

Share Code: 2605

Sincere Navigation Corporation Shareholders Meeting of 2019

Agenda

June 28, 2019

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Meeting Agenda

Agenda of the Annual Shareholders Meeting of Sincere Navigation Corporation in 2019

Time: 9:00 am, Friday 28 June 2019

Venue: Howard Hotel, B2 Level Banquet Hall; No.160, Sec. 3, Ren'ai Road, Taipei

Agenda:

- I. Opening of the meeting (including reporting how many shares are represented at the meeting)
- II. Chairman's address
- III. Reports
 1. Annual business and financial report of 2018.
 2. Supervisor's review report.
 3. Report on the distribution to the remuneration of directors and supervisors and employees compensation in 2018.
 4. Other reports.
- IV. Proposal:
 1. Adoption of the Company's annual business report and financial statement of 2018.
 2. Adoption of the Company's annual earnings distribution of 2018.
- V. Discussions
 1. Amendments to the Company's Articles of Incorporation.
 2. Proposal for new shares issue through capitalization of earnings
 3. Amendments to the Operational Procedures for Acquisition and Disposal of Assets of the Company and its Subsidiaries
 4. Amendments to the Operational Procedure for Loaning of Company Funds of the Company and its Subsidiaries
 5. Amendments to the Operational Procedures for Endorsement and Guarantees of the Company and its Subsidiaries
 6. Amendments to the Procedures for Election of Directors and Supervisors of the Company
- VI. Elections

The 18th Board of Directors.
- VII. Other Proposals

Proposal for Release the Prohibition on Directors for participation in Competitive Business
- VIII. Extempore Motions
- IX. Adjournment of the Meeting

Reports

1. Annual Business and Financial Report of 2018

Sincere Navigation Corporation

Business Report

(1) Introduction

In 2018, the cargo volume of the bulk shipping market grew only 2.25%, while bulk vessels capacity increased 2.8%, and the capacity of capesize vessels increased by even 3.43%. Market rates for vessels demolition were slightly higher than in 2017, but the number of vessels demolished shrank by about 1/3. The annual iron ore import of China shrank by 1.3% for the first time. Although the annual import volume of Chinese coal has increased, the second half of the year showed a weakening trend. Overall, the bulk shipping market remained in a state of oversupply, and aggregate vessel capacity outstripped the growth rate of the trade market.

After US President Trump announced the imposition of high tariffs on steel and aluminum imports in March 2018, the Chinese Ministry of Commerce responded with counter-measures, and the world has closely watched every move between the two rival economic powers. The possible impact of the trade negotiations between the US and China cast a shadow over the global economic environment, the shipping industry included.

In response to the need to protect the global environment, the International Maritime Organization enforces relevant regulations in accordance with established protocols. One of those regulations that has a great impact on the shipping industry is a new regulation stipulating that vessel fuels must contain less than 0.5% sulfur by 1 January 2020. With the exception of very limited percentage of vessel which will install exhaust gas cleaning systems (known as scrubbers), most vessels will burn the required low-sulfur compliant fuel as an option. This will require modification of piping system and the installation of fuel cooling equipment, also the composition and compatibility of compliant fuel is becoming a hot topic among maritime shipping industry. All shipping companies are actively considering the potential consequences and exploring ways to deal with them.

At a site of Brazilian iron ore supplier Vale in Minas Gerais an accident occurred on 25 January 2019. A dam collapse caused more than 300 deaths and disappearances. In February, Vale was not active in the spot market for chartering vessels, an indication that its production capacity has been reduced. If Vale own fleets and long-term chartered vessels are disregarded, there is no excess output at the moment. It is estimated that the

Vale accident will result in a 6% decline in the production capacity of the mine's iron ore, which implies that capacity demand for bulk carriers will fall as well, especially impacting capesize carriers, which will cast a shadow over the bulk shipping market in 2019.

Turning to the tanker shipping market, we saw daily hire of the spot market of 2017 Q3 being lower than USD 10,000. Although these charter hire briefly rebounded to slightly above USD 20,000 in November 2017, nevertheless the daily hire in the spot market kept hovering below USD 10,000 in the first three quarters of 2018. However, SNC's operation of its three very large crude carriers (VLCC) achieved average daily hire income during the first three quarters of 2018 that exceeded USD17,000 per vessel per day, far above to spot market levels. In October, crude oil market prices were slipping, and the United States announced its sanctions against Iran. Both factors caused oil importers to rush to buy crude oil, which sent tanker freight rates climbing, eliminating money-losing rates in the tanker spot market. Our VLCC's average daily rates reached new high of USD 33,000 in 2018 Q4. Looking back at the 2018 oil carrier shipping market, we see that the market left its sluggish stage behind in the fourth quarter contributing to SNC's profitable operations.

(2) Annual business results of 2018

In 2018, most long-term time charter contract of our bulk carriers expired, and their capacity was switched to the spot market. The freight rates in the capesize bulk carrier market rose and this charter hire generated some profit. In the first three quarters, the tanker market was sluggish and we suffered serious losses, and not until the fourth quarter did we achieve a surplus. As a result SNC's overall business performance was poor and only turned profitable again by the end of the fourth quarter.

The consolidated revenue for 2018 was TWD 3,773,082, 000. The net profit attributable to the Parent Company was TWD 61,777,000 and earnings per share were TWD 0.11.

(3) Summary of business plan for 2019

In 2019, SNC will continue to adopt its business policy of "stability, incrementalism, and ambition" while pursuing the following business plans and objectives:

1. Strictly control the quality and cost of our services, and prudently implement short-term, medium-term, long-term, and spot contracts.
2. Closely monitor and analyze dynamics and trends in the international shipping market, and carefully select clients with good reputations to protect the rights and interests of our vessel owners.

3. Pursue flexible strategies to conclude short-term, medium-term, long-term, and spot contracts in response to developments in the shipping market to ensure profitability which the long-term time charter for our bulk carriers have expired.
4. Our 250,000 DWT very large ore carrier (VLOC) was delivered and put into operation in March 2018. With the good timing of shipping market recovery, it will contribute to our revenue and profit.
5. We will closely follow the second-hand vessel trading market and dispose of old vessels when we find the conditions are right.

Generally speaking, long-term time charter in the bulk shipping market are rare. Therefore, SNC plan to flexibly enter into medium-term and short-term contracts as well as the spot market, while strictly controlling cost to maintain profitable fleet operations. For our VLCC tankers, we will endeavor to switch the existing pool operation to long-term charter to stabilize profits. The combination of "create resource" and "control cost" will be the most important operational strategy for Sincere Navigation in 2019.

(4) Market variables and their impacts

1. The bulk shipping market has shown steady recovery. Capesize vessels operations have progressed from break-even to profitable. In 2019, substantially fewer new building vessels will enter the bulk shipping market, which will improve the balance between supply and demand and bolster vessel owners' confidence. Since the financial tsunami in 2008, the bulk shipping market has been sluggish. During this period, vessel owners have expanded and accelerated the scrapping of their aged vessels to improve their cost structures. Currently, the average age of vessels in the bulk shipping market has fallen to less than 20 years. In the foreseeable future, there will be fewer aged vessels to be scrapped. How this will impact the recovery momentum of the shipping market remains to be seen.
2. The maritime shipping industry is currently facing many challenges. In addition to facing the usual changes in the maritime shipping market, the industry also needs to fulfill its responsibilities and obligations to reduce environmental pollution. The International Maritime Organization (IMO) implemented environmental regulations for vessel ballast water treatment systems in September 2019, which had originally scheduled for September 2017. Also, the requirement that vessels must use low-sulfur fuel (less than 0.5% sulfur) will take worldwide effect in 2020. The installation of these ballast water treatment systems and fuel flue gas desulfurization equipment will be costly. Also, their design and user experience are yet to mature. Thus the cost of their daily operation, maintenance, and repair will surely bring additional cost to the shipping industry.

