

Stock Code: 2606



U-MING MARINE TRANSPORT CORP.

Handbook for the 2022 Annual Meeting of Shareholders

MEETING TIME: June 8, 2022

PLACE: Taipei Hero House

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

(Non-virtual Meeting)

**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.

2022 Annual Meeting of Shareholders

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U-MING MARINE TRANSPORT CORP.

Procedure for the 2022 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. 2021 Business Report

I. Introduction

The recovery of the bulk shipping market was gradually underway in 2021 along with the implementation of anti-pandemic measures in many countries and the increase of industrial demand and demand for necessities. Benefited from the government expanding the construction of infrastructure to stimulate the global economy, such as the Biden administration of the United States has launched a comprehensive 10-year infrastructure construction plan for an amount of US\$2 trillion and the prevalence of vaccination and easing of pandemic impact, the recovery of the global economy is expected to accelerate in the future, which is beneficial to the growing demand for dry bulk raw materials. The efficiency of port operations is affected by the pandemic and thus affects the supply of bulk carriers' shipping capacity. The Baltic Dry Index (BDI) was climbing and reached the highest of 5,650 points on October 7 for the year, a record high in 13 years with an average of 2,943 points throughout the year, representing an increase of 176% from the year 2020.

According to the “World Economic Prospects” released by The World Bank in January 2022, the economic growth of the United States and China, the two largest economies in the world, had outperformed what it was prior to the outbreak of the pandemic in 2021. China’s economic growth rate was expected to reach 8.0% in 2021, a record high since 2012, and the U.S. economic growth rate was expected to grow 5.6%, a record high since 1985. Emerging markets and developing economies continued to grow strongly with a GDP growth of 6.3% achieved in 2021, of which, India, the 6th largest economy in the world, performed significantly better than expected as a result of the increase in tax income, growth in export, increase in retail sales, and increase in electricity demand. India’s GDP had grown to 8.3% from the bottom in 2020, in fact, its growth rate significantly outperformed the average of other Asian countries and the overall emerging market. The global economic growth has mostly broken through the poor performance experienced before the pandemic outbreak and achieved a record high. The transformation of the global economic structure and the high contribution of emerging markets have driven the growth momentum of the global economy with the global GDP growth rate achieved as high as 5.5%.

Many provinces and cities in China had successively carried out electricity and production restrictions in September 2021 due to the “energy consumption and intensity dual control system” policy and the intensified conflict between coal supply and demand, added to environmental protection controls, China had experienced a power shortage crisis, and coal prices from major exporting countries also reached a new high. In addition to coal, the impact of China’s restricting steel production on the demand for imported iron ore had caused concerns. The blast furnace process has been adopted by many steel mills in China with iron ore used as the raw material. In addition, the production cost of local iron ore was high and the iron content was low; therefore, China continued to increase the import of iron ore that causing the Capesize Bulk Commodity Index (BCI) to go up in October.

China had relied heavily on imported grains due to the outputs of the summer crops affected by the floods in the summer of 2021. According to the statistics of the U.S. Department of Agriculture, China will purchase about 9.5 million tons of corn from the United States during the 2021~2022 corn seasons, a record high for corn import. The 4th quarter was the peak season for the export of grains of Northern America which activated the freight rate of small and medium-sized ships to rise. The Handymax BSI had reached an average of US\$26,770 in 2021, an increase of 224% from the same period last year.

In terms of the overall marine transit demand, according to the “Dry Bulk Trade Outlook” released by Clarksons in January 2022, the global bulk carrier volume in 2021 was approximately 5.369 billion tons with an annual increase of 3.8%, of which, the demand for iron ore decreased. According to the World Steel Association, China’s crude steel output reached 1.033 billion tons in 2021, a 3% decrease from the year before. It is estimated that the production of crude steel in China during the “14th Five-Year Plan” period will remain at the level of about 1 billion tons for some time. For the realization of the “energy consumption and intensity dual control system” with the mission of achieving “carbon emission peak” and “carbon neutrality,” China reduced coal production and started importing steam coal from Indonesia and Russia. China imported more than 242 million tons of steam coal in 2021, an increase of 25% from the same period last year. The global coal marine transit trade volume increased by 6% to reach 1.239 billion tons. The import and export of grains are relatively unaffected by the pandemic. The global grains marine transit trade volume increased by 2% to reach 520 million tons, of which, China’s hog industry had gradually resumed production after enduring the impact of African swine fever. The demand for hog breeding had been strong; therefore, the demand for feed had increased stably and the demand for imports continued to grow with a total of 156 million tons of grains imported, representing a growth of 19% from the year before.

The Deadweight Tonnage (DWT) of ships has grown rapidly since 2015 and extended into 2021 at a rate of 3.6%. However, due to newly imposed rigorous environmental protection regulations, such as, the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Index (CII) to be implemented in January 2023; therefore, ships that do not meet the standards will be forced to slow down sailing speed or to have the main engine replaced, which will accelerate the replacement of outdated ships. The replacement of outdated ships added with the soaring container shipping business in the second half of 2020 resulted in the shipyards giving priority to building large-scale container ships that squeezed the capacity for the construction of bulk carriers. The additional supply available in 2022-2023 will fall to the lowest level in recent years with the supply effectively limited and the demand recovers moderately. According to the “Dry Bulk Trade Outlook” data indicated by Clarksons in March 2022, the growth rate of bulk carrier supply is expected to be 2.2% in 2022, but the growth rate of dry bulk shipping marine transit Ton-Nautical Mile demand is estimated to be 1.9%; therefore, the prosperity of the shipping market is expected and business operation is promising and optimistic.

There were 66 ships in the fleet of U-Ming that were proprietarily owned, through a joint venture, and construction in progress as of December 31, 2021, for a total deadweight tonnage (DWT) of 8,253,200 tons.

II. Business performance

U-Ming’s consolidated operating income was NT\$14,012,433 thousand in 2021, the net income was NT\$4,892,584 thousand, and the basic earnings per share (EPS) was NT\$5.79. The business operation is summarized as follows:

(I) Proprietary ship operating performance

U-Ming had grasped the supply-demand trend of the bulk shipping market and adjusted the ratio of fleet long-term contracts and spot contracts in a timely manner so to increase the gross profit of each ship along with the rising freight rate in the spot market in 2021, of which, the gross profit margin of the Supramax ship was as high as 53%, and the gross profit of Capesize and the Panamax was 38%. U-Ming has the most advanced energy-saving fleet with the digital ship management system implemented and an experienced management team in operation so to create the most outstanding business performance within the last decade for U-Ming.

(II) Take advantage of the timing to expand the fleet

The control over the acquisition cost of a ship is one of the key factors for a profitable operation in the future. When the bulk shipping market remained down and the ship cost was not yet increased at the end of 2020, U-Ming had expected that many countries would have accelerated infrastructure

investment after the Covid-19 pandemic, the demand for bulk shipping to deliver raw materials would continue to grow, added with the international maritime laws and regulations getting rigorous against outdated ships would cause the retirement of outdated ships accelerated. The supply of ships is with limited growth in the future; therefore, the Company had ordered 12 new environmentally friendly and energy-saving bulk carriers and 1 cement carrier in 2020 and 2021 at a relatively low price, which are expected to join the fleet of U-Ming in 2022 and 2023 so to make a significant contribution to the business performance later. In addition, in response to the government's green energy policy, U-Ming had entered the offshore wind power market for the first time with an investment made to acquire two high-efficiency Crew Transfer Vessels (CTV) that were delivered in February 2021 with a bareboat charter signed to work in Taiwan's wind farms. U-Ming has entered the offshore wind power market for the first time, which demonstrates U-Ming Marine's fulfilling low-carbon commitment, actively investing in the green energy industry, developing more diversified businesses, introducing two new vanguards to the green fleet, and providing professional offshore wind power marine engineering logistics and transportation services.

(III) Continuous digital transformation

U-Ming has the "Fleet Safety Management (FSM)" system operated and used for years. The Company had been subject to a series of extensive document reviews and ship-shore synchronization verification by Nippon Kaiji Kyokai (ClassNK) since February 2021, and passed the verification on December 1 with the "Innovation Endorsement Certificate" received from ClassNK, which further evidenced the reliability of the ship safety management system developed in-house with the ability to effectively reduce the occurrence of navigation accidents.

In addition, in terms of marine environmental protection, U-Ming can optimize the route for self-operated ships sailing across the ocean with the use of FSM that can help grasp the position of the ship, weather, and harbor meteorology information. 24 voyages had been carried out with approximately fuel consumption of 1,200 tons, more than 600 hours, and US\$1 million saved in 2021, including effectively reducing carbon emissions and operating costs. U-Ming has been using digital technology to realize a more environmentally friendly and energy-saving shipping mode to minimize the impact on the marine ecology.

(IV) Enhance corporate responsibility

U-Ming Marine is committed to sustainable operation since the beginning of incorporation, receiving domestic and international recognition. It also passed the evaluation criteria of "FTSE Russell" for five consecutive years, included in the "FTSE4Good Emerging Index" and the "FTSE4Good TIP Taiwan ESG Index" constituent stock of Taiwan Stock Exchange for six consecutive years. The Company also won the "Excellence in Port Operation Development," "Excellence in Maritime Training Industry-Academia Cooperation," "Excellence in Development of Green Shipping," and "Excellence in Fleet Expansion" awards in the 2020 outstanding vessel carriers tournament organized by the Ministry of Communications. The Company was also awarded the "Best Corporate Governance Award in Taiwan" of the "World Finance Corporate Governance Awards." U-Ming's Sustainability Report also won the Gold in the Transportation Sector of the Taiwan Sustainability Award (TCSA).

