect to the original proposal shall be seconded by other shareholders (or proxies). The same rule shall apply to any proposal to amend the agenda and motion to adjourn the meeting. The shares represented by the proponents and the seconders shall reach 100,000.
- Article 7** The explanation of proposal shall be limited to 5 minutes. The statement of inquiry and reply shall be limited to 3 minutes per person. The time may be extended for 3 minutes with the Chairperson's permission.
- The Chairperson may restrain shareholders (or proxies) from speaking if that shareholders (or proxies) speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal. When a shareholder (or proxy) is speaking, other shareholder (or proxy) shall not interrupt without consent of the Chairperson and the speaking shareholder (or proxy). Any disobedient of the preceding rule shall be prohibited by the Chairperson. Article 15 of this meeting rule shall apply if the disobedient do not follow the Chairperson's instructions.
- Article 8** For the same proposal, each person shall not speak more than 2 times.

When a juristic person is a shareholder, only one representative shall be appointed to attend the meeting.

If more than two representatives were appointed to attend the meeting, only one representative is allowed to speak.

Article 9 After speaking by the attending shareholder (or proxy), the Chairperson may reply in person or assign relevant officer to reply.

Over the proposal discussion, the Chairperson may conclude the discussion in a timely manner and where necessary announce discussion is closed.

Article 10 For proposal in which discussion has been concluded or closed, the Chairperson shall submit it or voting.

No discussion or voting shall proceed for matters unrelated to the proposal.

The personnel responsible for overseeing and counting of the votes for resolutions shall be appointed by the Chairperson with the consent of the shareholders (or proxies). The person responsible for vote overseeing shall be of the shareholder status.

Article 11 In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's articles of incorporation, resolution shall be passed by a majority of the voting rights represented by the shareholders (or proxies) attending the meeting. The proposal for a resolution shall be deemed approved if the Chairperson inquires and receives no objection. The validity of such approval has the same effect as if the resolution has been put to vote.

If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the Chairperson. If one of the two proposals has been approved, the other shall be deemed rejected without requirement to put it to vote. The results of voting shall be reported on the spot and kept for records.

Article 12 During the meeting, the Chairperson may at his/her discretion declare time for break.

Article 13 The meeting shall be adjourned if encountering an air-raid alarm during the meeting. The meeting shall resume one hour after the alarm is lifted.

Article 14 The Chairperson may maintain the meeting order by instructing the security guards. The security guards shall wear the armband for identification when helping maintaining the venue order.

Article 15 The shareholders (or proxies) shall obey the instructions of the Chairperson and security guards in terms of maintaining the order. The Chairperson or security guards may exclude the persons disturbing the shareholders' meeting from the meeting.

Article 16 For matters not governed by the rules specified herein, shall be governed according to Company Law, Stock Exchange Law and the other related laws and regulations.

Article 17 The rules herein take effect after approval at the shareholders' meeting, the same apply for any amendments.

U-Ming Marine Transport Corporation

Regulations Governing the Election of Board Directors and Supervisors

Amended and approved by the Shareholders' Meeting on June 10, 2015

1. Elections of board directors and supervisors of this Corporation shall be handled in accordance with these regulations.
2. A cumulative voting method shall be adopted for elections of board directors and supervisors. Attendance ID numbers of electors printed on the ballots may be used in place of the names of voters.
Ballots shall be prepared by the board of directors numbered according to attendance ID numbers. The number of voting rights shall be indicated on the ballots.

3. The Company's directors and supervisors are elected as independent directors, non-independent directors, and supervisors in that order in accordance with the number of chairs designated in the Articles of Incorporation and the electoral votes from top down. If there are two or more candidates received the same votes of suffrage resulting more candidates elected than the chairs designated, the candidates who received the same votes of suffrage are to take a draw for a solution; also, the Chairman is to take a draw on behalf of the absentees.

The Company's directors and supervisors are elected in accordance with Article 192-1 of the Company Act. The qualifications, independence conditions, and other matters of the independent directors must comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and other relevant regulations.

4. At the start of the election process, the chair shall designate monitoring and vote counting personnel (two persons each) who shall perform relevant tasks and duties. Monitoring personnel shall possess shareholder status.
5. The tasks and duties of monitoring personnel are as follows:
 - (1) Public checking and sealing of ballot boxes before voting commences
 - (2) Maintenance of order and monitoring and detection of oversights or violations during the voting process
 - (3) Unsealing and retrieval of ballots from ballot boxes and counting of ballots upon conclusion of the voting process
 - (4) Detection of invalid ballots and handing over of valid ballots to the vote counting personnel
 - (5) Monitoring of the recording of votes for each candidate by the vote counting personnel
6. Candidates shall be natural persons and possess shareholder status. Voters shall enter the candidate's account name and shareholder account number on the ballot. If candidates are non-shareholders, voters shall enter their names and identification document number. If candidates are government or corporate shareholders, voters shall enter their account number and the name of the government agency or corporation or both the name of the government agency or corporation and the name of its representative. If there are multiple representatives, the name of each representative shall be specified.
7. Ballots are invalid if one of the following conditions exists:
 - (1) Failure to use ballots specified in these regulations
 - (2) Two or more candidate names are entered on the same ballot