(5) Future development and strategy

Our stabilizing strategy of medium-term and long-term time-charter has produced stable and handsome profits over the past few years. Yet, we foresee various challenges in the bulk shipping market in 2019. In response to an environment of crisis and turnaround, SNC diversified its fleet to include different vessel types to enable more flexible operations and mitigate risks. Going forward we will maintain our diversified fleet business model to avoid excessive concentrations certain market risks and ensure steady development. We are confident that our experienced and responsible management team will be able to ensure that we will maintain its competitive advantages amid a changing shipping market and deliver long-term and optimal profits for the Company and its shareholders.

(6) In conclusion

Adhering to its corporate spirit of being sustainable maritime shipping corporation, Sincere Navigation maintains strict fleet management and complies with international shipping safety and marine environmental protection regulations. On the basis of its excellent reputation, the Company actively maintains long-standing cooperative relations with the world's major shipping companies. We feel confident in facing the challenges ahead. We are convinced that after going through this cycle of stagnation, depression, and recovery of the maritime shipping industry, our Company will once again be able to demonstrate the strengths of its long-term operational strategy.

Chairman: TSAI CHING-PEN

President: HSU, CHI-KAO

Principal Accounting Officer: FAN, HSIAO TING

2. Supervisors' Review Report

Supervisors' Review Report

The Certified Public Accountants Weng, Shih-Jung and Lin, Yi-Fan of PricewaterhouseCoopers Taiwan have reviewed the consolidated financial statements, individual financial statements, the business report, and the distribution of earnings of 2018 presented by the Board of Directors ("Board") of Sincere Navigation Corporation. After review by the Supervisors, the accountants have not found material discrepancies. Thus these reports are presented in accordance with the provisions of Article 219 of the Company Act for your perusal.

The Company's Annual Shareholders Meeting of 2019

Sincere Navigation Corporation

Supervisor: CHING SHAN INVESTMENT CORPORATON

Representative: CHANG, FONG CHOU

Supervisor: CHEN, HUEI CHING

March 28, 2019

3. Report on the Distribution to the Remuneration of Directors and Supervisors and Employees Compensation in 2018

The Company's annual distribution plan to the Remuneration of Directors and Supervisors and Employees Compensation for 2018 was approved by the Board on March 27, 2019. In accordance with Article 30 of the Articles of Incorporation, each 3% of the pre-tax profit was distributed, and the Directors and Supervisors were rewarded with TWD 3,119,585, while employees (including managers) received compensation of TWD 3,119,585.

4. Other Reports:

The acceptance period for shareholders' proposals was 15-25 April 2019. This is to certify that, by the deadline, shareholders had not put forward any proposals or nominations for Independent Directors.

Proposals

1. Proposal: Adoption of the Company's Annual Business Report and Financial Statement of 2018 (proposed by the Board).

Explanation: (1) The Company's Annual Business Report and Financial Statement of 2018, including the consolidated financial statement and individual financial statements (including balance sheets, consolidated profit and loss statement, statement of changes in equity, and cash flow statement), which have been adopted by the Board, reviewed and deemed truthful by the Supervisors, and audited by Certified Public Accountants Weng, Shih-Jung and Lin, Yi-Fan of PricewaterhouseCoopers Taiwan. In accordance with the law, these statements are herewith presented to the shareholders for recognition.

- (2) For the aforementioned annual business report, the audit report of the accountant, and the financial statements, please refer to pages 2-5 and 10-35 of this Agenda.

Resolution:

REPORT OF INDEPENDENT ACCOUNTANTS

To The Board of Directors and Shareholders of Sincere Navigation Corporation and subsidiaries

Opinion

We have audited the accompanying consolidated balance sheets of Sincere Navigation Corporation and subsidiaries (the “Group”) as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s consolidated financial statements of the current period are as follows:

Impairment of vessels and equipment

Description

For accounting policy, accounting estimates and assumptions applied on impairment of property, plant and

equipment and related impairment explanation, please refer to Notes 4(13), 5(2) and 6(2).

The Group engages in bulk shipping service. Vessels are the Group's significant operating assets. Bulk shipping service is closely related with demand of bulk commodities, and significantly affected by global economy. Therefore, the impairment of vessels is the Group's material risk. The valuation of impairment are evaluated by the management by comparing the book value to the recoverable amounts based on the analysis of industry dynamics and the Group's operation plan. As of December 31, 2018, vessels and equipment amounted to NT\$19,354,124 thousand, constituting 79% of total assets.

The main assumptions adopted in measuring the recoverable amount are subject to management's judgements, which includes the estimation of residual value, useful life, future freight rate and the rate used to discount forecast future cash flow. The result of accounting estimates have a significant effect on valuating the recoverable amount. Therefore, we consider the impairment of vessels and equipment as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the information that management used to assess whether there was an indication that the assets were impaired. Inspected the accuracy of the information which was obtained from internal and external sources, and assessed the reasonableness of the assessment result.
2. Obtained the valuation information used by management in determining recoverable amount. Discussed the operation plan with management about the income and expenses that may occur in the future and reviewed performance conditions of previous operation plan to assess management's performance intention and ability. Obtained the subsequent information within certain period to compare with the original plan.
3. Compared the discount rate used in the valuation model with the rate of return on assets of similar assets in the market, and checked the assumption used in calculating weighted average cost of capital (WACC) with actual proportion of equity capital, industrial risk coefficient and market risk premium.
4. Checked the parameters and the formula used in the valuation model.

Reasonableness of V/C (voyage charterer) revenue recognition timing

Description

For accounting policy on revenue recognition and related details of revenue, please refer to Notes 4(21) and 6(10).

The Group's operating revenue is derived from two types of contracts which are T/C (time charter) and V/C (voyage charter). For T/C revenue, the Group calculated and recognized revenue based on daily freight rate and voyage information recorded on the contract, so that the recognition cut-off point is explicit at the end of the reporting period. For V/C revenue, the Group recognized revenue based on the percentage of

completion of services rendered. There were many factors involved in determining the progress of revenue recognition, such as, the length of the negotiated period of contracts, conditions of vessels and equipment, the changes of port of discharge and loading and so on.

Given that the Group's V/C revenue recognition involved manual judgement, a significant amount of resources is required in conducting the audit. Thus, we consider the cut-off of V/C revenue as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the procedures of management in recognizing V/C revenue, and confirmed the evidence of revenue recognition and the appropriateness of approval procedures.
2. Checked the contracts for V/C around the period of balance sheet date, and based on our understanding of the client's operation conditions, assess the reasonableness of voyage planning developed by management.
3. Obtained the location information reported by the crew of each vessel on balance sheet date, and compared it with management's voyage planning to verify whether revenue has been recognized properly in accordance with the completion of voyage.
4. Obtained the related settlement vouchers in subsequent period to evaluate the reasonableness of revenue recognition.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Sincere Navigation Corporation as at and for the years ended December 31, 2018 and 2017.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 supervisors, are responsible for overseeing the Group’s financial reporting process.

