

U-Ming Marine Transport Corporation

Procedures Governing Endorsements/Guarantees

Altered	Article sequence and amended provisions
Article 1	<p>When providing endorsements or guarantees for others, this Corporation shall comply with these Procedures Governing Endorsements/Guarantees (hereinafter referred to as “These Procedures”)</p> <p>The terms “endorsement” and “guarantee” as used in these procedures shall refer to the following:</p> <ol style="list-style-type: none"> I. Financing endorsements/guarantees including: <ol style="list-style-type: none"> (a) Bill discount financing (b) Endorsements or guarantees to meet the financing needs of other companies (c) Issuance of other negotiable notes as a security for non-financial institutions to meet the financing needs of this Corporation II. Customs duty endorsements/guarantees shall refer to endorsements/guarantees for this Corporation or other companies with regard to customs duty matters III. Other endorsements/guarantees shall refer to endorsements/guarantees that do not belong in the categories specified in the preceding two clauses <p>The regulations set forth in these procedures shall also apply to movable property or real property provided to create a pledge or mortgage as security for loans of other companies.</p>
Article 2	<p>Beneficiaries of endorsements/guarantees provided by this Corporation :</p> <ol style="list-style-type: none"> I. A company this Corporation has business contacts with II. Companies in which this Corporation directly or indirectly holds over 50% of voting shares III. Companies that directly or indirectly hold over 50% of voting shares of this Corporation <p>Companies in which this Corporation directly or indirectly holds over 90% of voting shares may provide endorsements/guarantees for each other. The amount shall not exceed 10% of the net value of this Corporation as stated in the latest financial statement audited and certified by a CPA (hereinafter referred to as “net value as stated in the latest financial statement”). These restrictions shall not apply to endorsements/guarantees between companies in which this Corporation directly or indirectly holds 100% of voting shares.</p> <p>The restrictions set forth in the preceding two paragraphs shall not apply to mutual endorsements/guarantees between businesses of the same sector or joint builders as stipulated in contracts to meet the requirements of construction projects or endorsements/guarantees issued by capital contributing shareholders for investees in proportion to their shareholding ratios due to joint investment relationships.</p> <p>“Capital contribution” as used in the preceding paragraph shall refer to direct capital contributions by this Corporation or capital contributions through companies in which it holds 100% of voting shares.</p> <p>The terms “subsidiary” and “parent company” as used in these procedures shall be defined in accordance with the regulations set forth in the <u>Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p>

<p>Article 3</p>	<p>The aggregate liability of endorsements/guarantees provided by this Corporation for others shall not exceed <u>the net value as stated in the latest financial statement</u>. The maximum amount of endorsements/guarantees for single enterprises issued by this Corporation shall not exceed 50% of <u>the net value as stated in the latest financial statement</u>.</p> <p>The aggregate liability of endorsements/guarantees provided by this Corporation and all its subsidiaries for others shall not exceed <u>the net value as stated in the latest financial statement</u>. The maximum amount of endorsements/guarantees for single enterprises issued by this Corporation and its subsidiaries shall not exceed 50% of <u>the net value as stated in the latest financial statement</u>. If the aggregate liability of endorsements/guarantees provided by this Corporation and all its subsidiaries exceeds 50% of <u>the net value as stated in the latest financial statement</u> clarification regarding the necessity and reasonableness shall be provided in a shareholders' meeting.</p> <p><u>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>
<p>Article 4</p>	<p>Prior to the provision of endorsements or guarantees for others by this Corporation, the Finance Division shall carefully assess whether the regulations set forth in the Regulations Governing Loaning of Funds and Provision of Endorsements/Guarantees by Public Companies and the criteria specified in the following clauses are met. The assessment results shall be reported to the board of directors for resolution. The chairman shall be authorized by the board to give prior approval to endorsements/guarantees within the limitations specified in the preceding paragraph to increase the overall efficiency. Decisions by the chairman shall be reported to the next board meeting for ratification:</p> <ol style="list-style-type: none"> I. Necessity and reasonableness of endorsements/guarantees II. Credit and risk assessments of beneficiaries of endorsements/guarantees III. Impact on operational risks, financial conditions, and shareholders' equity of this Corporation IV. Necessity of acquisition of collateral and assessment of the value of collateral <p>The provision of endorsements/guarantees by companies in which this Corporation directly or indirectly holds over 90% of voting shares in accordance with the regulations set forth in Article 2, Paragraph 2 shall be reported to the board of directors of this Corporation for resolution prior to execution. These restrictions shall not apply to endorsements/guarantees between companies in which this Corporation directly or indirectly holds 100% of voting rights.</p> <p>If endorsements/guarantees are provided due to needs arising from business contacts, it shall be determined whether the amount of the endorsement/guarantee is commensurate to the total transaction amount. The term "total transaction amount" shall refer to the actual order and sales amounts or transaction amounts in the previous fiscal year between this Corporation and the beneficiary at the time of endorsement/guarantee.</p> <p>Endorsements/guarantees provided by this Corporation due to business needs in excess of the maximum amounts set out in the preceding articles but in conformance with the criteria specified in these procedures shall be approved by the board of directors and a majority of board directors shall issue a joint guarantee with regard to potential losses incurred due to the exceeding of limits. These procedures shall be amended and the amendments shall be ratified by a shareholders' meeting. If the shareholders' meeting disapproves the excess endorsements/guarantees, this Corporation shall formulate a plan to remove the excess amount within a specified period of time.</p> <p>If independent directors have been appointed, full consideration shall be given to the opinions of these directors during deliberations regarding these procedures, provision of endorsements/guarantees for others, or matters specified in the preceding paragraph by the board. Concurring or dissenting opinions of independent directors and the reasons for these opinions shall be included in the meeting minutes.</p>