- (3) Blank ballots not filled out by voters
 - (4) Failure to fill out ballots in accordance with the regulations set forth in Article 6 or addition of other written characters
 - (5) Illegible writing which cannot be deciphered
 - (6) Entered candidate information is proven to be inaccurate
- 8. One ballot box each shall be prepared for board director and supervisor ballots and votes shall be counted separately.
 - 9. After all ballots have been inserted into the boxes, the monitoring and vote counting personnel shall unseal and open the ballot boxes.
 - 10. Monitoring personnel shall observe the vote counting process
 - 11. If doubts exist regarding certain ballots, monitoring personnel shall determine whether they are invalid. Invalid ballots shall be placed separately. After the verification of vote numbers and voting rights, they shall be marked as invalid by the monitoring personnel and signatures and seals shall be affixed.
 - 12. After conclusion of the vote counting process, the monitoring personnel shall verify the total number of valid and invalid ballots. The number of valid ballots/voting rights and invalid ballots/voting rights shall be registered separately on a form. Elected candidates shall then be announced by the chair.
 - 13. Elected board directors and supervisors shall receive an official notification from the board of directors.
 - 14. These regulations and all amendments hereof shall be implemented upon approval by the board of directors.

Appendices

1. Current Shareholding of Directors and Supervisors

Book closure date: April 15, 2019

Position	Name of persons or companies	Representatives appointed	Number of shares	Ratio (%)
Chairman	Hsu, Shu-Tong	---	992,133	0.12%
Director	Chee Chen Tung	---	---	---
	Asia Cement Corp.	Chang, Tsai-Hsiung	331,701,152	39.25%
		Lee, Kun-Yen	331,701,152	39.25%
		Douglas Jefferson Hsu	331,701,152	39.25%
	Ya Li Transportation Co., Ltd.	Lee, Kuan-Chun	6,348,103	0.75%
	Yue Ding Industry Co., Ltd.	Ong Choo Kiat	93,000	0.01%
Independent	Chu, Shao-Hua	---	---	---
Director	Liu, Chorng-Jian	---	---	---
Shareholding of all directors			339,134,388	40.13%
The minimum required combined shareholding of all directors by law			33,802,228	4.00%
Supervisor	Hsu, Shu-Ping	---	83,595	0.01%
	Yuan Ding Investment Corp.	Chiang Shao, Ruey-Huey	8,869,000	1.05%
	Far Eastern Construction Co., Ltd.	Chang, Tzu-Pong	1,589,790	0.19%
Shareholding of all supervisors			10,542,385	1.25%
The minimum required combined shareholding of all supervisors by law			3,380,223	0.40%

Note:

1. The total issued and outstanding shares on the book closure date: 845,055,712 shares.
2. According to Article 26, Paragraph 2 of Securities and Exchange Act and Article 2, Paragraph 5 of the Regulations Governing Ratios and Auditing of Director and Supervisor Share Ownership at Public Companies, the minimum required combined shareholding of all directors and all supervisors are qualified.

2. The Impact of Stock dividend Issuance on Business Performance and EPS

Unit: NT\$

Item		Year	2019
Paid-in Capital (beginning of the year)			8,450,557,120
Stock & Cash	Cash Distribution from Legal Reserve (NT\$/per share)		1.8
Dividend	Stock Dividend from Retained Earnings (per share)		0.00
Distribution	Stock Dividend from Capital Surplus		0.00
Variance in Business Performance	Operating Income		Not Applicable
	% Change in Operating Income		
	Net Income		
	% Change in Net Income		
	Earnings Per Share		
	% Change in EPS		
	Average Return on Investment (%) (Reciprocal of Average P/E Ratio)		
Pro Forma EPS & P/E Ratio	If Retained Earnings Distributed in Cash Dividend	Pro Forma Earnings Per Share	Not Applicable
		Pro Forma Average Yearly Return on Investment	
	If Capital Surplus not Distributed in Stock Dividend	Pro Forma Earnings Per Share	
		Pro Forma Average Yearly Return on Investment	
	If Retained Earnings & Capital Surplus Distributed in Cash Dividend rather than Stock Dividend	Pro Forma Earnings Per Share	
		Pro Forma Average Yearly Return on Investment	