Auditor’s 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 auditor’s 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 ROC GAAS 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 ROC GAAS, 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 auditor's 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 auditor's 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 appropriate audit evidence regarding the financial information of the 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Weng, Shih-Jung

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 27, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets			December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,300,873	13	\$ 3,678,635	15
1140	Current contract assets	6(10)	146,255	1	-	-
1170	Accounts receivable		406,220	2	257,166	1
1200	Other receivables	9(1)	85,535	-	190,877	1
1210	Other receivables - related party	7	9,551	-	25,487	-
130X	Bunker inventories		287,393	1	99,550	1
1410	Prepayments		49,026	-	24,429	-
1470	Other current assets	8	618,403	3	493,499	2
11XX	Current assets		4,903,256	20	4,769,643	20
Non-current assets						
1600	Property, plant and equipment	6(2)(5), 7 and 8	19,457,434	80	19,118,693	80
1840	Deferred income tax assets	6(17)	21,561	-	5,996	-
1900	Other non-current assets	8	46,227	-	7,362	-
15XX	Non-current assets		19,525,222	80	19,132,051	80
1XXX	Total assets		\$ 24,428,478	100	\$ 23,901,694	100

(Continued)

Liabilities and equity			December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(4)	\$ 800,000	3	\$ 760,000	3
2130	Current contract liabilities	6(10)	27,653	-	-	-
2200	Other payables		261,844	1	207,397	1
2220	Other payables - related party	7	15,829	-	10,646	-
2230	Current income tax liabilities		92,909	1	133,360	-
2310	Advance receipts		-	-	52,389	-
2320	Long-term liabilities, current portion	6(5)	1,208,759	5	1,349,574	6
21XX	Current liabilities		2,406,994	10	2,513,366	10
Non-current liabilities						
2540	Long-term borrowings	6(5)	4,442,288	18	4,174,744	18
2570	Deferred income tax liabilities	6(17)	44,237	-	89,058	-
2600	Other non-current liabilities	6(6)	31,508	-	33,380	-
25XX	Non-current liabilities		4,518,033	18	4,297,182	18
2XXX	Total liabilities		6,925,027	28	6,810,548	28
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(7)	5,683,042	24	5,683,042	24
Capital surplus						
3200	Capital surplus	6(8)	52,247	-	51,025	-
Retained earnings						
3310	Legal reserve	6(9)	3,156,840	13	3,105,700	13
3320	Special reserve		1,479,609	6	30,170	-
3350	Unappropriated retained earnings		6,312,338	26	8,090,382	34
Other equity interest						
3400	Other equity interest		(924,270)	(4)	(1,479,609)	(6)
31XX	Equity attributable to owners of the parent		15,759,806	65	15,480,710	65
36XX	Non-controlling interest	4(3)	1,743,645	7	1,610,436	7
3XXX	Total equity		17,503,451	72	17,091,146	72
Significant contingent liabilities and unrecognized contractual commitments						
Significant events after balance sheet date						
3X2X	Total liabilities and equity		\$ 24,428,478	100	\$ 23,901,694	100

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

Items	Notes	Year ended December 31			
		2018		2017	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(10) and 7	\$ 3,773,082	100	\$ 3,331,863	100
5000 Operating costs	6(15)(16) and 7	(3,260,155)	(87)	(2,460,991)	(74)
5900 Net operating margin		<u>512,927</u>	<u>13</u>	<u>870,872</u>	<u>26</u>
Operating expenses	6(15)(16) and 7				
6200 General & administrative expenses		(159,095)	(4)	(176,326)	(5)
6500 Other gains - net	6(11)	<u>-</u>	<u>-</u>	<u>50,841</u>	<u>1</u>
6900 Operating profit		<u>353,832</u>	<u>9</u>	<u>745,387</u>	<u>22</u>
Non-operating income and expenses					
7010 Other income	6(12)	47,453	1	46,129	1
7020 Other gains and losses	6(13)	(59,242)	(1)	113,357	4
7050 Finance costs	6(14)	(221,225)	(6)	(173,239)	(5)
7000 Total non-operating income and expenses		<u>(233,014)</u>	<u>(6)</u>	<u>(13,753)</u>	<u>-</u>
7900 Profit before income tax		120,818	3	731,634	22
7950 Income tax expense	6(17)	(35,971)	(1)	(81,158)	(2)
8000 Profit for the year from continuing operations		84,847	2	650,476	20
8100 Profit for the year from discontinued operations	6(3)	<u>-</u>	<u>-</u>	<u>6,835</u>	<u>-</u>
8200 Profit for the year		<u>\$ 84,847</u>	<u>2</u>	<u>\$ 657,311</u>	<u>20</u>

(Continued)

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

		Year ended December 31			
		2018		2017	
Items	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, 6(6) before tax, actuarial gains (losses) on defined benefit plans	\$ 1,842	-	(\$ 2,542)	-
8349	Income tax related to 6(17) components of other comprehensive income that will not be reclassified to profit or loss	(101)	-	432	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	609,645	16	(1,587,888)	(48)
8500	Total comprehensive income for the year	<u>\$ 696,233</u>	<u>18</u>	<u>(\$ 932,687)</u>	<u>(28)</u>
Profit (loss), attributable to:					
8610	Owners of the parent	\$ 61,777	2	\$ 511,396	15
8620	Non-controlling interest	23,070	-	145,915	5
		<u>\$ 84,847</u>	<u>2</u>	<u>\$ 657,311</u>	<u>20</u>
Comprehensive income attributable to:					
8710	Owners of the parent	\$ 618,857	16	(\$ 940,153)	(28)
8720	Non-controlling interest	77,376	2	7,466	-
		<u>\$ 696,233</u>	<u>18</u>	<u>(\$ 932,687)</u>	<u>(28)</u>
Basic earnings per share 6(18)					
9710	Basic earnings per share from continuing operations	\$	0.11	\$	0.89
9720	Basic earnings per share from discontinued operations		-		0.01
9750	Total basic earnings per share (in dollars)	<u>\$</u>	<u>0.11</u>	<u>\$</u>	<u>0.90</u>
Diluted earnings per share 6(18)					
9810	Diluted earnings per share from continuing operations	\$	0.11	\$	0.89
9820	Diluted earnings per share from discontinued operations		-		0.01
9850	Total diluted earnings per share (in dollars)	<u>\$</u>	<u>0.11</u>	<u>\$</u>	<u>0.90</u>

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Equity attributable to owners of the Parent Company