U-Ming was awarded the "Workplace Certification" Health Promotion Mark by the Health Promotion Administration so to promote a friendly workplace, and awarded with the "2021 Asia's Best Corporate Employer Award" and "WeCare Best Employee Care Award" of HR Asia, as well as the "Best Corporate Governance Award in Taiwan" of the "World Finance Corporate Governance Awards."

The Company had received the "sustainability-linked loan" amount from E.SUN BANK in March 2021 for the purchase of LNG energy-saving dual-fuel ship, which is a green and environmentally

friendly ship built by domestic shipyards. The use of LNG and Low Sulfur Fuel Oil can help reduce greenhouse gas emissions significantly and the impact on the environment for the good of the environment, which demonstrates U-Ming's outstanding capabilities in performing environmental protection, and corporate social responsibility, and corporate governance (ESG).

III. Business strategy and prospect

In prospect, the global economy is expected to gradually recover along with the increase in the COVID-19 vaccination rate and the infrastructure plans of many countries. According to the forecast made and announced in the "World Economic Outlook Update" by the International Monetary Fund (IMF) in January 2022, the global economic growth rate is expected to be 4.4% in 2022, added to the fact that the orders for ships have reached the lowest since 2005, the demand is expected to exceed the supply of ships in the future that will help support the rebound of the bulk carrier market. U-Ming relies on innovative thinking and digital operation, integrated organizational resources, and inter-departmental teamwork to develop smart ships and provide sustainable and diversified services.

(I) Build a sustainable fleet

The environmental protection policies are getting more rigorous gradually. A total of 12 nations, including Denmark, the United States, Britain, Germany, and France, signed a declaration at the 26th United Nations Climate Change Conference (COP26) to support the marine industry to achieve zero greenhouse gas emissions by the end of 2050. U-Ming constantly observes the market conditions and actively explores new business opportunities, such as: developing offshore wind power shipping services, building liquefied natural gas (LNG) dual-fuel powered bulk carriers, and providing more diversified services to meet the requirements of zero carbon emission imposed on the shipping industry by the world and customers.

U-Ming is one of the bulk carriers using LNG fuel power earliest in the world. It has been evidenced experimentally that LNG fuel-powered ships can significantly reduce greenhouse gas emissions. These new ships will become a vanguard of ours to replace outdated ships under our carbon reduction plan. We believe that U-Ming will be able to achieve the goal of reducing CO₂ emissions by 30% in 2025 (from the base year of 2013). We will hold this belief to provide customers with long-term low-carbon sustainable green transport services continuously.

The liquefied natural gas (LNG) dual-fuel powered bulk carriers are with a dual-fuel main engine and design that is the most advanced design in the shipping industry. LNG fuel and low Sulphur fuel oil can be used as ship fuel since they both meet the requirement of NO_x emission tier III that is mandatory for sailing in the Northern America and Europe waters, which is expected to reduce SO_x emission in the exhaust gas of the main engine by 99%. Such ship is expected to reduce CO₂ emissions by 15%~22% along with the main engine operating conditions and ship speed change; therefore, the Company expects to meet the IMO Energy Efficiency Design Index (EEDI) that will take effect in 2030, by reaching -40%, ahead of schedule.

U-Ming will actively cooperate with shipyards and technical consultants to build new energy-saving ships continuously, and focus on the modification and installation of energy-saving facilities made to the existing ships in order to be the leader in the bulk carrier market continuously.

(II) Fleet growth strategies

For the purpose of providing better transport services and various types of bulk carriers available for the choice of the customers, U-Ming strives to optimize transport efficiency, reduce carbon emissions for the protection of the marine environment, and comply with international environmental protection laws and regulations, and phase out outdated ships in a timely manner so to keep the fleet rejuvenated; therefore, the Company expects to have 17 ships added into the current fleet for service in 2022~2023. At the same time, U-Ming plans the long-term growth strategy for the fleet with a goal of having 80 ships in service for more than 10 million DWT to be achieved by 2025.

(III) Generate long-term income

The global economy is affected by the prevalence of the COVID-19 pandemic, rising inflation, the reducing purchase of bonds, and increasing interest rates at a faster pace by the Federal Reserve (Fed), and hindered economic growth that made the business operation a challenge. U-Ming will continue to integrate the Company's advantages, participate in the raw material logistics and transportation plans of the valuable customers, expand global business territories, and reduce geopolitical operational risks; also, seek excellent business partners, adjust the proportion of long-term contracts in a timely manner, and stabilize long-term fixed income in 2022.

(IV) Develop smart ships

In addition to the Fleet Safety Management (FSM) System applied to continuously improve the safety functions of ships, U-Ming has also completed the Fleet Performance Management (FPM) System according to the plan since 2021. The onshore engineers can set the alert data according to the characteristics of the ship they are responsible for through the monitoring function of the ships, including real-time positioning and the output data of various navigation and turbine equipment. When the equipment operation curve is suspected of malfunctioning, the onshore engineers can notify the ship to receive inspections, repairs, and maintenances in a timely manner so to prevent unnecessary shutdowns or major breakdowns. In addition, it helps understand the correlation between ship sailing speed and fuel consumption efficiency. When the performance is slightly reduced, through the monitoring of the ship performance system, the onshore public works department can conduct a remote video communication to study the ship conduction. When necessary, clean the underwater hull at the chosen port to reduce the impact of seawater resistance on the sailing speed of the ship so to improve its efficiency of the ship. The Company will continue to develop the ship maintenance system in 2022 on the same platform of ship safety and performance management in order to implement the ship maintenance plan and repair progress, accurately control the supply and replenishment of materials, consumption frequency, and failure rate, and to shorten the docking and maintenance time, increase the operating hours of each ship, and expand operating performance.

(V) Enhance teamwork

U-Ming has a group of experienced shipping talents. The Company plans to utilize human resources and cross-departmental cooperation, establish an effective career ability development program, cultivate a highly efficient team, enhance core competence in competition, unify external market resources, and actively expand the chartering trade business and shipping agency business to maximize the Company's return on investment.

For the future to come, we will continue to take advantage of the three major assets: "human resources," "fleet," and "integrated resources" to create the best interests of our customers, employees, and investors; also, adhere to the five values of ours "promoting optimization," "teamwork," "ethical corporate management," "passionate mission," and "sustainable operation" to lead U-Ming becoming a world-class maritime logistics company and to achieve the vision of "Promoting ESG Optimization."

Chairman:



President:



Vice President,
Accounting Division:



2. 2021 Financial Statements

Consolidated Balance Sheets in Y2021

Consolidated Statements of Comprehensive Income in Y2021

Consolidated Statements of Changes in Equity in Y2021

Consolidated Statements of Cash Flows in Y2021

Individual Balance Sheets in Y2021

Individual Statements of Comprehensive Income in Y2021

Individual Statements of Changes in Equity in Y2021

Individual Statements of Cash Flows in Y2021

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 13,927,841	22	\$ 13,352,688	22
Financial assets at fair value through profit or loss	1,546,321	2	1,630,592	3
Financial assets at fair value through other comprehensive income	6,825,038	11	6,849,625	11
Financial assets at amortized cost	372,312	1	157,658	-
Contract assets	301,821	1	172,667	-
Trade receivables from unrelated parties	448,067	1	328,907	1
Trade receivables from related parties	73,595	-	93,248	-
Other receivables	87,842	-	108,204	-
Fuel inventory	668,734	1	398,671	1
Other current assets	<u>140,069</u>	<u>-</u>	<u>161,431</u>	<u>-</u>
Total current assets	<u>24,391,640</u>	<u>39</u>	<u>23,253,691</u>	<u>38</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	2,265,037	4	2,283,860	4
Financial assets at amortized cost	598,769	1	593,301	1
Investments accounted for using the equity method	3,993,021	6	3,547,354	6
Property, plant and equipment	27,255,637	44	29,114,345	48
Intangible assets	73,646	-	47,038	-
Deferred tax assets	5,216	-	8,101	-
Prepayments for equipment	3,048,534	5	986,457	2
Refundable deposits	59,956	-	65,197	-
Long-term receivables from related parties	<u>587,725</u>	<u>1</u>	<u>743,143</u>	<u>1</u>
Total non-current assets	<u>37,887,541</u>	<u>61</u>	<u>37,388,796</u>	<u>62</u>
TOTAL	<u>\$ 62,279,181</u>	<u>100</u>	<u>\$ 60,642,487</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 3,903,000	6	\$ 5,643,000	9
Short-term bills payable	6,731,467	11	7,396,647	12
Financial liabilities at fair value through profit or loss	153,086	-	307,897	1
Trade payables	184,788	-	149,213	-
Other payables	1,095,145	2	811,571	1
Current tax liabilities	1,202	-	47,362	-
Current portion of long-term borrowings	5,595,515	9	3,820,780	6
Other current liabilities	<u>274,220</u>	<u>1</u>	<u>213,492</u>	<u>1</u>
Total current liabilities	<u>17,938,423</u>	<u>29</u>	<u>18,389,962</u>	<u>30</u>
NON-CURRENT LIABILITIES				
Bank loans	18,180,197	29	18,648,757	31
Deferred tax liabilities	187,334	-	172,473	1
Deferred revenue	-	-	112,158	-
Net defined benefit liabilities	<u>114,509</u>	<u>-</u>	<u>143,643</u>	<u>-</u>
Total non-current liabilities	<u>18,482,040</u>	<u>29</u>	<u>19,077,031</u>	<u>32</u>
Total liabilities	<u>36,420,463</u>	<u>58</u>	<u>37,466,993</u>	<u>62</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Common share capital	<u>8,450,557</u>	<u>14</u>	<u>8,450,557</u>	<u>14</u>
Capital surplus	<u>115,150</u>	<u>-</u>	<u>115,163</u>	<u>-</u>
Retained earnings				
Legal reserve	6,964,052	11	6,876,575	11
Special reserve	1,022,797	2	-	-
Unappropriated earnings	<u>11,534,057</u>	<u>18</u>	<u>8,755,996</u>	<u>15</u>
Total retained earnings	<u>19,520,906</u>	<u>31</u>	<u>15,632,571</u>	<u>26</u>
Other equity	<u>(2,227,895)</u>	<u>(3)</u>	<u>(1,022,797)</u>	<u>(2)</u>
Total equity	<u>25,858,718</u>	<u>42</u>	<u>23,175,494</u>	<u>38</u>
TOTAL	<u>\$ 62,279,181</u>	<u>100</u>	<u>\$ 60,642,487</u>	<u>100</u>

