

U-Ming Marine Transport Corporation Procedures Governing Loans of Funds to Others

Altered	Article sequence and amended provisions
Article 1	<p>(Loan beneficiaries) Beneficiaries of loans of funds from this Corporation (hereinafter referred to as borrower) shall meet one of the following criteria:</p> <ol style="list-style-type: none"> (1) Companies that have business dealings with this Corporation as referred to in these procedures (2) Companies with short-term financing needs as referred to in these procedures (hereinafter referred to as “Companies with short-term financing needs”) <p>The term short-term as used in Clause 2 of the preceding paragraph shall refer to periods of less than one year. If operating cycles exceed one year, the time of the operating cycle shall be adopted.</p>
Article 2	<p>(Total loan amounts and quotas of individual beneficiaries) Total loan amounts granted to borrowers as specified in Paragraph 1 of the preceding Article by this Corporation shall not exceed 50% of the net value of this Corporation as stated in the most recent financial statement audited and certified by a CPA (hereinafter referred to as “<u>net value as stated in the latest financial statement</u>”).</p> <p>Individual loan amounts granted to companies that have business dealings with this Corporation shall not exceed the total transaction amount. The term “total transaction amount of the business dealings” shall refer to the actual order and sales amounts or transaction amounts in the previous fiscal year between this Corporation and the beneficiary at the time of conclusion of the loan contract.</p> <p>Total loan amounts granted to companies with short-term financing needs shall not exceed 15% of the <u>net value as stated in the latest financial statement</u>, while individual loan amounts shall not exceed 5% of the <u>net value as stated in the latest financial statement</u>.</p> <p>If this Corporation extends loans to foreign companies in which it directly or indirectly holds 100% of voting shares, the aggregate balance of <u>short-term financing funds shall not exceed 40% of the net value as stated in the latest financial statement</u>.</p> <p><u>The financial statements of this Corporation are prepared in accordance with International Financial Reporting Standards. The term “net value” as used in these procedures shall refer to the equity attributable to the owners of the parent company on the balance sheet in accordance with the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p>
Article 3	<p>(Reasons and necessity of loans of funds to others) Loans may only be granted to companies with short-term financing needs under the following circumstances:</p> <ol style="list-style-type: none"> (1) Beneficiaries of endorsements/guarantees issued by this Corporation that have short-term financing needs: <ol style="list-style-type: none"> a. Companies in which this Corporation directly or indirectly holds over 50% of voting shares b. Companies that directly or indirectly hold over 50% of voting shares of this Corporation (2) Other loans to beneficiaries approved by the board of directors of this Corporation <p>The terms “subsidiary” and “parent company” as used in these procedures shall be defined in accordance with the <u>Regulations Governing the Preparation of Financial Reports by Security Issuers</u></p>

<p>Article 4</p>	<p>(Procedures for the handling of loans of funds)</p> <p>Borrowers shall submit required financial information in advance to apply for a line of credit with the Finance Division of this Corporation. The Finance Division shall carefully assess whether the borrower meets the criteria set forth in the <u>Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies (hereinafter referred to as “Regulations Governing Loans and Endorsements/Guarantees”)</u>, the regulations set forth in these procedures as well as the criteria specified in the following clauses. The assessment results shall be reported to the board of directors for resolution. Decision-making authority may not be delegated to others:</p> <ol style="list-style-type: none"> 1. Necessity of reasonableness of loans to others 2. Credit and risk assessments of loan beneficiaries 3. Impact on business risks, financial conditions, and shareholders’ equity of this Corporation 4. Necessity of acquisition of collateral and assessment of the value of collateral <p>Loans between this Corporation and subsidiaries or between different subsidiaries of the company shall be reported to the board of directors for resolution in accordance with the regulations set forth in the preceding paragraph. The chairman may be authorized to grant loans in installments or provide a revolving line of credit to the same loan beneficiary within certain limits for a period of no more than one year.</p> <p>As for the limits referred to in the preceding paragraph, the credit limit granted to single enterprises by this Corporation or its subsidiaries shall not exceed 10% of the net value of the company extending the loan as stated in the most recent financial statement unless the provisions set forth in Article 2, Paragraph 4 are met.</p> <p>After the credit limit has been approved, the borrower shall submit an application to the Finance Division. Applications shall be approved by a person authorized by the board before the loan can be drawn. The Finance Division shall report implementation conditions to the board for approval on a regular basis.</p> <p>When borrowers submit applications for financing funds in accordance with the regulations set forth in the preceding paragraph, they shall provide guarantee notes or other collateral or guarantors approved by this Corporation for the same amount as a guarantee for the loan.</p> <p>If independent directors have been appointed, full consideration shall be given to the opinions of these directors during deliberations regarding these procedures by the board or extension of loans to others. Concurring and dissenting opinions and the reasons for dissent shall be included in the meeting minutes.</p> <p>If beneficiaries of loans fail to meet these regulations or specified loan balances are exceeded due to changed circumstances, this Corporation shall formulate improvement plans and submit these plans to each supervisor. Improvements shall be completed in accordance with the schedule specified in the plans.</p>
<p>Article 5</p>	<p>(Duration of loans and calculation of interest)</p> <p>Loan periods shall not exceed one year. If operating cycles of companies with short-term financing needs exceed one year, the time of the operating cycle shall be adopted.</p> <p>If this Corporation extends loans to foreign companies in which it directly or indirectly holds 100% of voting shares, <u>financing periods shall not exceed a maximum of three years and shall be determined based on the fund demands of borrowers.</u></p> <p>Floating interest rates are adopted for the calculation of interest rates for financing funds. Interest rates are adjusted dynamically based on capital costs of this Corporation. Interest rate adjustments shall be implemented upon approval by the General Manager by request of the Finance Division. Interest receivable shall be calculated on a monthly basis.</p>