Notes	Share capital - common share	Treasury share transactions	Capital Reserves		Retained Earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
			Difference between the price for acquisition or disposal of subsidiaries and carrying amount		Legal reserve	Special reserve	Unappropriated retained earnings				
				Others							
<u>For the year ended December 31, 2017</u>											
Balance at January 1, 2017	\$ 5,683,042	\$ 39,243	\$ 10,350	\$ -	\$ 3,045,685	\$ -	\$ 8,069,094	(\$ 30,170)	\$ 16,817,244	\$ 1,751,001	\$ 18,568,245
Profit for the year	-	-	-	-	-	-	511,396	-	511,396	145,915	657,311
Other comprehensive loss for the year	-	-	-	-	-	-	(2,110)	(1,449,439)	(1,451,549)	(138,449)	(1,589,998)
Total comprehensive income	-	-	-	-	-	-	509,286	(1,449,439)	(940,153)	7,466	(932,687)
Appropriation of 2016 earnings:	6(9)										
Legal reserve	-	-	-	-	60,015	-	(60,015)	-	-	-	-
Special reserve	-	-	-	-	-	30,170	(30,170)	-	-	-	-
Cash dividend	-	-	-	-	-	-	(397,813)	-	(397,813)	-	(397,813)
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	(148,031)	(148,031)
Overdue unclaimed cash dividends	6(8)	-	-	1,432	-	-	-	-	1,432	-	1,432
Balance at December 31, 2017	<u>\$ 5,683,042</u>	<u>\$ 39,243</u>	<u>\$ 10,350</u>	<u>\$ 1,432</u>	<u>\$ 3,105,700</u>	<u>\$ 30,170</u>	<u>\$ 8,090,382</u>	<u>(\$ 1,479,609)</u>	<u>\$ 15,480,710</u>	<u>\$ 1,610,436</u>	<u>\$ 17,091,146</u>
<u>For the year ended December 31, 2018</u>											
Balance at January 1, 2018	\$ 5,683,042	\$ 39,243	\$ 10,350	\$ 1,432	\$ 3,105,700	\$ 30,170	\$ 8,090,382	(\$ 1,479,609)	\$ 15,480,710	\$ 1,610,436	\$ 17,091,146
Profit for the year	-	-	-	-	-	-	61,777	-	61,777	23,070	84,847
Other comprehensive income for the year	-	-	-	-	-	-	1,741	555,339	557,080	54,306	611,386
Total comprehensive income	-	-	-	-	-	-	63,518	555,339	618,857	77,376	696,233
Appropriation of 2017 earnings:	6(9)										
Legal reserve	-	-	-	-	51,140	-	(51,140)	-	-	-	-
Special reserve	-	-	-	-	-	1,449,439	(1,449,439)	-	-	-	-
Cash dividend	-	-	-	-	-	-	(340,983)	-	(340,983)	-	(340,983)
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	55,833	55,833
Overdue unclaimed cash dividends	6(8)	-	-	1,222	-	-	-	-	1,222	-	1,222
Balance at December 31, 2018	<u>\$ 5,683,042</u>	<u>\$ 39,243</u>	<u>\$ 10,350</u>	<u>\$ 2,654</u>	<u>\$ 3,156,840</u>	<u>\$ 1,479,609</u>	<u>\$ 6,312,338</u>	<u>(\$ 924,270)</u>	<u>\$ 15,759,806</u>	<u>\$ 1,743,645</u>	<u>\$ 17,503,451</u>

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

CASH FLOWS FROM OPERATING ACTIVITIES

Profit from continuing operations before tax		\$	120,818	\$	731,634
Profit from discontinued operations before tax	6(3)		-		6,835
Profit before tax			120,818		738,469
Adjustments					
Adjustments to reconcile profit (loss)					
Depreciation expense	6(2)(15)		1,333,882		1,272,380
Amortisation	6(15)		102		-
Interest income	6(12)	(	40,768 )	(	34,477)
Interest expense	6(14)		221,225		173,239
Gain on disposal of non-current assets classified as held for sale	6(3)		-	(	10,011)
Changes in operating assets and liabilities					
Changes in operating assets					
Current contract assets		(	89,104)		-
Accounts receivable		(	206,205)		6,926
Other receivables			104,158		13,423
Other receivables - related party			15,936	(	7,772)
Bunker inventories		(	187,843 )	(	53,563)
Prepayments		(	24,597)		18,222
Changes in operating liabilities					
Current contract liabilities		(	24,736)		-
Other payables			58,434	(	39,551)
Other payables - related party			5,183		10,540
Advance collections			-	(	31,940)
Accrued pension liabilities		(	30)		362
Cash inflow generated from operations			1,286,455		2,056,247
Cash receipt of interest			42,043		31,676
Cash payment of income tax		(	136,909 )	(	211,055)
Net cash flows from operating activities			1,191,589		1,876,868
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in other financial assets		(	124,904 )	(	77,917)
Acquisition of property, plant and equipment	6(2)	(	1,080,187 )	(	2,357,362)
Proceeds from disposal of non-current assets classified as held for sale	6(3)		-		129,686
Increase in non-current assets		(	38,967)		-
Decrease in refundable deposits			-		19
Net cash flows used in investing activities		(	1,244,058 )	(	2,305,574)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in short-term loans	6(19)		40,000		20,000
Proceeds from long-term borrowings	6(19)		1,948,836		1,757,333
Repayment of long-term borrowings	6(19)	(	1,999,356 )	(	1,326,878)
Cash payment of interest		(	226,872 )	(	166,153)
Cash dividends paid	6(9)	(	340,983 )	(	397,813)
Change in non-controlling interests			55,833	(	148,031)
Overdue unclaimed cash dividends	6(8)		1,222		1,432
Net cash flows used in financing activities		(	521,320 )	(	260,110)
Effect of changes in foreign exchange rate			196,027	(	581,340)
Net decrease in cash and cash equivalents		(	377,762 )	(	1,270,156)
Cash and cash equivalents at beginning of year			3,678,635		4,948,791
Cash and cash equivalents at end of year		\$	3,300,873	\$	3,678,635

REPORT OF INDEPENDENT ACCOUNTANTS

To The Board of Directors and Shareholders of Sincere Navigation Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Sincere Navigation Corporation (the “Company”) as at December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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 at December 31, 2017 and 2016, 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 generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 judgement, were of most significance in our audit of the parent company only financial statements of the current period. 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, we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statements of the current period are as follows:

Reasonableness of investments accounted for using equity method — subsidiaries’ V/C (voyage charterer) revenue recognition timing

Description

The Company’s subsidiaries recorded as investments accounted for using equity method amounted to NT\$17,480,555 thousand, constituting 96% of the Company’s total assets, while the share of profit of the investments constituted 249% of the Company’s profit before tax. Given that the investments

significantly affects the Company's financial performance, we consider the reasonableness of V/C revenue recognition timing as a key audit matter.

For accounting policy on revenue recognition and related details of revenue, please refer to Notes 4(21) and 6(10) in the financial statements.

Subsidiaries' V/C revenue are recognized as revenue based on the percentage of completion of services rendered. Many factors are involved in the progress of revenue recognition, such as the length of the negotiated period of contracts, conditions of vessels and equipment, the changes of port of discharge and loading and so on.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

5. Obtained an understanding of the procedures of management in recognizing V/C revenue, and confirmed the evidence of revenue recognition and the appropriateness of approval procedures.
6. Checked the contracts for V/C around the period of balance sheet date, and based on our understanding of the client's operation conditions, assess the reasonableness of voyage planning developed by management.
7. Obtained the location information reported by the crew of each vessel on balance sheet date, and compared it with management's voyage planning to verify whether revenue has been recognized properly in accordance with the completion of voyage.
8. Obtained the related settlement vouchers in subsequent period to evaluate the reasonableness of revenue recognition.

Impairment of vessels and equipment

Description

For accounting policy, accounting estimates and assumptions applied on impairment of property, plant and equipment and related impairment explanation, please refer to Notes 4(11), 5(2) and 6(3) of parent company only financial statements and Notes 4(13), 5(2) and 6(2) of consolidated financial statements.