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE				
Freight revenue	\$ 13,765,904	98	\$ 8,225,037	97
Other operating revenue	<u>246,529</u>	<u>2</u>	<u>282,327</u>	<u>3</u>
Total operating revenue	<u>14,012,433</u>	<u>100</u>	<u>8,507,364</u>	<u>100</u>
OPERATING COSTS				
Freight cost	<u>9,580,425</u>	<u>68</u>	<u>7,571,809</u>	<u>89</u>
GROSS PROFIT	4,432,008	32	935,555	11
OPERATING EXPENSES	<u>615,891</u>	<u>5</u>	<u>426,212</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>3,816,117</u>	<u>27</u>	<u>509,343</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	14,713	-	82,676	1
Finance costs	(345,848)	(3)	(412,050)	(5)
Share of the profit or loss of associates and joint ventures	337,627	2	158,040	2
Interest income	83,821	1	270,797	3
Dividend income	194,263	1	216,512	3
Gain (loss) on disposal of property, plant and equipment	495,646	4	(33)	-
Net gain on sale of investments	110,303	1	23,916	-
Net loss on foreign currency exchange	(59,743)	-	(94,312)	(1)
Net gain on financial assets and liabilities at fair value through profit or loss	267,891	2	147,805	2
Other losses	<u>(5,242)</u>	<u>-</u>	<u>(69,842)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>1,093,431</u>	<u>8</u>	<u>323,509</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	4,909,548	35	832,852	10
INCOME TAX EXPENSE (BENEFIT)	<u>16,964</u>	<u>-</u>	<u>(45,573)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>4,892,584</u>	<u>35</u>	<u>878,425</u>	<u>10</u>

(Continued)

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 9,168	-	\$ (2,530)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(70,719)	(1)	(933,914)	(11)
Share of other comprehensive income of associates accounted for using the equity method	15,487	-	24,230	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(1,101,620)	(8)	(1,949,464)	(23)
Share of other comprehensive loss of associates accounted for using the equity method	<u>(47,261)</u>	<u>-</u>	<u>(80,035)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(1,194,945)</u>	<u>(9)</u>	<u>(2,941,713)</u>	<u>(34)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 3,697,639</u>	<u>26</u>	<u>\$ (2,063,288)</u>	<u>(24)</u>
EARNINGS PER SHARE				
Basic	<u>\$ 5.79</u>		<u>\$ 1.04</u>	
Diluted	<u>\$ 5.78</u>		<u>\$ 1.04</u>	

(Concluded)

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	Common Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity				Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Gain on Property Revaluation	Total	
BALANCE AT JANUARY 1, 2020	\$ 8,450,557	\$ 115,152	\$ 6,693,492	\$ -	\$ 9,669,918	\$ (2,330,970)	\$ 4,246,275	\$ 2	\$ 133	\$ 1,915,440	\$ 26,844,559
Appropriation of 2019 earnings											
Legal reserve	-	-	183,083	-	(183,083)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,605,606)	-	-	-	-	-	(1,605,606)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	14	-	-	-	-	-	-	-	-	14
Net profit for the year ended December 31, 2020	-	-	-	-	878,425	-	-	-	-	-	878,425
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(3,586)	(2,029,498)	(908,640)	(1)	12	(2,938,127)	(2,941,713)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	874,839	(2,029,498)	(908,640)	(1)	12	(2,938,127)	(2,063,288)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	110	-	(110)	-	-	(110)	-
Cash dividends claimed after over prescription by shareholders	-	(3)	-	-	-	-	-	-	-	-	(3)
Changes from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	(182)	-	-	-	-	-	(182)
BALANCE AT DECEMBER 31, 2020	8,450,557	115,163	6,876,575	-	8,755,996	(4,360,468)	3,337,525	1	145	(1,022,797)	23,175,494
Appropriation of 2020 earnings											
Legal reserve	-	-	87,477	-	(87,477)	-	-	-	-	-	-
Special reserve	-	-	-	1,022,797	(1,022,797)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,014,067)	-	-	-	-	-	(1,014,067)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	1	-	-	-	-	-	-	-	-	1
Net profit for the year ended December 31, 2021	-	-	-	-	4,892,584	-	-	-	-	-	4,892,584
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	9,461	(1,148,881)	(55,527)	-	2	(1,204,406)	(1,194,945)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	4,902,045	(1,148,881)	(55,527)	-	2	(1,204,406)	3,697,639
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	692	-	(692)	-	-	(692)	-
Cash dividends claimed after over prescription by shareholders	-	(14)	-	-	-	-	-	-	-	-	(14)
Changes from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	(335)	-	-	-	-	-	(335)
BALANCE AT DECEMBER 31, 2021	\$ 8,450,557	\$ 115,150	\$ 6,964,052	\$ 1,022,797	\$ 11,534,057	\$ (5,509,349)	\$ 3,281,306	\$ 1	\$ 147	\$ (2,227,895)	\$ 25,858,718

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,909,548	\$ 832,852
Adjustments for:		
Depreciation expenses	2,233,399	2,363,807
Amortization expenses	27,075	16,224
Expected credit loss reversed on trade receivables	1,808	-
Net gain on financial assets and liabilities at fair value through profit or loss	(277,988)	(147,778)
Finance costs	345,848	412,050
Interest income	(83,821)	(270,797)
Dividend income	(430,695)	(498,866)
Share of the profit of associates and joint ventures	(337,627)	(158,040)
(Gain) loss on disposal of property, plant and equipment	(495,646)	33
Net loss on foreign currency exchange	58,115	84,143
Others	(110,303)	(23,916)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	84,245	455,884
Contract assets	(129,154)	52,069
Trade receivables	(101,258)	(119,012)
Other receivables	(1,310)	(6,161)
Fuel inventory	(270,489)	162,860
Other current assets	21,331	56,656
Trade payables	7,045	(39,348)
Other payables	287,425	(172,182)
Other current liabilities	52,907	12,971
Net defined benefit liabilities	(19,966)	(27,409)
Cash generated from operations	5,770,489	2,986,040
Interest received	105,493	405,561
Dividends received	430,695	498,866
Interest paid	(347,629)	(431,064)
Income tax paid	(45,347)	(11,114)
Net cash generated from operating activities	5,913,701	3,448,289
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(35,349)	(413,326)
Purchase of financial assets at amortized cost	(244,084)	(589,727)
Acquisition of associates accounted for using the equity method	(224,072)	(599,793)
Purchase of property, plant and equipment	(2,426,563)	(3,563,048)
Proceeds from disposal of property, plant and equipment	1,804,204	-
Decrease in refundable deposits	5,024	59,731
		(Continued)

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Decrease (increase) in financing provided - related parties	88,229	(54,334)
Payments for intangible assets	(11,571)	-
Increase in prepayments for equipment	(2,151,342)	(1,209,534)
Dividends received	<u>98,902</u>	<u>24,748</u>
Net cash used in investing activities	<u>(3,096,622)</u>	<u>(6,345,283)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(2,737,000)	(857,000)
(Repayments of) proceeds from short-term bills payable	(666,935)	4,193,935
Proceeds from long-term borrowings	6,158,128	6,446,225
Repayments of long-term borrowings	(3,591,962)	(7,076,579)
Dividends paid to owners of the Company	<u>(1,014,081)</u>	<u>(1,605,609)</u>
Net cash (used in) generated from financing activities	<u>(1,851,850)</u>	<u>1,100,972</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(390,076)</u>	<u>(730,532)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	575,153	(2,526,554)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>13,352,688</u>	<u>15,879,242</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 13,927,841</u>	<u>\$ 13,352,688</u>

(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 (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and 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 (collectively referred to as the “consolidated financial statements”).

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, 2021 and 2020, 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, 2021. 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.

Stage of Completion of Freight Contracts

The Group's freight revenue is recognized by reference to the stage of completion of the contract. Because management is required to exercise judgements and to have estimates to a certain extent when measuring and calculating the stage of completion of freight contracts, revenue recognition and expression might be affected by the selection and application of calculation methods; therefore, 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 that we 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, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 audit committee, 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, 2021 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 Wen-Ching Lin and Yi-Wen Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2022

