



ECO and Management Efficiency with Competitiveness for a Sustainable Tomorrow

U-Ming Marine Transport Corporation has convened its 2015 Annual Shareholders' Meeting (AGM) at the Taipei's Hero House on June 10, 2015; hosted by its Chairman, Mr Douglas Hsu. During the AGM, Mr Hsu has presented the Company's 2014 Operating Report and motions such as Financial Statements and Dividend Distribution were also passed. For 2014 operating performance, the Company's consolidated revenue was amounted to NT\$8.965 billion; net profit was NT\$2.083 billion and the earning per share was NT\$2.43. A cash dividend of NT\$2.20 per share was declared and approved. U-Ming's performance is among the top bulk shipping peers in Taiwan. Despite experiencing challenges such as the global financial crises and the constant market volatility since listed in 1990, the Company was able to maintain a healthy surplus every year and continued to pay dividends to its shareholders. The Company has always been maintaining a sound financial structure of which the total distributable retained earnings to shareholders is NT\$13.7 billion; equivalent to NT\$15.98 per share. In addition, as of 1st quarter 2015, a cash position amounting to NT\$18.4 billion is readily available for the continued expansion of the Company's fleet. U-Ming will continue to create shareholders' value to reward its shareholders.

Despite many unforeseen challenges in the bulk shipping market and the present historical low Baltic Dry Index (BDI), the expected improvement in the global economic climate is set to be conducive for the demand growth of bulk raw materials. The ongoing infrastructure construction and development in emerging countries such as China and India is expected to continue. For the whole of Asia, the forecasted incremental demand for steel by 2018 is 1.58 billion tons, while the expected incremental demand for coal by 2019 is 0.76 billion tons. Moreover, the initiation of the "One Belt, One Road" (the Silk Road Economic Belt and the 21st Century Maritime Silk Road) strategy and the Asian Infrastructure Investment Bank (AIIB); and the availability of investment funds upon subsequent establishment of Silk Road Funds and development banks of the BRICS countries will drive infrastructure developments further. On the tonnage supply side, new vessel orders dropped drastically due to the downturn in the freight market. On the other hand, more older vessels are being scrapped in an accelerated pace (over 30 Capsize vessels were scrapped in the first quarter of 2015 alone, which equates to the total number of Capesize vessels scrapped in 2014); resulting in slowing growth of shipping capacity and hence a gradual balancing of supply and demand. Given the bullish factors mentioned above, we believe the future is bright for the bulk carrier market. In addition, there is still room for infrastructure development in China – the continuing urbanisation efforts and the new "National Urbanisation Plan (2014-2020) announced last year will drive further demand for steel and infrastructure building materials. This will in turn drive demand for bulk shipping.



Through its regular adoption to market changes and the ongoing ECO-friendly fleet renewal and expansion, U-Ming has been maintaining its market competitiveness in the forefront, and is leading a very good example in the increasing environmental-conscious shipping industry. Since 2012, U-Ming has de-commissioned 8 older vessels and added 17 new vessels to achieve a younger fleet portfolio. Upon completion of the 11 new eco-ships by 2017, the average age of U-Ming's fleet will be below 7 years old; resulting a much more efficient and modernized fleet.

To counter the high uncertainty in the industry, U-Ming has built a comprehensive platform for market information sharing to fully grasp the latest international development. In addition, U-Ming also employs multiple financing avenues to mitigate foreign exchange and interest rate risks, while implementing strict control in operation costs such as fuel consumption, as well as vessels' planning and scheduling. On a steady and firm footing, it constantly explores and cooperates with financially sound partners for investment opportunities. U-Ming spares no effort in protecting the ocean ecological environment. Apart from innovative vessel designs with green-energy features, it has also developed a green vision, implemented actionable environmental protection policies and vouched compliance with the international environmental standards.

U-Ming's recently delivered new vessels ie. 5 x 188,000 DWT and 3 x 85,000 DWT have all been accorded the Green Ship Status by the Maritime and Port Authority of Singapore (MPA). Based on the attained Energy Efficiency Design Index (EEDI) value of the ship, these two series of new vessels have achieved a reduction factor of 21.4% and 26.6% respectively; which met the MPA's Green Ship Programme's criteria and thus able to enjoy a reduction in the Initial Registration Fees and an Annual Tonnage Tax rebate till 2019. The daily fuel consumption of the new vessels is also about 25% less than the conventional vessels of similar classes thus achieving the Company's carbon and cost reduction targets.

Furthermore, U-Ming has been committed to fulfil its corporate social responsibility. In 2014, U-Ming sponsored NT\$ 400,000 to enable the less-privileged students from rural areas to watch the Cavalia Show – a magical equestrian circus performance; and also donated NT\$ 1.5 million to the Chiang Ching-kuo Foundation of International Scholarly Exchange for academic research. The Company also further donated NT\$ 2 million to the relief efforts of the Kaohsiung gas explosion incident on 18 September. Hence U-Ming always understands and spares no effort in caring and helping the community. The commitment to strengthen corporate governance has enabled the Company to be included in the top 20% of excellent companies in 2014 in the First Corporate Assessment by the authorities, and the honour of winning A++ grade in the 12th Listed Company Information Disclosure Assessment. This not only enhances the image of the Company but also improves the performance of its corporate governance. The



Company also recently subscribed to green energy from Taiwan Power Company amounting to NT\$ 106,000 as an action for the green movement to contribute in the prevention of global warming.

U-Ming currently owns and operates Capesize, Panamax, Post-Panamax, Kamsarmax, Supramax, Ultramax, Cement Carriers and Very Large Crude Carrier (VLCC), amounting to a total of 52 vessels (including vessels that are in operation, under construction, joint ventures and ship management service); with a total deadweight of 6.45 million tons. With subsidiaries in Hong Kong, Singapore and China Xiamen, U-Ming is the largest public-listed bulk carrier company in Taiwan in terms of gross tonnage.

“Sincerity, Diligence, Thrift, Prudence and Innovation” are U-Ming’s philosophy for business development. Under the prudent leadership of our management, we are confident that we will be able to grasp and create business opportunities in the market, to overcome all challenges and to continue to grow. We shall continue to strive towards the vision of “building U-Ming into a world-class logistic and transportation company” with “core expertise in shipping as its foundation” and “to be the first choice for our customers, employees and investors”.