The Group engages in bulk shipping service. Vessels are the Company's significant operating assets. Bulk shipping service is closely related with demand of bulk commodities, and significantly affected by global economy. Therefore, the impairment of vessels is the Company's material risk. The valuation of impairment are evaluated by the management by comparing the book value to the recoverable amounts based on the analysis of industry dynamics and the Company's operation plan. As of December 31, 2018, Group's vessel equipment amounted to NT\$19,354,124 thousand, constituting 79% of total assets.

The main assumptions adopted in measuring the recoverable amount are subject to management's judgements, which includes the estimation of residual value, useful life, future freight rate and the rate used to discount forecast future cash flow. The result of accounting estimates have a significant effect on valuating the recoverable amount. Therefore, we consider the impairment of vessels and equipment as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the information that management used to assess whether there was an indication that the assets were impaired. Inspected the accuracy of the information which was obtained from internal and external sources, and assessed the reasonableness of the assessment result.
2. Obtained the valuation information used by management in determining recoverable amount. Discussed the operation plan with management about the income and expenses that may occur in the future and reviewed performance conditions of previous operation plan to assess management's performance intention and ability. Obtained the subsequent information within certain period to compare with the original plan.

3. Compared the discount rate used in the valuation model with the rate of return on assets of similar assets in the market, and checked the assumption used in calculating weighted average cost of capital (WACC) with actual proportion of equity capital, industrial risk coefficient and market risk premium.
4. Checked the parameters and the formula used in the valuation model.

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 supervisors, are responsible for overseeing the Company’s financial reporting process.

Auditor’s 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 auditor’s 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 ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

7. 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.
8. 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.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
11. 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.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the 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 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Weng, Shih-Jung

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 27, 2019

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets		Notes	December 31, 2018 AMOUNT	December 31, 2017 AMOUNT
Current assets				
1100	Cash and cash equivalents	6(1)	\$ 206,510	\$ 259,365
1140	Current contract assets	6(10)	23,105	-
1170	Accounts receivable, net		20,676	4,448
1200	Other receivables		15,008	18,736
1210	Other receivables - related parties	7	6,184	5,924
1410	Prepayments		3,263	3,777
11XX	Current Assets		<u>274,746</u>	<u>292,250</u>
Non-current assets				
1550	Investments accounted for under equity method	6(2)	17,480,555	17,205,986
1600	Property, plant and equipment	6(3) and 8	579,463	639,523
1780	Intangible assets		306	-
1840	Deferred income tax assets	6(16)	21,561	5,996
1900	Other non-current assets	8	6,922	6,922
15XX	Non-current assets		<u>18,088,807</u>	<u>17,858,427</u>
1XXX	Total assets		<u>\$ 18,363,553</u>	<u>\$ 18,150,677</u>

(Continued)

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		Notes	December 31, 2018 AMOUNT	December 31, 2017 AMOUNT
Current liabilities				
2100	Short-term borrowings	6(4) and 8	\$ 800,000	\$ 760,000
2130	Current contract liabilities	6(10)	167	-
2200	Other payables		28,851	43,763
2220	Other payables - related parties	7	1,606,075	1,520,828
2230	Current income tax liabilities		92,909	133,360
2300	Other current liabilities	6(5) and 8	-	89,578
21XX	Current Liabilities		<u>2,528,002</u>	<u>2,547,529</u>
Non-current liabilities				
2570	Deferred income tax liabilities	6(16)	44,237	89,058
2600	Other non-current liabilities	6(6)	31,508	33,380
25XX	Non-current liabilities		<u>75,745</u>	<u>122,438</u>
2XXX	Total Liabilities		<u>2,603,747</u>	<u>2,669,967</u>
Equity				
Share capital				
		6(7)		
3110	Share capital - common stock		5,683,042	5,683,042
Capital surplus				
		6(8)		
3200	Capital surplus		52,247	51,025
Retained earnings				
		6(9)		
3310	Legal reserve		3,156,840	3,105,700
3320	Special reserve		1,479,609	30,170
3350	Unappropriated retained earnings		6,312,338	8,090,382
Other equity interest				
3400	Other equity interest		(924,270)	(1,479,609)
3XXX	Total equity		<u>15,759,806</u>	<u>15,480,710</u>
Significant contingent liabilities 9				
and unrecognised contractual				
commitments				
Significant events after balance 11				
sheet date				
3X2X	Total liabilities and equity		<u>\$ 18,363,553</u>	<u>\$ 18,150,677</u>

The accompanying notes are an integral part of these Parent Company only financial statements.

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

			Year ended December 31	
			2018	2017
Items	Notes		AMOUNT	AMOUNT
4000 Operating revenue	6(10) and 7	\$	97,242	\$ 78,667
5000 Operating costs	6(14)(15) and 7	(	125,296)	(132,959)
5900 Net operating margin		(	28,054)	(54,292)
Operating expenses	6(14)(15) and 7			
6200 General & administrative expenses		(	89,685)	(112,158)
6900 Operating loss		(	117,739)	(166,450)
Non-operating income and expenses				
7010 Other income	6(11) and 7		28,451	7,455
7020 Other gains and losses	6(12)	(	45,586)	113,138
7050 Finance costs	6(13)	(	10,520)	(11,736)
7070 Share of profit of associates and joint ventures accounted for using equity method, net	6(2)		243,142	650,147
7000 Total non-operating revenue and expenses			215,487	759,004
7900 Profit before income tax			97,748	592,554
7950 Income tax (expense) benefit	6(16)	(	35,971)	(81,158)
8200 Profit for the year		\$	61,777	\$ 511,396
Other comprehensive income Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Actuarial gain (loss) on defined benefit plan	6(6)	\$	1,842	(\$ 2,542)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(16)	(	101)	432
Components of other comprehensive income that will be reclassified to profit or loss				
8361 Financial statements translation differences of foreign operations			555,339	(1,449,439)
8500 Total comprehensive income for the year		\$	618,857	(\$ 940,153)
Basic earnings per share	6(17)			
9750 Total basic earnings per share (in dollars)		\$	0.11	\$ 0.90
Diluted earnings per share	6(17)			
9850 Total diluted earnings per share (in dollars)		\$	0.11	\$ 0.90

The accompanying notes are an integral part of these Parent Company only financial statements.

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Retained Earnings				Financial statements translation differences of foreign operations	
	Notes	Share capital - common share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		Total equity
<u>For the year ended December 31,2017</u>								
Balance at January 1, 2017		\$ 5,683,042	\$ 49,593	\$ 3,045,685	\$ -	\$ 8,069,094	(\$ 30,170)	\$ 16,817,244
Profit for year		-	-	-	-	511,396	-	511,396
Other comprehensive income for the year		-	-	-	-	(2,110)	(1,449,439)	(1,451,549)
Total comprehensive income		-	-	-	-	509,286	(1,449,439)	(940,153)
Appropriation of 2016 earnings:	6(9)							
Legal reserve		-	-	60,015	-	(60,015)	-	-
Special reserve		-	-	-	30,170	(30,170)	-	-
Cash dividend		-	-	-	-	(397,813)	-	(397,813)
Overdue unclaimed cash dividends	6(8)	-	1,432	-	-	-	-	1,432
Balance at December 31, 2017		<u>\$ 5,683,042</u>	<u>\$ 51,025</u>	<u>\$ 3,105,700</u>	<u>\$ 30,170</u>	<u>\$ 8,090,382</u>	<u>(\$ 1,479,609)</u>	<u>\$ 15,480,710</u>
<u>For the year ended December 31,2018</u>								
Balance at January 1, 2018		\$ 5,683,042	\$ 51,025	\$ 3,105,700	\$ 30,170	\$ 8,090,382	(\$ 1,479,609)	\$ 15,480,710
Profit for year		-	-	-	-	61,777	-	61,777
Other comprehensive income for the year		-	-	-	-	1,741	555,339	557,080
Total comprehensive income		-	-	-	-	63,518	555,339	618,857
Appropriation of 2017 earnings:	6(9)							
Legal reserve		-	-	51,140	-	(51,140)	-	-
Special reserve		-	-	-	1,449,439	(1,449,439)	-	-
Cash dividend		-	-	-	-	(340,983)	-	(340,983)
Overdue unclaimed cash dividends	6(8)	-	1,222	-	-	-	-	1,222

The accompanying notes are an integral part of these Parent Company only financial statements.