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 accepted and 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
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 60,952	-	\$ 43,796	-
Financial assets at fair value through other comprehensive income - current	1,903,974	4	1,881,236	4
Contract assets	15,851	-	-	-
Trade receivables from unrelated parties	6,033	-	9,269	-
Trade receivables from related parties	72,748	-	70,615	-
Other receivables	37,099	-	36,705	-
Fuel inventory	30,159	-	21,539	-
Other current assets	29,385	-	25,680	-
Total current assets	<u>2,156,201</u>	<u>4</u>	<u>2,088,840</u>	<u>4</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	942,645	2	924,293	2
Investments accounted for using equity method	49,301,591	92	45,621,622	92
Property, plant and equipment	939,253	2	846,584	2
Intangible assets	71,511	-	43,742	-
Deferred tax assets	5,216	-	8,101	-
Prepayments for equipment	306,091	-	43,406	-
Refundable deposits	43,386	-	49,757	-
Other non-current assets	50,000	-	-	-
Total non-current assets	<u>51,659,693</u>	<u>96</u>	<u>47,537,505</u>	<u>96</u>
TOTAL	<u>\$ 53,815,894</u>	<u>100</u>	<u>\$ 49,626,345</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 3,800,000	7	\$ 5,515,000	11
Short-term bills payable	6,498,487	12	7,266,679	15
Trade payables	37,163	-	34,152	-
Other payables	436,251	1	321,319	1
Current tax liabilities	-	-	46,524	-
Current portion of long-term borrowings	3,490,000	7	1,149,684	2
Other current liabilities	23,079	-	16,112	-
Total current liabilities	<u>14,284,980</u>	<u>27</u>	<u>14,349,470</u>	<u>29</u>
NON-CURRENT LIABILITIES				
Bank loans	13,390,000	25	11,811,000	24
Deferred tax liabilities	187,334	-	172,473	-
Net defined benefit liabilities - non-current	94,862	-	117,908	-
Total non-current liabilities	<u>13,672,196</u>	<u>25</u>	<u>12,101,381</u>	<u>24</u>
Total liabilities	<u>27,957,176</u>	<u>52</u>	<u>26,450,851</u>	<u>53</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Common share capital	8,450,557	16	8,450,557	17
Capital surplus	115,150	-	115,163	-
Retained earnings				
Legal reserve	6,964,052	13	6,876,575	14
Special reserve	1,022,797	2	-	-
Unappropriated earnings	11,534,057	21	8,755,996	18
Total retained earnings	19,520,906	36	15,632,571	32
Other equity	(2,227,895)	(4)	(1,022,797)	(2)
Total equity	<u>25,858,718</u>	<u>48</u>	<u>23,175,494</u>	<u>47</u>
TOTAL	<u>\$ 53,815,894</u>	<u>100</u>	<u>\$ 49,626,345</u>	<u>100</u>

U-MING MARINE TRANSPORT CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 1,660,430	100	\$ 1,039,426	100
OPERATING COSTS	<u>1,448,412</u>	<u>87</u>	<u>839,354</u>	<u>81</u>
GROSS PROFIT	212,018	13	200,072	19
OPERATING EXPENSES	<u>457,573</u>	<u>28</u>	<u>283,668</u>	<u>27</u>
LOSS FROM OPERATIONS	<u>(245,555)</u>	<u>(15)</u>	<u>(83,596)</u>	<u>(8)</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	37,375	2	98,795	10
Financial costs	(239,406)	(14)	(239,773)	(23)
Share of the profit or loss of subsidiaries, associates and joint ventures	5,150,436	310	895,702	86
Interest income	562	-	3,667	-
Dividend income	190,144	12	213,655	21
Loss on disposal of property, plant and equipment	-	-	(33)	-
Net gain on foreign currency exchange	4,087	-	2,242	-
Other losses	<u>(4,568)</u>	<u>-</u>	<u>(68,460)</u>	<u>(7)</u>
Total non-operating income and expenses	<u>5,138,630</u>	<u>310</u>	<u>905,795</u>	<u>87</u>
PROFIT BEFORE INCOME TAX	4,893,075	295	822,199	79
INCOME TAX EXPENSE (BENEFIT)	<u>491</u>	<u>-</u>	<u>(56,226)</u>	<u>(6)</u>
NET PROFIT FOR THE YEAR	<u>4,892,584</u>	<u>295</u>	<u>878,425</u>	<u>85</u>

(Continued)

U-MING MARINE TRANSPORT CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 8,613	1	\$ (12,376)	(1)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	41,090	2	(446,811)	(43)
Share of the other comprehensive income of subsidiaries, associates and joint ventures using the equity method	(95,767)	(6)	(453,027)	(44)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(1,102,323)	(66)	(1,946,411)	(187)
Share of the other comprehensive income of subsidiaries, associates and joint ventures using the equity method	<u>(46,558)</u>	<u>(3)</u>	<u>(83,088)</u>	<u>(8)</u>
Other comprehensive income for the year, net of income tax	<u>(1,194,945)</u>	<u>(72)</u>	<u>(2,941,713)</u>	<u>(283)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,697,639</u>	<u>223</u>	<u>\$(2,063,288)</u>	<u>(198)</u>
EARNINGS PER SHARE				
Basic	<u>\$ 5.79</u>		<u>\$ 1.04</u>	
Diluted	<u>\$ 5.78</u>		<u>\$ 1.04</u>	

(Concluded)

U-MING MARINE TRANSPORT CORPORATION

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(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 the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Gain on Property Revaluation	Total	
BALANCE AT JANUARY 1, 2020	\$ 8,450,557	\$ 115,152	\$ 6,693,492	-	\$ 9,669,918	\$ (2,330,970)	\$ 4,246,275	\$ 2	\$ 133	\$ 1,915,440	\$ 26,844,559
Appropriation of 2019 earnings											
Legal reserve	-	-	183,083	-	(183,083)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,605,606)	-	-	-	-	-	(1,605,606)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	14	-	-	-	-	-	-	-	-	14
Net profit for the year ended December 31, 2020	-	-	-	-	878,425	-	-	-	-	-	878,425
Other comprehensive income for the year ended December 31, 2020, net of income tax	-	-	-	-	(3,586)	(2,029,498)	(908,640)	(1)	12	(2,938,127)	(2,941,713)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	874,839	(2,029,498)	(908,640)	(1)	12	(2,938,127)	(2,063,288)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associate	-	-	-	-	110	-	(110)	-	-	(110)	-
Cash dividends claimed after over prescription by shareholders	-	(3)	-	-	-	-	-	-	-	-	(3)
Changes from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	(182)	-	-	-	-	-	(182)
BALANCE AT DECEMBER 31, 2020	8,450,557	115,163	6,876,575	-	8,755,996	(4,360,468)	3,337,525	1	145	(1,022,797)	23,175,494
Appropriation of 2020 earnings											
Legal reserve	-	-	87,477	-	(87,477)	-	-	-	-	-	-
Special reserve	-	-	-	1,022,797	(1,022,797)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,014,067)	-	-	-	-	-	(1,014,067)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	1	-	-	-	-	-	-	-	-	1
Net profit for the year ended December 31, 2021	-	-	-	-	4,892,584	-	-	-	-	-	4,892,584
Other comprehensive income for the year ended December 31, 2021, net of income tax	-	-	-	-	9,461	(1,148,881)	(55,527)	-	2	(1,204,406)	(1,194,945)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	4,902,045	(1,148,881)	(55,527)	-	2	(1,204,406)	3,697,639
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associate	-	-	-	-	692	-	(692)	-	-	(692)	-
Cash dividends claimed after over prescription by shareholders	-	(14)	-	-	-	-	-	-	-	-	(14)
Changes from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	(335)	-	-	-	-	-	(335)
BALANCE AT DECEMBER 31, 2021	\$ 8,450,557	\$ 115,150	\$ 6,964,052	\$ 1,022,797	\$ 11,534,057	\$ (5,509,349)	\$ 3,281,306	\$ 1	\$ 147	\$ (2,227,895)	\$ 25,858,718

U-MING MARINE TRANSPORT CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,893,075	\$ 822,199
Adjustments for:		
Depreciation expenses	178,056	157,935
Amortization expenses	25,995	15,559
Finance costs	239,406	239,773
Interest income	(562)	(3,667)
Dividend income	(190,144)	(213,655)
Share of the profit of subsidiaries, associates and joint ventures	(5,150,436)	(895,702)
Loss on disposal of property, plant and equipment	-	33
Net loss on foreign currency exchange	764	1,030
Changes in operating assets and liabilities		
Contract assets	(15,851)	4,562
Trade receivables	1,103	(8,645)
Other receivables	(582)	519
Fuel inventory	(8,620)	7,130
Other current assets	(3,705)	27,691
Trade payables	3,011	6,495
Other payables	114,782	(74,123)
Other current liabilities	6,967	574
Net defined benefit liabilities	(14,433)	(18,013)
Cash generated from operations	78,826	69,695
Interest received	750	3,967
Dividends received	190,144	213,655
Interest paid	(237,131)	(245,310)
Income tax paid	(29,269)	(612)
Net cash generated from operating activities	<u>3,320</u>	<u>41,395</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(50,000)	-
Purchase of property, plant and equipment	(270,725)	(88,165)
Decrease in refundable deposits	6,371	8,730
Payment for intangible assets	(11,572)	-
Increase in other non-current assets	(50,000)	-
Increase in prepayment for equipment	(304,877)	(114,074)
Dividends received from investments accounted for using equity method	<u>275,485</u>	<u>143,485</u>
Net cash used in investing activities	<u>(405,318)</u>	<u>(50,024)</u>

(Continued)

U-MING MARINE TRANSPORT CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	\$ (2,712,000)	\$ (985,000)
(Repayments of) proceeds from short-term bills payable	(770,001)	4,070,000
Proceeds from long-term borrowings	6,266,000	3,237,500
Repayments of long-term borrowings	(1,350,000)	(4,708,500)
Dividends paid	<u>(1,014,081)</u>	<u>(1,605,609)</u>
Net cash used in financing activities	<u>419,918</u>	<u>8,391</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(764)</u>	<u>(1,030)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,156	(1,268)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>43,796</u>	<u>45,064</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 60,952</u>	<u>\$ 43,796</u>

(Concluded)

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of U-Ming Marine Transport Corporation (collectively referred to as the "Company"), which comprise the parent company only balance sheets as of December 31, 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Parent Company Only Financial Statements section of our report. We are independent of the Company 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 parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Stage of Completion of Freight Contracts

The Company's freight revenue is recognized by reference to the stage of completion of the contract. Because management is required to exercise judgements and to have estimates to a certain extent when measuring and calculating the stage of completion of freight contracts, revenue recognition and expression might be affected by the selection and application of calculation methods; therefore, the determination of the stage of completion of freight contracts was deemed to be a key audit matter. Refer to Note 5 to the parent company only 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 that we 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.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the company 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 parent company only financial statements for the year ended December 31, 2021 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 Wen-Ching Lin and Yi-Wen Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2022

Notice to Readers

The translation version is intended for reference only. If any inconsistency between the Chinese and English versions, the Chinese version shall govern.