<p>Article 6</p>	<p>(Follow-up control and management measures and procedures for handling of overdue loans) Log books shall be prepared by this Corporation for the handling of matters pertaining to loans of funds to create detailed records of the beneficiaries of loans, amounts, dates of approval by the board, loan dates as well as assessment items as specified in the regulations set forth in Article 4, Paragraph 1.</p> <p>The Auditing Division of this Corporation shall conduct audits of these procedures and their implementation at least on a quarterly basis and compile written reports. If severe violations are detected, each supervisor shall be notified in writing in a prompt manner.</p> <p>After the granting of loans, the financial, business, and credit conditions of the borrower and guarantor shall be closely monitored. If collateral has been provided, changes in the value of said collateral shall also be closely observed. In case of material changes, the General Manager shall be notified promptly and adequate measures shall be adopted in accordance with directions.</p> <p>When loans are due, borrowers shall repay the principal and the interest in a prompt manner. The Finance Division of this Corporation shall immediately send a reminder notice. If the borrower still fails to repay the loan in full, this Corporation shall be authorized to dispose of the collateral as seen fit or seek compensation from the guarantor.</p>
<p>Article 7</p>	<p>(Penalties for violations of regulations governing the handling of loans of funds) When extending loans to others, this Corporation shall fully abide by the Regulations Governing Loans and Endorsements/Guarantees and these procedures. If violations of relevant regulations by managers or persons in charge of this Corporation cause major losses for this Corporation or are of a serious nature, this Corporation shall adopt disciplinary measures in accordance with The Regulations Governing Rewards and Penalties for Staff Members and relevant HR rules and regulations.</p>
<p>Article 8</p>	<p>(Public announcement and reporting procedures) This Corporation shall publicly announce and report the aggregate balance of loans extended by itself and its subsidiaries in the previous month by the 10th of every month.</p> <p>Public announcements and reports shall be <u>made within two days after the occurrence date</u> 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 <u>net value as stated in the latest financial statement.</u> 2. The balance of loans extended by this Corporation and its subsidiaries to a single enterprise exceeds 10% of the <u>net value as stated in the latest financial statement.</u> 3. The total amount of a new loan extended by this Corporation or its subsidiaries exceeds NT\$ 10 million or 2% of the <u>net value as stated in the latest financial statement.</u> <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><u>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.</u></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>
Article 9	<p>(Control and management procedures for loans extended to others by subsidiaries)</p> <p>If subsidiaries of this Corporation plan to grant loans of company funds to others, they shall formulate operating procedures for loans in accordance with the provisions set forth in the Regulations Governing Loans and Endorsements/Guarantees and shall handle loans in accordance with said procedures. Operating procedures governing endorsements/guarantees formulated by subsidiaries shall be reported to the Finance Division of this Corporation. The Finance Division shall forward summaries of procedures governing loans of funds to others formulated by subsidiaries to the board of directors which shall approve them for future reference.</p> <p>If subsidiaries of this Corporation are domestic public companies, they shall handle all announcement and reporting procedures independently in accordance with relevant regulations.</p> <p>Subsidiaries shall submit detailed lists of loans extended to others in the previous month to this Corporation for compilation by the 5th of every month.</p> <p>Subsidiaries shall review independently whether or not the formulated operating procedures governing loans of funds to others conform to the provisions set forth in the Regulations Governing Loans and Endorsements/Guarantees and whether or not relevant matters are handled in accordance with said procedures. The Auditing Division of this Corporation shall examine the self-inspection reports submitted by the subsidiaries.</p>
Article 10	<p>(Effectiveness and amendment)</p> <p>These procedures and all amendments hereof shall be forwarded to each supervisor and reported to a shareholders' meeting for approval upon ratification by the board of directors. If board directors express their dissent as proven by records or written statement, this Corporation shall submit these dissenting opinions to each supervisor and report them to the shareholders' meetings for discussion.</p>

Amended on June 24, 2013