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	<u>Notes</u>	<u>Share capital - common share</u>	<u>Capital surplus</u>	<u>Retained Earnings</u>		<u>Unappropriated retained earnings</u>	<u>Financial statements translation differences of foreign operations</u>	<u>Total equity</u>
				<u>Legal reserve</u>	<u>Special reserve</u>			
Balance at December 31, 2018		<u>\$ 5,683,042</u>	<u>\$ 52,247</u>	<u>\$ 3,156,840</u>	<u>\$ 1,479,609</u>	<u>\$ 6,312,338</u>	<u>(\$ 924,270)</u>	<u>\$ 15,759,806</u>

The accompanying notes are an integral part of these Parent Company only financial statements.

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax		\$	97,748	\$	592,554
Adjustments					
Adjustments to reconcile profit (loss)					
Depreciation expense	6(3)(14)		60,174		59,068
Amorisation	6(14)		102		-
Interest income	6(11)	(	804	(	563)
Interest expense	6(13)		10,520		11,736
Investment income accounted for under the equity method	6(2)	(	243,142	(	650,147)
Changes in operating assets and liabilities					
Changes in operating assets					
Current contract assets		(	18,657		-
Accounts receivable		(	20,676	(	3,059)
Other receivables			3,728		6,680
Other receivables-related party		(	260	(	5,924)
NewItem			-		7,098
Prepayments			514		874
Changes in operating liabilities					
Current contract liabilities		(	14,297		-
Other payables		(	14,225		1,118
Other payables-related party			37,247		10,649
Advance receipt			-		14,464
Accrued pension liabilities		(	30		362
Cash (outflow) inflow generated from operations		(	102,058		44,910
Cash receipt of interest			804		563
Cash payment of income tax		(	136,909	(	211,055)
Dividends received	7		523,912		806,130
Net cash flows from operating activities			<u>285,749</u>		<u>640,548</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment	6(3)	(	114	(	16,031)
Increase in intangible assets		(	408		-
Net cash flows used in investing activities		(	<u>522</u>	(	<u>16,031</u>)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in short-term loans			40,000		20,000
Repayment of long-term borrowings		(	75,997	(	76,805)
Cash payment of interest		(	11,207	(	12,228)
Cash dividends paid	6(9)	(	340,983	(	397,813)
Overdue unclaimed cash dividends			1,222		1,432
Net cash flows used in financing activities		(	<u>386,965</u>	(	<u>465,414</u>)
Effect of change in foreign exchange rate			48,883	(	135,379)
Net (decrease) increase in cash and cash equivalents		(	<u>52,855</u>		<u>23,724</u>
Cash and cash equivalents at beginning of year			<u>259,365</u>		<u>235,641</u>
Cash and cash equivalents at end of year		\$	<u>206,510</u>	\$	<u>259,365</u>

The accompanying notes are an integral part of these Parent Company only financial statements.

2. Proposal: Adoption of the Company's annual earnings distribution table of 2018 (proposed by the Board).

Explanation:(1) In accordance with the Company Act and the Company's Articles of Incorporation, the Board has prepared a proposal for the distribution of the annual earnings which has been submitted to the Supervisors for review and approval.

(2) In its resolution regarding the distribution of the Company's annual earnings of 2018, the Board proposes to allocate TWD 113,660,835 to be distributed as cash dividends of TWD 0.2 per share, and to allocate TWD 170,491,260 to be distributed as share dividends of TWD 0.3 per share.

(3) The distribution ratio of the cash dividends has been converted into an amount of New Taiwan dollars, rounded down to the nearest dollar. The remainder is transferred to "other income".

(4) Upon the approval of the annual shareholders meeting, it is proposed that the Board be authorized to resolve the cash dividend and share dividend distribution record date and disbursement date.

(5) The earnings distribution table is as follows:

Resolution:

Sincere Navigation Corporation
2018 Annual Earnings Distribution Table

Unit: New Taiwan Dollar (TWD)

Summary	Amount	
	Subtotal	Total
Distributable Earnings		
Unappropriated Retained Earnings at the beginning of the period		
Unappropriated Retained Earnings prior to 1997	359,266,989	
Unappropriated Retained Earnings after 1997	5,889,555,400	6,248,822,389
Plus: retained earnings adjustments of 2018		1,740,105
Adjusted Unappropriated Retained Earnings		6,250,562,494
Plus: net profit after tax this year		61,775,821
Less: legal reserve		(6,177,582)
Plus: Special reserve for 2016 and 2017		555,338,221
Total distributable earnings		6,861,498,954
Distribution items		
Distributed cash dividends (TWD 0.2 per share)		(113,660,835)
Distributed share dividends (TWD 0.3 per share)		(170,491,260)
Retained earnings after distribution		6,577,346,859

Chairman: TSAI CHING-PEN

President: HSU, CHI-KAO

Principal Accounting Officer: FAN, HSIAO TING

Discussions

1. Subject: Amendments to the Company's Articles of Incorporation proposed by the Board.
Please proceed to discuss.

Explanation: Pursuant to ROC Presidential Decree (Hua-Zong-Yi-Jing)

No.10700083291 of 1 August 2018, the Company hereby proposes to amend the Company's Articles of Incorporation . Please refer to pages 38-44 for details.

Resolution:

Comparison table of amendments to the Articles of Incorporation of Sincere Navigation Corporation (35th round of amendments)

Article	Article after the amendment	Article before the amendment	Reason for the amendment
Article 1	The Company is organized in accordance with the provisions of the Company Act. The Company's Chinese name is "新興航運股份有限公司" and its <u>English name is "SINCERE NAVIGATION CORPORATION."</u>	The Company is organized in accordance with the provisions of the Company Act. The Company's Chinese name is "新興航運股份有限公司".	The Company's English name to be added to the Articles of Incorporation.
Article 6	The shares issued by the Company are registered by name, numbered, and Directors <u>representing the Company</u> affix their signatures and seals to them. They are issued in accordance with the law after the bank responsible for issuance has signed off. The shares need not be printed, as long as they are registered with the Taiwan Depository and clearing Corporation.	The shares issued by the Company are registered by name, numbered, and the <u>Chairman and at least two Directors</u> representing the Company affix their signatures and seals to them. They are issued by the competent authority or an organization approved by that authority to register and issue shares. The shares need not be printed, as long as they are registered with the Taiwan Depository and Clearing Corporation.	Due to amendments to the Company Act.