3. Audit Committee' Review Report on 2021 Business and Financial Statements

The Board of Directors have prepared and submitted to us the Company's 2021 Business Reports, the Financial Statements and the Proposal for Earnings Distribution of 2021 with approval and the Financial Statements have also been audited by the CPAs Wen-Ching Lin and Yi-Wen Wang 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

2022 Shareholders' Meeting of U-Ming Marine Transport Corp.

Audit Committee Convener: CHU, Shao-Hua

Date: March 7, 2022

4. Distribution of 2021 Remuneration to the Employees and Directors

Explanation:

- (1) In accordance with Article 26 of the “Articles of Incorporation”.
- (2) According to the Statements of Comprehensive Income in Y2021, Profit before income tax is NT\$ 4,992,934,367. Propose allocate one percent, which is NT\$ 49,929,344, as the remuneration of employees. And one percent, which is NT\$ 49,929,344, as the remuneration of directors. The aforesaid items will be paid in cash.
- (3) This proposal has been approved by the 13th meeting of the eighteenth-term Board of Directors on March 7, 2022.
- (4) The proposal is hereby presented for referendum.

Matters to Be Ratified:

1. The 2021 Business Report and Financial Statements

Explanation:

- (1) The audit committee's review report is hereby issued after reviewing the 2021 financial statements (including the business report and the independent auditor's report issued by CPA Wen-Ching Lin and CPA Yi-Wen Wang of Deloitte & Touche; please refer to Page 2~27) without any nonconformity identified.
- (2) Please approve

Resolution:

2. The Proposal for Earnings Distribution of 2021

Explanation:

- (1) Please refer to the 2021 Earnings Distribution proposed in accordance with Article 27 of the Company's Articles of Incorporation as follows:

	NT\$
Unappropriated retained earnings of previous year	6,631,656,020
Less: Investment adjusted retained earnings by using equity method	(335,983)
Add: 2021 actuarial gain & losses appropriated retained earnings	(9,460,902)
Add: Proceeds from sale of financial assets at fair value through other comprehensive income	691,672
Adjusted unappropriated retained earnings	6,641,472,611
Add: 2021 net income	4,892,584,265
Less: 10% legal reserve appropriated	(490,240,086)
Less: 2021 reversal of special reserve	(2,227,895,202)
Add: Reversal of retained special reserve from before	1,022,797,330
Earnings available for distribution	9,838,718,918
Less: 2021 earning distribution (cash dividend NT\$3.0 per share)	(2,535,167,136)
Unappropriated retained earnings	7,303,551,782

- (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 2022 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 “Articles of Incorporation”.

Explanation:

- (1) In order to have more flexible way of the Company's shareholders' meeting, and pursuant to Article 172-2, Paragraph 1 of the Company Act, it is proposed to stipulate that the shareholders' meeting can be held by video conference or other methods announced by the competent authority. Please refer to the attached Article Amendments Table for amended articles.
- (2) This proposal has been approved by the 13th meeting of the eighteenth-term Board of Directors on March 7, 2022.
- (3) The proposal is hereby presented for referendum.

Resolutions:

Amendments Table of “Articles of Incorporation”

No.	After amendment	Before amendment
Article 11	<p>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.</p> <p><u>The Company may hold a shareholders’ meeting by means of a visual communication network or other methods announced by the central competent authority.</u></p>	<p>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.</p>
Article 29	<p>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.</p> <p>(Omitted)</p> <p>The forty-ninth revision was in June 9th 2020. The fiftieth revision was in June 8th 2021.</p>	<p>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.</p> <p>(Omitted)</p> <p>The forty-ninth revision was in June 9th 2020.</p>

2. To approve the amendment to the “Rules of Procedure for Shareholders’ Meetings” of the Company.

Explanation:

- (1) In response to the amendment of Article 172-2 of the Company Act, which allows public companies can hold shareholders' meetings by video conference, and pursuant to the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” issued by Taiwan Stock Exchange Corporation on March 8, 2022, it is proposed to amend the “Rules of Procedure for Shareholders’ Meetings” of the Company. Please refer to the attached Article Amendments Table for amended articles.
- (2) This proposal has been approved by the 14th meeting of the eighteenth-term Board of Directors on April 27, 2022.
- (3) The proposal is hereby presented for referendum.

Resolutions:

Amendments Table of “Rules of Procedure for Shareholders’ Meetings”

No.	After amendment	Before amendment
Article 2	<p>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.</p> <p><u>Changes to the means of convening a shareholders' meeting shall be subject to a resolution of the Board of Directors, and shall be made no later than the delivery of the shareholders' meeting notice.</u></p> <p><u>The Company shall specify in its shareholders' meeting notice the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be marked and a sufficient number of suitable personnel assigned to handle the registrations. Where a shareholders’ meeting is held by means of a visual communication network, shareholders shall register on the visual networking platform at least 30 minutes prior to the time the meeting commences. Shareholders who have completed the registration shall be deemed to have attended the shareholders' meeting in person.</u></p> <p>When holding a shareholders’ meeting, the Company shall adopt the electronic transmission as one of the methods for exercising the voting power and shall describe in the shareholders’ meeting notice the method of exercising their voting power. A shareholder who exercises his/her/its voting power at a shareholders' meeting by way of electronic transmission shall be deemed to have attended the said shareholders’</p>	<p>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.</p> <p><u>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.</u></p> <p>When holding a shareholders’ meeting, the Company shall adopt the electronic transmission as one of the methods for exercising the voting power and shall describe in the shareholders’ meeting notice the method of exercising their voting power. A shareholder who exercises his/her/its voting power at a shareholders' meeting by way of electronic transmission shall be deemed to have attended the said shareholders’</p>

No.	After amendment	Before amendment
	<p>meeting in person. <u>If a shareholder does not revoke his/her/its intention to exercise the voting power and attends the shareholders' meeting in person or by means of a visual communication network, he/she/it shall not exercise his/her/its voting power on the original proposals, propose amendments to the original proposals, or exercise the voting power for amendments to the original proposals, except for extemporary motions.</u></p> <p><u>Shareholders (or their proxies) shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification. Shareholders (or their proxies) when attending the meeting shall hand in the sign-in cards to be used to calculate the number of attending shares.</u></p> <p>Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in <u>and the number of shares registered on the visual networking platform</u> plus the number of shares whose voting powers are exercised electronically.</p> <p>The Company may appoint lawyers, accountants or related personnel to attend the shareholders' meeting.</p> <p>The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.</p> <p>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</p>	<p>meeting in person.</p> <p>The Company may appoint lawyers, accountants or related personnel to attend the shareholders' meeting.</p> <p>The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.</p> <p>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</p>

No.	After amendment	Before amendment
	<p>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. <u>If the Chairperson is represented by a director, a director who has served for more than six months and who understands the Company's financial and business conditions shall serve as the Chairperson. The same shall apply if the Chairperson is the representative of an entity director. 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.</u></p> <p>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. <u>If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation. When a shareholders' meeting is held by means of a visual communication network, the Company shall make an uninterrupted audio and video recording of the shareholders' meeting. The materials and audio and video recordings shall be properly retained by the Company throughout its life.</u></p>	<p>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.</p> <p>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.</p>
Article 8-1	<p><u>If a shareholders' meeting is held by means of a visual communication network, shareholders attending the meeting by means of a visual communication network may ask questions in text form on the visual networking platform after the Chairperson declares the commencement of the meeting and before the Chairperson declares the adjournment of the meeting. The</u></p>	(Newly added)

No.	After amendment	Before amendment
	<p><u>number of questions asked for each proposal shall not exceed two, with each question limited to 200 words. The provisions of Articles 5, 7, and 8 shall not apply.</u></p>	
Article 11	<p><u>When the Company convenes a shareholders' meeting by means of a visual communication network, shareholders attending the meeting by means of a visual communication network shall vote on the proposals and the election on the visual networking platform after the Chairperson announces the commencement of the meeting and before the Chairperson announces the close of voting. Failure to do so will be deemed abstention.</u></p> <p>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.</p> <p><u>Proposals and elections shall be resolved by balloting at one time; votes shall be counted at one time after the Chairperson announces the close of voting.</u></p> <p>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.</p> <p>The results of voting shall be reported on the spot and kept for records.</p> <p><u>If a shareholders' meeting is held by means of a visual communication network, the Company shall immediately disclose the voting results of the proposals and the election results</u></p>	<p>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.</p> <p>Proposals shall be resolved by balloting. The Chairperson may refer the proposals to balloting one-by-one, or balloting of all proposals (including election) in aggregate at one time and count the votes cast separately on each proposal.</p> <p>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.</p> <p>The results of voting shall be reported on the spot and kept for records.</p>

No.	After amendment	Before amendment
	<p><u>on the visual networking platform in accordance with the regulations and maintain their availability for at least 15 minutes after the Chairperson announces the adjournment of the meeting.</u></p>	
Article 13	<p><u>If a shareholders' meeting is held by means of a visual communication network, the Chairperson shall, when announcing the commencement of the meeting, separately announce the date of the meeting that shall be postponed or reconvened within five days due to any obstacles to the visual networking platform or attendance by means of a visual communication network that are caused by natural disasters, incidents, or other force majeure events lasting for 30 minutes or more, except for the circumstances where such postponement or reconvention is not required according to law.</u></p> <p>The Chairperson may announce for a halt of the meeting in the event of force majeure during the session, and may announce for the time of continuing the meeting depending on the circumstances.</p>	<p>The Chairperson may announce for a halt of the meeting in the event of force majeure during the session, and may announce for the time of continuing the meeting depending on the circumstances.</p>