	<p>If beneficiaries of endorsements/guarantees fail to meet these regulations or specified maximum amounts are exceeded due to changed circumstances, this Corporation shall formulate improvement plans and submit these plans to each supervisor. Improvements shall be completed in accordance with the schedule specified in the plans.</p> <p>If the beneficiary of endorsements/guarantees provided by this Corporation or its subsidiaries is a subsidiary with a net value lower than half of its paid-in capital, the financial, business, and credit conditions of said company shall be closely monitored. If collateral has been provided, changes in the value of said collateral shall also be closely observed. In case of material adverse changes, endorsements/guarantees shall be terminated and appropriate measures shall be adopted. <u>If a subsidiary's stock has no face value or the face value other than NT\$ 10 per share, the aforementioned paid-in capital shall refer to the sum of the share capital plus capital reserves minus the original issue premium.</u></p>
Article 5	<p>This Corporation shall use the corporate seal registered with the Ministry of Economic Affairs as the designated seal for endorsements/guarantees, while the seal for bills and notes shall be used for guarantee notes.</p>
Article 6	<p>This Corporation shall assign dedicated personnel to keep custody of the <u>designated seal for endorsements/guarantees</u>. The seal shall be affixed and notes issues in accordance with the procedures prescribed by this Corporation.</p> <p>Said personnel and changes thereof shall be approved by the board of directors.</p> <p>If this Corporation issues guarantees for foreign companies, the board of directors shall assign a representative to sign the issued letter of guarantee.</p>
Article 7	<p>This Corporation shall handle endorsements/guarantees based on “Endorsement/Guarantee Applications” submitted by the beneficiaries. Log books shall be prepared to create detailed records of the beneficiaries of endorsements/guarantees, amounts, dates of approval or decisions by the board, endorsement/guarantee dates as well as assessment items as specified in the regulations set forth in Article 4, Paragraph 1.</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>
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 <u>be made within two days after the occurrence date</u> if endorsements/guarantees provided by this Corporation meet one of the following criteria:</p> <ol style="list-style-type: none"> I. The balance of endorsements/guarantees provided by this Corporation and its subsidiaries exceeds 50% of <u>the net value as stated in the most recent financial statement</u> II. The balance of endorsements/guarantees provided by this Corporation and its subsidiaries for a single enterprise exceeds 20% of <u>the net value as stated in the most recent financial statement</u>. III. The balance of endorsements/guarantees provided by this Corporation and its subsidiaries for a single enterprise exceeds NT\$ 10 million and the aggregate amount of endorsements/guarantees to, <u>long-term investments in</u>, and loan balance with said enterprise exceeds 30% of <u>the net value as stated in the most recent financial statement</u>.

	<p>IV. Newly added endorsement/guarantee amounts of this Corporation or its subsidiaries exceed NT\$ 30 million or 5% of <u>the net value as stated in the most recent financial statement.</u></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><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>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>
Article 9	<p>If subsidiaries of this Corporation plan to provide endorsements/guarantees for others, they shall formulate operating procedures for endorsements/guarantees in accordance with the provisions set forth in relevant regulations and shall handle endorsements/guarantees in accordance with said procedures. Operating procedures governing endorsements/guarantees formulated by subsidiaries shall be reported to the Finance Division of this Corporation. The Finance Division shall forward summaries of procedures formulated by subsidiaries to the board of directors which shall approve them for future reference.</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 endorsements/guarantees provided 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 endorsements/guarantees conform to the provisions set forth in relevant regulations and whether or not relevant matters are handled in accordance with said procedures. The Auditing Division of this Corporation shall examine the self-inspection reports submitted by the subsidiaries.</p>
Article 10	<p>When providing endorsements/guarantees for others, this Corporation shall fully abide by relevant regulations 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>
Article 11	<p>These procedures and all amendments hereof shall be forwarded to the supervisors and reported to the 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 shareholders’ meetings for discussion.</p>

Amended on June 24, 2013