Article	Article after the amendment	Article before the amendment	Reason for the amendment
Article 16	<p>The Company has seven to nine (7-9) Directors. There are at least two (2) Independent Directors, who make up at least one-fifth of the Board.</p> <p>The Shareholders Meeting elects and appoints the Directors from a list of nominated candidates for a term of three years. Directors may be reelected and reappointed. This process follows the requirements of the Company Act and regulations from the competent authority in charge of the securities industry.</p> <p>The total number of shares held by the Directors of the preceding paragraph complies with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies issued by the competent authority in charge of the securities industry.</p>	<p>The Company has seven to nine Directors <u>and two Supervisors</u>. There are at least two Independent Directors, who make up at least one-fifth of the Board.</p> <p>The Shareholders Meeting elects and appoints the Directors <u>and Supervisors</u> from among <u>capable persons</u> for a term of three years. The Directors and Supervisors may be reelected and reappointed. The Shareholders Meeting elects and appoints the Independent Directors from a list of nominated candidates. This process follows the requirements of the Company Act and regulations from the competent authority in charge of the securities industry.</p> <p>The total number of shares held by the Directors of the preceding paragraph complies with the standards set forth in the Rules and Review Procedures for Director <u>and Supervisor</u> Share Ownership Ratios at Public Companies issued by the competent authority in charge of the securities industry.</p>	<p>An Audit Committee is to be established to replace the Supervisors' role. Therefore text related to the Supervisors is to be deleted.</p>
Article 17	<p>Under the Board, there are functional committees, whose qualifications, powers, and remunerations are decided by the Board.</p> <p>In accordance with the</p>	<p>Under the Board, there are functional committees, whose qualifications, powers, and remunerations are decided by the Board.</p> <p>Starting from the Shareholders</p>	<p>The text is to be amended to accommodate the establishment</p>

Article	Article after the amendment	Article before the amendment	Reason for the amendment
	provisions of Article 14-4 of the Securities and Exchange Act, the Company has an Audit Committee responsible for the implementation of the Company Act, Securities and Exchange Act, and other relevant laws and regulations. The Audit Committee consists of all the Independent Directors and must have no fewer than three members.	Meeting of 2019, in accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the Company has an Audit Committee responsible for the implementation of the Company Act, Securities and Exchange Act, and other relevant laws and regulations. The Audit Committee consists of all the Independent Directors and must have no fewer than three members. From the date of the establishment of the Audit Committee, the powers of the Supervisors are transferred to the Audit Committee and the provisions in the Articles of Incorporation relating to the Supervisors will be amended to apply to the Audit Committee. In the event that one-third of the Director seats becomes vacant, the Board must convene within sixty (60) days an Extraordinary Shareholders Meeting to hold a by-election for the vacant Director seats. The term of the Directors elected will expire at the expiry date of the original Directors' terms.	of an Audit Committee.
Article 22	The Shareholders Meeting authorizes the Board to determine the remuneration of the Directors based on their participation in the Company's affairs and the value of their	The Shareholders Meeting authorizes the Board to determine the remuneration of the Directors <u>and the Supervisors</u> based on their participation in the Company's affairs and the value	The text regarding Supervisors is to be deleted to accommodate

Article	Article after the amendment	Article before the amendment	Reason for the amendment
	contributions in accordance with industry standards.	of their contributions in accordance with industry standards.	the establishment of an Audit Committee.
Article 23	The Company may take out liability insurance for its Directors.	The Company may take out liability insurance for its Directors <u>and Supervisors.</u>	The text regarding Supervisors is to be deleted to accommodate the establishment of an Audit Committee.
Article 24	To be deleted.	<p><u>The Supervisors' powers are the following:</u></p> <ol style="list-style-type: none"> <u>1. Review the financial status of the Company.</u> <u>2. Inspect the books and documents.</u> <u>3. Review the Company's business situation.</u> <u>4. Oversee the staff's operations and review breaches of law and dereliction of duty</u> <u>5. Other powers conferred by law.</u> 	The powers of the Audit Committee to be established, will be handled in accordance with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.
Article 25	To be deleted.	<u>The Supervisors may attend meetings of the Board and make comments, but may not participate in adopting</u>	The text regarding Supervisors is to be

Article	Article after the amendment	Article before the amendment	Reason for the amendment
		<u>resolutions.</u>	deleted to accommodate the establishment of the Audit Committee.
Article 28	The fiscal year of the Company runs from January 1 to December 31, and after the end of the fiscal year, a Business Report and Financial Statements must be prepared.	The Company's fiscal year runs from January 1 to December 21, and <u>the final accounts</u> must be prepared at the end of the year.	Discretionary text amendments
Article 29	At the end of each fiscal year of the Company, the Board must prepare the following statements and submit those to the Audit Committee for review and approval, after which these statements must be submitted to the Ordinary Shareholders Meeting for discussion and adoption: 1. Business report. 2. Financial Statements. 3. Proposal for the distribution of surplus or loss.	At the end of each fiscal year of the Company, the Board must prepare the following statements and submit those to the Audit Committee for review and approval, after which these statements must be submitted to the Ordinary Shareholders Meeting for discussion and adoption: 1. Business report. 2. Financial Statements. Proposal for the distribution of surplus or loss.	The text is to be amended to accommodate the establishment of an Audit Committee.
Article 30	After a decision agreed on by a majority of the Directors present at the Board Meeting representing at least two-thirds of the Company's Directors, no less than 1% but no more than 5% of the Company's annual pre-tax benefits (the profits before deduction of remunerations of employees and Directors) must	After a decision agreed on by a majority of the Directors present at the Board Meeting representing at least two-thirds of the Company's Directors, no less than 1% but no more than 5% of the Company's annual pre-tax benefits (the profits before deduction of remunerations of employees and Directors) must	Cooperate with the setting up of the Audit Committee, delete the relevant provisions of the

Article	Article after the amendment	Article before the amendment	Reason for the amendment
	<p>be distributed the Company's employees, and this must be reported to the Shareholders Meeting. However, if the Company still has accumulated losses [from previous years], an amount must be retained first to make up for those losses.</p> <p>If the Company's final accounts have a surplus, in addition to paying taxes and making up for losses from previous years, 10% of the balance must be preserved as a statutory surplus reserve, unless the statutory surplus reserve has already reached the total paid-in capital of the Company. After the surplus reserve has reached the statutory level or there is a special revolving surplus from previous years that was not distributed, the Board must draw up a distribution proposal and submit it to the Shareholders Meeting for discussion and resolution on distribution.</p> <p><u>After a decision agreed on by a majority of the Directors present at the Board Meeting representing at least two-thirds of the Company's Directors, part or all of interests and dividends on shares, capital reserves, or statutory surplus reserves must be distributed in cash, and this must be reported to the</u></p>	<p>be distributed the Company's employees, and this must be reported to the Shareholders Meeting. However, if the Company still has accumulated losses [from previous years], an amount must be retained first to make up for those losses.</p> <p>If the Company's final accounts have a surplus, in addition to paying taxes and making up for losses from previous years, 10% of the balance must be preserved as a statutory surplus reserve, unless the statutory surplus reserve has already reached the total paid-in capital of the Company. After the surplus reserve has reached the statutory level or there is a special revolving surplus from previous years that was not distributed, the Board must draw up a distribution proposal and submit it to the Shareholders Meeting for discussion and resolution on distribution.</p>	<p>Supervisor, and authorize the Board to issue special resolutions to issue shareholders' cash dividends and reserves in accordance with Articles 240-241 of the Company Act.</p>

Article	Article after the amendment	Article before the amendment	Reason for the amendment
	<u>Shareholders Meeting; the provision regarding a resolution by the Shareholders Meeting does not apply in that case.</u>		
Article 33	These Articles of Incorporation were adopted on October 24, 1967,(....). The 33 rd amendment was adopted on June 16, 2015. The 34 th amendment was adopted on June 29, 2016. The 35 th amendment was adopted on June 28, 2019.	These Articles of Incorporation were adopted on October 24, 1967,(....). The 33 rd amendment was adopted on June 16, 2015. The 34 th amendment was adopted on June 29, 2016.	Amendment dates to be added.