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

Explanation:

- (1) Pursuant to the official letter issued by the Financial Supervisory Commission (Letter No. FSC 1110380465) on January 28, 2022, it is proposed to amend the “Procedures Governing the Acquisition or Disposal of Assets” of the Company. Please refer to the attached Article Amendments Table for amended articles.
- (2) This proposal has been approved by the 13th meeting of the eighteenth-term Board of Directors on March 7, 2022.
- (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 6	<p>Procedures governing the acquisition or disposal of marketable securities</p> <p>1. Appraisal procedures</p> <p>(a) When the Corporation engages in investments in marketable securities, the Finance Division or other relevant units shall conduct financial analyses and forecast potential returns as well as assess potential risks with regard to the investment target.</p> <p>(b) Trading of marketable securities conducted on centralized markets or over-the-counter markets shall be judged and decided by responsible units based on market trends. As for trading of marketable securities which is not conducted on centralized markets or over-the-counter markets, financial statements of the issuing company for the most recent period audited and attested by a CPA shall be obtained as a reference for assessing the transaction price. Factors such as net asset value of each share, profitability, and future development potential shall be taken into consideration.</p> <p>2. Solicitation of expert opinions</p> <p>(a) Before the occurrence date of acquisition or disposal of marketable securities by the Corporation, financial statements of the issuing company for the most recent period audited and attested by a CPA shall be obtained as a reference for assessing the transaction price. If the transaction amount exceeds 20% of the total paid-in capital of the Corporation or NT\$ 300 million, an accountant should be consulted regarding</p>	<p>Procedures governing the acquisition or disposal of marketable securities</p> <p>1. Appraisal procedures</p> <p>(a) When the Corporation engages in investments in marketable securities, the Finance Division or other relevant units shall conduct financial analyses and forecast potential returns as well as assess potential risks with regard to the investment target.</p> <p>(b) Trading of marketable securities conducted on centralized markets or over-the-counter markets shall be judged and decided by responsible units based on market trends. As for trading of marketable securities which is not conducted on centralized markets or over-the-counter markets, financial statements of the issuing company for the most recent period audited and attested by a CPA shall be obtained as a reference for assessing the transaction price. Factors such as net asset value of each share, profitability, and future development potential shall be taken into consideration.</p> <p>2. Solicitation of expert opinions</p> <p>(a) Before the occurrence date of acquisition or disposal of marketable securities by the Corporation, financial statements of the issuing company for the most recent period audited and attested by a CPA shall be obtained as a reference for assessing the transaction price. If the transaction amount exceeds 20% of the total paid-in capital of the Corporation or NT\$ 300 million, an accountant should be consulted</p>

No.	After amendment	Before amendment
	<p>the reasonableness of the transaction value before the occurrence date. However, these restrictions shall not apply if publicly quoted prices for said securities exist on active markets or the Financial Supervisory Commission (hereinafter referred to as these “FSC”) has stipulated otherwise.</p> <p>(b) 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.</p> <p>3. Decision-making authority and executive units</p> <p>The acquisition or disposal of marketable securities 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\$ 100 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\$ 100 million (the Chairman may also delegate decision-making authority to others). Transactions shall be approved by the next board meeting.</p>	<p>regarding the reasonableness of the transaction value before the occurrence date. <u>If said accountant employs expert reports the provisions set forth in Statement on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.</u> However, these restrictions shall not apply if publicly quoted prices for said securities exist on active markets or the Financial Supervisory Commission (hereinafter referred to as these “FSC”) has stipulated otherwise.</p> <p>(b) 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.</p> <p>3. Decision-making authority and executive units</p> <p>The acquisition or disposal of marketable securities 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\$ 100 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\$ 100 million (the Chairman may also delegate decision-making authority to others). Transactions shall be approved by the next board meeting.</p>
Article 7	Procedures governing the acquisition or disposal of real property or facilities	Procedures governing the acquisition or disposal of real property or facilities

No.	After amendment	Before amendment
	<p>1. Appraisal procedures</p> <p>(a) When the Corporation engages in investments in real property and facilities, 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.</p> <p>(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.</p> <p>(c) Facilities shall be acquired or disposed of through price inquiry, price comparison, bargaining, or bidding.</p> <p>2. Appraisal reports for real property or facilities</p> <p>Unless real property or 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:</p> <p>(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</p>	<p>1. Appraisal procedures</p> <p>(a) When the Corporation engages in investments in real property and facilities, 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.</p> <p>(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.</p> <p>(c) Facilities shall be acquired or disposed of through price inquiry, price comparison, bargaining, or bidding.</p> <p>2. Appraisal reports for real property or facilities</p> <p>Unless real property or 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:</p> <p>(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</p>

No.	After amendment	Before amendment
	<p>transaction shall be approved in advance by a board resolution. The aforementioned procedures shall also apply to future modifications of transaction terms.</p> <p>(b) If transaction amounts exceed NT\$ 1 billion, appraisals shall be conducted by at least two professional appraisers.</p> <p>(c) An accountant shall be hired to conduct an appraisal and render specific opinions regarding the reasons for 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:</p> <p>(1) The discrepancy between appraisal results and the transaction amount exceeds 20%.</p> <p>(2) The discrepancy between appraisal results of two or more professional appraisers exceeds 10% of the transaction amount.</p> <p>(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.</p> <p>(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.</p>	<p>transaction shall be approved in advance by a board resolution. The aforementioned procedures shall also apply to future modifications of transaction terms.</p> <p>(b) If transaction amounts exceed NT\$ 1 billion, appraisals shall be conducted by at least two professional appraisers.</p> <p>(c) An accountant shall be hired to conduct an appraisal <u>in accordance with the provisions set forth in Statement on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation</u> and render specific opinions regarding the reasons for 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:</p> <p>(1) The discrepancy between appraisal results and the transaction amount exceeds 20%.</p> <p>(2) The discrepancy between appraisal results of two or more professional appraisers exceeds 10% of the transaction amount.</p> <p>(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.</p> <p>(e) If the Corporation acquires or disposes of assets through foreclosure</p>

No.	After amendment	Before amendment
	<p>3. Decision-making authority and executive units</p> <p>The acquisition or disposal of real property or 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.</p>	<p>auction procedures, certificates issued by the court may replace appraisal reports or the opinions of accountants.</p> <p>3. Decision-making authority and executive units</p> <p>The acquisition or disposal of real property or 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.</p>
Article 8	<p>Procedures governing transactions by related parties</p> <p>1. When the Corporation intends to 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</p>	<p>Procedures governing transactions by related parties</p> <p>1. When the Corporation intends to 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</p>

No.	After amendment	Before amendment
	<p>formalities and the actual nature of the relationship shall be taken into account.</p> <p>2. Appraisal and operating procedures <u>(a)</u> 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 the board of directors for approval and the supervisors for confirmation 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:</p> <p><u>(1)</u> Purpose, necessity, and projected benefits of asset acquisition or disposal. <u>(2)</u> Reasons for selection of related parties as transaction parties. <u>(3)</u> 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. <u>(4)</u> Date and price of the original acquisition by the related party, transaction parties, and their relationship with the Corporation and the related party. <u>(5)</u> Forecasted monthly cash flows in the year following the month of contract conclusion and assessment of the necessity of the transaction and the</p>	<p>formalities and the actual nature of the relationship shall be taken into account.</p> <p>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 the board of directors for approval and the supervisors for confirmation 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:</p> <p><u>(a)</u> Purpose, necessity, and projected benefits of asset acquisition or disposal. <u>(b)</u> Reasons for selection of related parties as transaction parties. <u>(c)</u> 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. <u>(d)</u> Date and price of the original acquisition by the related party, transaction parties, and their relationship with the Corporation and the related party. <u>(e)</u> Forecasted monthly cash flows in the year following the month of contract conclusion and assessment of the necessity of the transaction and the</p>

No.	After amendment	Before amendment
	<p>reasonableness of fund utilization.</p> <p><u>(6)</u> Appraisal reports issued by professional appraisers or accountant opinions obtained in accordance with the regulations set forth in Paragraph one of this article.</p> <p><u>(7)</u> Restrictions and other important covenants pertaining to this transaction.</p> <p><u>(b)</u> When submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>(c) If the Corporation or the subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the Corporation total assets, the Corporation shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Corporation and its parent company or subsidiaries or between its subsidiaries.</u></p> <p>3. Assessment of the reasonableness of transaction costs</p> <p>(a) The following methods shall be employed for assessments of the reasonableness of transaction costs for real property acquired from related parties:</p>	<p>reasonableness of fund utilization.</p> <p><u>(f)</u> Appraisal reports issued by professional appraisers or accountant opinions obtained in accordance with the regulations set forth in Paragraph one of this article.</p> <p><u>(g)</u> Restrictions and other important covenants pertaining to this transaction.</p> <p>When submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>3. Assessment of the reasonableness of transaction costs</p> <p>(a) The following methods shall be employed for assessments of the reasonableness of transaction costs for real property acquired from related parties:</p>

No.	After amendment	Before amendment
	<p>(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.</p> <p>(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.</p> <p>(b) In case of combined purchases of land and structures as a single property, transaction costs may be appraised separately for the land and building structures by employing any method specified in the preceding clause.</p> <p>(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.</p> <p>(d) When one of the following conditions applies to the acquisition of real property from related parties, such transactions shall be handled in</p>	<p>(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.</p> <p>(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.</p> <p>(b) In case of combined purchases of land and structures as a single property, transaction costs may be appraised separately for the land and building structures by employing any method specified in the preceding clause.</p> <p>(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.</p> <p>(d) When one of the following conditions applies to the acquisition of real property from related parties, such transactions shall be handled in</p>

No.	After amendment	Before amendment
	<p>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.</p> <p>(1) Related party acquired the real property through inheritance or as a gift.</p> <p>(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.</p> <p>(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.</p> <p>(4) The real property right-of-use assets for business use are acquired by the Corporation with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>(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 objective evidence has been submitted and specific opinions on reasonableness have been obtained from professional real estate appraisers or accountants:</p> <p>(1) The related party has acquired raw or leased land for construction. Proof of conformance with one of the following conditions shall be provided:</p>	<p>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.</p> <p>(1) Related party acquired the real property through inheritance or as a gift.</p> <p>(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.</p> <p>(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.</p> <p>(4) The real property right-of-use assets for business use are acquired by the Corporation with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>(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 objective evidence has been submitted and specific opinions on reasonableness have been obtained from professional real estate appraisers or accountants:</p> <p>(1) The related party has acquired raw or leased land for construction. Proof of conformance with one of the following conditions shall be provided:</p>

No.	After amendment	Before amendment
	<p>i. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 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.</p> <p>ii. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(2) If the Corporation provides evidence that the transaction 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.</p>	<p>i. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 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.</p> <p>ii. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(2) If the Corporation provides evidence that the transaction 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.</p>

No.	After amendment	Before amendment
	<p>(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:</p> <p>(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 shareholding ratio in accordance with the law.</p> <p>(2) Supervisors shall handle the matter in accordance with Article 218 of the Company Act.</p> <p>(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 prospectuses.</p> <p>(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</p>	<p>(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:</p> <p>(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 shareholding ratio in accordance with the law.</p> <p>(2) Supervisors shall handle the matter in accordance with Article 218 of the Company Act.</p> <p>(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 prospectuses.</p> <p>(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</p>

No.	After amendment	Before amendment
	<p>restored, or other types of evidence prove that no unreasonable circumstances exist.</p> <p>(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.</p> <p>4. Decision-making authority and executive units Acquisition or disposal of operating facilities 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.</p> <p>(a) Where equipment or right-of-use assets thereof for business use are acquired or disposed of.</p> <p>(b) Where real property or right-of-use assets thereof for business use are acquired or disposed of.</p> <p>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</p>	<p>restored, or other types of evidence prove that no unreasonable circumstances exist.</p> <p>(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.</p> <p>4. Decision-making authority and executive units Acquisition or disposal of operating facilities 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.</p> <p>Where equipment or right-of-use assets thereof for business use are acquired or disposed of.</p> <p>Where real property or right-of-use assets thereof for business use are acquired or disposed of.</p> <p>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</p>

No.	After amendment	Before amendment
	Reports by Securities Issuers.	Reports by Securities Issuers.
Article 9	<p>Procedures governing the acquisition or disposal of memberships or intangible assets</p> <p>1. Appraisal and operating procedures</p> <p>(a) 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.</p> <p>Transactions of a value of more than NT\$ 3 million shall be approved by a board meeting before they are executed.</p> <p>(b) 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.</p> <p>Transactions of a value of more than NT\$ 3 million shall be approved by a board meeting before they are executed.</p> <p>2. Expert appraisal reports and opinions for memberships or intangible assets</p> <p>(a) When acquiring or disposing of intangible assets, the Corporation shall obtain appraisal reports issued by</p>	<p>Procedures governing the acquisition or disposal of memberships or intangible assets</p> <p>1. Appraisal and operating procedures</p> <p>(a) 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.</p> <p>Transactions of a value of more than NT\$ 3 million shall be approved by a board meeting before they are executed.</p> <p>(b) 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.</p> <p>Transactions of a value of more than NT\$ 3 million shall be approved by a board meeting before they are executed.</p> <p>2. Expert appraisal reports and opinions for memberships or intangible assets</p> <p>(a) When acquiring or disposing of intangible assets, the Corporation shall obtain appraisal reports issued by</p>

No.	After amendment	Before amendment
	<p>experts.</p> <p>(b) Unless memberships or intangible assets are acquired or disposed of through transactions with a government agency, accountants shall be hired to render opinions regarding the reasonableness of transaction prices before the occurrence date for transaction values exceeding 20% of the total paid-in capital or NT\$ 300 million.</p> <p>(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.</p> <p>3. Executive units</p> <p>Acquisitions and disposals of memberships or intangible assets shall be executed upon submission for approval by the Accounting Division in accordance with the authority levels specified in Paragraph 1.</p>	<p>experts.</p> <p>(b) Unless memberships or intangible assets are acquired or disposed of through transactions with a government agency, accountants shall be hired to render opinions regarding the reasonableness of transaction prices <u>in accordance with the provisions prescribed in Statement on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation</u> before the occurrence date for transaction values exceeding 20% of the total paid-in capital or NT\$ 300 million.</p> <p>(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.</p> <p>3. Executive units</p> <p>Acquisitions and disposals of memberships or intangible assets shall be executed upon submission for approval by the Accounting Division in accordance with the authority levels specified in Paragraph 1.</p>
Article 9-1	<p>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 5. “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</p>	<p>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 5. “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</p>

No.	After amendment	Before amendment
	<p>these Procedures need not be counted toward the transaction amount.</p> <p>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 5. “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 approved by the board of directors and confirmed by <u>the shareholders’ meeting or the audit committee</u> in accordance with these Procedures need not be counted toward the transaction amount.</p>	<p>these Procedures need not be counted toward the transaction amount.</p> <p>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 5. “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 approved by the board of directors and confirmed by the audit committee in accordance with these Procedures need not be counted toward the transaction amount.</p>
Article 12	<p>Procedures governing the public disclosure of information</p> <p>1. Items to be publicly announced and reported and relevant standards</p> <p>(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.</p> <p>(b) Mergers, demergers, acquisitions, or transfer of shares.</p> <p>(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).</p> <p>(d) Acquisition or disposal of operating</p>	<p>Procedures governing the public disclosure of information</p> <p>1. Items to be publicly announced and reported and relevant standards</p> <p>(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.</p> <p>(b) Mergers, demergers, acquisitions, or transfer of shares.</p> <p>(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).</p>

No.	After amendment	Before amendment
	<p>facilities if the transaction party is not a related party and transaction amounts fall short of NT\$ 500 million.</p> <p>(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.</p> <p>(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.</p> <p>This shall not apply to the following conditions:</p> <p>(1) Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>(2) Bonds under repurchase or resale agreements, or subscription or redemption of money market issued by domestic securities investment trust enterprises.</p> <p>(g) The transaction amounts specified in the preceding six clauses shall be calculated as follows:</p> <p>(1) Amount of any individual transaction.</p> <p>(2) Cumulative transaction amount through acquisitions and disposals of the same type of underlying asset with the same trading counterpart within the last year.</p> <p>(3) Cumulative transaction amount through acquisitions or disposals (acquisitions and disposals cumulated separately) of real property of the same</p>	<p>(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.</p> <p>(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.</p> <p>(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.</p> <p>This shall not apply to the following conditions:</p> <p>(1) Trading of domestic government bonds.</p> <p>(2) Bonds under repurchase or resale agreements, or subscription or redemption of money market issued by domestic securities investment trust enterprises.</p> <p>(g) The transaction amounts specified in the preceding six clauses shall be calculated as follows:</p> <p>(1) Amount of any individual transaction.</p> <p>(2) Cumulative transaction amount through acquisitions and disposals of the same type of underlying asset with the same trading counterpart within the last year.</p> <p>(3) Cumulative transaction amount through acquisitions or disposals (acquisitions and disposals cumulated separately) of real property of the same development program within the last</p>

No.	After amendment	Before amendment
	<p>development program within the last year.</p> <p>(4) Cumulative transaction amount through acquisitions or disposals (acquisitions and disposals cumulated separately) of the same security type within the last year.</p> <p>(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.</p> <p>2. Time limits for public announcements and reports Public announcements and reports for asset acquisitions and disposals as specified in Clause (a) – (h) of the preceding paragraph shall be issued within two days after occurrence.</p> <p>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</p>	<p>year.</p> <p>(4) Cumulative transaction amount through acquisitions or disposals (acquisitions and disposals cumulated separately) of the same security type within the last year.</p> <p>(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.</p> <p>2. Time limits for public announcements and reports Public announcements and reports for asset acquisitions and disposals as specified in Clause (a) – (h) of the preceding paragraph shall be issued within two days after occurrence.</p> <p>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</p>

No.	After amendment	Before amendment
	<p>Corporation shall re- announce all required items within two days counting inclusively from the date of knowing of such error or omission.</p> <p>(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:</p> <p>(1) Modification, termination, or rescission of contracts related to original transactions.</p> <p>(2) Failure to complete mergers, demergers, acquisitions, or transfer of shares by the scheduled date stipulated in the contract.</p> <p>(3) Modification of the contents of original announcements or reports.</p> <p>(4) Announcements format</p> <p>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.</p>	<p>Corporation shall re- announce all required items within two days counting inclusively from the date of knowing of such error or omission.</p> <p>(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:</p> <p>(1) Modification, termination, or rescission of contracts related to original transactions.</p> <p>(2) Failure to complete mergers, demergers, acquisitions, or transfer of shares by the scheduled date stipulated in the contract.</p> <p>(3) Modification of the contents of original announcements or reports.</p> <p>(4) Announcements format</p> <p>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.</p>

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 “Q and A of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” issued by the Financial Supervisory Commission on December 24, 2021, which amend the standard of announcement declaration by public companies or its about new added loans of funds to others or governing endorsements/guarantees, 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 eighteenth-term Board of Directors on March 7, 2022.
- (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 8	<p>(Public announcement and reporting procedures)</p> <p>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.</p> <p>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:</p> <ol style="list-style-type: none"> 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 <u>new loan(s)</u> extended by this Corporation or its subsidiaries exceeds NT\$ 10 million or 2% of the net value as stated in the latest financial statement. <p>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.</p> <p>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.</p> <p>The term “ Occurrence date” as used in</p>	<p>(Public announcement and reporting procedures)</p> <p>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.</p> <p>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:</p> <ol style="list-style-type: none"> 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 <u>a new loan</u> extended by this Corporation or its subsidiaries exceeds NT\$ 10 million or 2% of the net value as stated in the latest financial statement. <p>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.</p> <p>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.</p> <p>The term “ Occurrence date” as used in</p>

No.	After amendment	Before amendment
	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>

Amendments Table of “Procedures Governing Endorsements/Guarantees”

No.	After amendment	Before amendment
Article 8	<p>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.</p> <p>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:</p> <p>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</p> <p>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.</p> <p>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, long-term investments in, and loan balance with said enterprise exceeds 30% of the net value as stated in the most recent financial statement.</p> <p>IV. The newly added endorsement/guarantee amounts of</p>	<p>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.</p> <p>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:</p> <p>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</p> <p>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.</p> <p>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, long-term investments in, and loan balance with said enterprise exceeds 30% of the net value as stated in the most recent financial statement.</p> <p>IV. <u>One of</u> the newly added endorsement/guarantee amounts of</p>

No.	After amendment	Before amendment
	<p>this Corporation or its subsidiaries exceed NT\$ 30 million or 5% of the net value as stated in the most recent financial statement.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>this Corporation or its subsidiaries exceed NT\$ 30 million or 5% of the net value as stated in the most recent financial statement.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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

Explanation:

- (1) The 16th term Directors were elected and appointed at the 2019 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.
- (2) According to Article 16 of the "Articles of Incorporation", 11 Directors (including 3 Independent Directors) shall be elected, and each Director will serve a three year term beginning from June 8, 2022.
- (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 1, 2022 to April 11, 2022. 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 eighteenth-term Board of Directors on April 27, 2022. 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 19th Term Director (including Independent Director) Candidates

No	Type	Candidate	Education	Major Experiences	Current position	Name of Institutional Shareholders
1	Director	Hsu, Shu-Tong	Master, University of Notre Dame, USA	<ul style="list-style-type: none"> ● Chairman, Far Eastern New Century Corp. ● Chairman, Asia Cement Corp. ● Chairman, Far Eastone Telecommunications Co., Ltd. 	<ul style="list-style-type: none"> ● Chairman, Far Eastern New Century Corp. ● Chairman, Asia Cement Corp. ● Chairman, Far Eastone Telecommunications Co., Ltd. 	N/A
2	Director	Hsu, Shu-Ping	Master in Operation Research, Stanford University, USA	<ul style="list-style-type: none"> ● Vice President, Ding & Ding Management Consults Co., Ltd. 	<ul style="list-style-type: none"> ● Vice Chairman, Far Eastern New Century Corp. ● President, Ding & Ding Management Consults Co., Ltd. 	N/A
3	Director	Chang , Tsai-Hsiung	Mechanical Technology Section, National Central Industrial College (Chongqing)	<ul style="list-style-type: none"> ● CEO, Asia Cement (China) Holdings Corp. ● President, Asia Cement Corp. 	<ul style="list-style-type: none"> ● Occupational Executive Director, Asia Cement Corp. 	Asia Cement Corp.
4	Director	Lee, Kun-Yen	Yi-Lan Sanxing Elementary School	<ul style="list-style-type: none"> ● Director, Tamkang University ● Supervisor, Far Eastern New Century Corp. ● Chairman, Ya Tung 	<ul style="list-style-type: none"> ● Director, Asia Cement Corp. ● President, Asia Cement Corp. 	Asia Cement Corp.

No	Type	Candidate	Education	Major Experiences	Current position	Name of Institutional Shareholders
				Ready-Mixed Concrete Corp.		
5	Director	Douglas Jefferson Hsu	MBA, University of Notre Dame, USA	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● CIO, Far Eastern Group ● Director, Far EastTone Telecommunications Co., Ltd. ● Executive Vice President, U-Ming Marine Transport Corp. 	Asia Cement Corp.
6	Director	Ong Choo Kiat	Bachelor of Industrial and Business Management, Nanyang University, Republic of Singapore	<ul style="list-style-type: none"> ● Supervisor, Far EastTone Telecommunications Co., Ltd. 	<ul style="list-style-type: none"> ● Director, Global Energy Marine Transport Corp. ● Director, The Steamship Mutual Underwriting Association ● President, U-Ming Marine Transport Corp. 	Yue Ding Industry Co., Ltd.
7	Director	Lee, Kuan-Chun	Master in Business Administration, Texas A&I	<ul style="list-style-type: none"> ● Supervisor, Far Eastern New Century Corp. 	<ul style="list-style-type: none"> ● Director, Far Eastern New Century Corp. ● Director, Far EastTone 	Yuan Ding Investment Corp.

No	Type	Candidate	Education	Major Experiences	Current position	Name of Institutional Shareholders
			University, USA		Telecommunications Co., Ltd. ● Director, Asia Cement Corp.	
8	Director	Tung, Li-Chen	Commercial Science, National Taiwan University	<ul style="list-style-type: none"> ● Certified Accountant and Vice Chairman, Deloitte & Touche Taiwan ● Director, IFA Chinese Taipei, Taiwan 	<ul style="list-style-type: none"> ● Secretary-general, Far Eastern Medical Foundation ● Supervisor, Yuan Ze University ● Chairman, Yu Chang Technical & Commercial Vocational Senior High School 	Far Eastern Construction Company
9	Independent Director	Pan, Wen-Yen	Ph.D. in Chemical Engineering, University of Wyoming, USA	<ul style="list-style-type: none"> ● Chairman, CPC Corp., Taiwan ● Chairman, Gintech Energy Corp. 	● Chairman, CTCI Foundation	N/A
10	Independent Director	Chu, Shao-Hua	M.S., Chemical Engineering and Petroleum Refining, Colorado School of Mines, USA	<ul style="list-style-type: none"> ● Executive Director, Taiwan Institute of Chemical Engineers ● Chairman, CPC Corp., Taiwan ● Chairman, Chinese Petroleum Institute (Taiwan) 	● Chairman, Chun Pin Enterprise Co., Ltd.	N/A

No	Type	Candidate	Education	Major Experiences	Current position	Name of Institutional Shareholders
11	Independent Director	Liu, Chorng-Jian	Ph.D. in Socio-economic Planning, University of Tsukuba, Japan	<ul style="list-style-type: none"> ● Commissioner, National Communications Commission ● Secretary General, Taiwan Telecommunication Industry Development Association ● Consultant, Industrial Economics and Knowledge Center, Industrial Technology Research Institute 	● Professor, Department of Economics, National Taipei University	N/A

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	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 9, 2020

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 in English 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 in accordance with relevant laws and regulations.

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 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 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 and non-independent directors 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.

Article 17 The term of office for Directors 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 (Delete)

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.

Article 23-1 The company shall obtain directors and officers liability insurance with respect to liabilities resulting from exercising their duties during their terms of office.

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 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.

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.

Article 27 If the Corporation has a profit at the end of a fiscal year, the Corporation shall make up losses of previous year after paying business income taxes based on Law and, if there is any remaining profit, the Corporation shall add the items beyond the earnings of current period to earnings of current period as undistributed earnings for current period, and set aside 10% 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, 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, 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.
The 48th revision was in June 13, 2019.
The 49th revision was in June 9th 2020.

U-Ming Marine Transport Corporation Rules of Procedure for Shareholders' Meetings

Amended and approved by the Shareholders' Meeting on June 9, 2020

- 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 extemporaneous 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 extemporaneous 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. 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.
Proposals shall be resolved by balloting. The Chairperson may refer the proposals to balloting one-by-one, or balloting of all proposals (including election) in aggregate at one time and count the votes cast separately on each proposal.
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 Chairperson may announce for a halt of the meeting in the event of force majeure during the session, and may announce for the time of continuing the meeting depending on the circumstances.
- 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

Amended and approved by the Shareholders' Meeting on July 13, 2021

1. Elections of board directors of this Corporation shall be handled in accordance with these regulations.
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.
3. The Company's 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.
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. If candidates are natural persons, voters shall enter the person's name on the ballot. If candidates are government or corporate shareholders, voters shall enter the name of the government or corporation. If candidates are representatives of government or corporate shareholders, voters shall enter the name of the government or corporation and its representative(s).
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) Other words or marks are entered in addition to the candidates and the number of voting rights allotted.
 - (5) Illegible writing which cannot be deciphered
 - (6) The candidate whose name is entered in the ballot does not conform to the director

candidate list.

- (7) The candidate's the total number of voting rights allotted on the voting ballot exceeds the number of voting rights held by it.
8. The ballot box is prepared by the Company, and examined publicly by the scrutineers before voting.
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 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 10, 2022

Position	Name of persons or companies	Representatives appointed	Number of shares	Ratio (%)
Chairman	Hsu, Shu-Tong	---	992,133	0.12%
Director	Chee Chen Tung	---	---	---
	Hsu, Shu-Ping	---	83,595	0.01%
	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%
	Yue Ding Industry Co., Ltd.	Ong Choo Kiat	93,000	0.01%
	Yuan Ding Investment Corp.	Lee, Kuan-Chun	8,869,000	1.05%
Independent Director	Pan, Wen-Yen	---	---	---
	Chu, Shao-Hua	---	---	---
	Liu, Chorng-Jian	---	---	---
Shareholding of all directors			341,738,880	40.44%
The minimum required combined shareholding of all directors by law			33,802,228	4.00%

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 are qualified.

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

Unit: NT\$

Item		Year	2022
Paid-in Capital (beginning of the year)			8,450,557,120
Stock & Cash	Cash Distribution from Legal Reserve (NT\$/per share)		3.0
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	