2. Subject: Proposal for new shares issue through capitalization of earnings, proposed by the Board. Please proceed to discuss.

Explanation:

- (1) Due to the distribution of share dividends, it is proposed to convert earnings to NTD170,491,260, which is divided into 17,049,126 shares, TWD 10 per share, and 30 shares will be distributed free of charge per 1,000 shares.
- (2) The new shares will be issued without physical distribution with rights and obligations identical to the existing shares.
- (3) The Board is authorized to take any action not arranged.

Resolution:

3. Subject: Amendments to the Operational Procedures for Acquisition and Disposal of Assets of the Company and its Subsidiaries, proposed by the Board. Please proceed to discuss.

Explanation: Pursuant to the Financial Supervisory Commission's Order (Jin-Guan-Zheng-Fa-Zi) No. 10703410725 of November 26, 2018, the Company hereby proposes to amend the Operational Procedures for Acquisition and Disposal of Assets of the Company and its Subsidiaries. Please refer to pages 47-71 for details.

Resolution:

Comparison table of amendments to the Operational Procedures for Acquisition and Disposal
of Assets of the Company and its Subsidiaries

Article	Article after amendment	Article before amendment	Reason for the amendment
1.	These Procedures have been laid down in order to provide specifications and standards for the acquisition and disposal of assets by the Company and its Subsidiaries. They have been amended in accordance with Article 36-1 of the Securities and Exchange Act and the Financial Supervisory Commission's Order (Jin-Guan-Zheng-Zi) No. 10703410725 of November 26, 2018.	These Procedures have been laid down in order to provide specifications and standards for the acquisition and disposal of assets by the Company and its Subsidiaries. They have been amended in accordance with Article 36-1 of the Securities and Exchange Act and the Financial Supervisory Commission's Order (Jin-Guan-Zheng-Zi) No. 10600012965 of February 9, 2017.	Amendment to the Financial Supervisory Commission of the Republic of China on November 26, 2007, the Golden Tube Certificate No. 10703410725
2. Definitions	<p>1. The term "assets" as used in these Regulations includes the following:</p> <p>(1) Stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call/put warrants, beneficial interest securities, and asset-backed securities.</p> <p>(2) Real estate (including land, houses and buildings, investment property) and equipment.</p> <p>(3) Memberships.</p> <p>(4) Intangible assets such as patent rights, copyrights, trademark rights, and concessions.</p> <p><u>(5) Usability assets.</u></p> <p><u>(6) Derivatives.</u></p> <p><u>(7) Assets acquired or disposed of by legal merger, demerger, acquisition, or transfer of shares.</u></p> <p><u>(8) Other important assets.</u></p>	<p>1. The term "assets" as used in these Regulations includes the following:</p> <p>(1) Stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call/put warrants, beneficial interest securities, and asset-backed securities.</p> <p>(2) Real estate (including land, houses and buildings, investment real estate, <u>land use rights</u>) and equipment.</p> <p>(3) Memberships.</p> <p>(4) Intangible assets such as patent rights, copyrights, trademark rights, and concessions.</p> <p>(5) Derivatives.</p> <p>(6) Assets acquired or disposed of by legal merger, demerger, acquisition or transfer of shares.</p> <p>(7) Other important assets.</p>	

	<p>2. The terms used in these Procedures are defined as follows:</p> <p>(1) "Derivatives" refers to long-term contracts, forward contracts, or option contracts derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, prices or rate indices, credit ratings, or credit indices, or other variables, or combinations of such contracts, or combined contracts or structured commodities in which such derivatives are embedded. "Forward contracts" here does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term import/sales contracts.</p> <p>(2) "Assets acquired or disposed of by legal merger, demerger, acquisition, or transfer of shares" refers to assets acquired or disposed of through mergers, demergers, or acquisitions in accordance with the Business Mergers and Acquisitions Act and the Financial Holding Company Act, or shares transferred to another company in accordance with Article 156-3 of the Company Act ("share transfer").</p> <p>(3) Relationships and Subsidiaries: These must be determined in accordance with the standards provided in the issuer's financial report.</p> <p>(4) (Deleted).</p> <p>(5) (Deleted).</p>	<p>2. The terms used in these Procedures are defined as follows:</p> <p>(1) "Derivatives" refers to forward contracts, option contracts, futures contracts, leveraged guarantee contracts, swap contracts involving such commodities as assets, interest rates, exchange rates, indices or other benefits, and combinations of such commodities. "Forward contracts" here does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term import/sales contracts.</p> <p>(2) "Assets acquired or disposed of by legal merger, demerger, acquisition, or transfer of shares" refers to assets acquired or disposed of through mergers, demergers, or acquisitions in accordance with the Business Mergers and Acquisitions Act and the Financial Holding Company Act, or shares transferred to another company in accordance with Article 156-3 of the Company Act ("share transfer").</p> <p>(3) <u>Relationships and Subsidiaries:</u> These must be determined in accordance with the standards provided in the issuer's financial report.</p> <p>(4) (Deleted).</p> <p>(5) (Deleted).</p> <p>(6) (Deleted).</p>	
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	<p>(6) (Deleted).</p> <p>(7) <u>“Investment companies” refers to financial holding companies, banks, insurance companies, securities financing companies, trust companies, securities dealers engaged in direct or underwriting sales, futures dealers engaged in direct or underwriting sales, securities investment trust companies, securities investment consulting companies, and fund management companies that are legally registered and overseen by the national competent authority in charge of the financial industry.</u></p> <p>(8) <u>“Stock exchange” and “domestic stock exchange” refer to the Taiwan Stock Exchange Co., Ltd. “Foreign stock exchange” refers to any securities trading market organized and managed by the securities authority of another country.</u></p> <p>(9) <u>“Taipei Exchange” and “domestic securities market” refer to the place where the securities dealer counters are located and used for trading in accordance with the Regulations Governing Securities Trading on the Taipei Exchange. “Foreign securities market” refers to the business premises of financial institutions that conduct securities business under the oversight of a foreign competent authority in charge of the securities market.</u></p>		
III. Appraisal	<p>1. (Deleted.)</p> <p>2. Transactions of acquisition or</p>	<p>1. (Deleted.)</p> <p>2. Acquisition or disposal of real</p>	

and Operating Procedures	<p>disposal of real estate, equipment, <u>or their right-of-use assets</u></p> <p>(1) (Deleted.)</p> <p>(2) (Deleted.)</p> <p>(3) (Deleted.)</p> <p>(4) (Deleted.)</p> <p>(5) Obtaining the appraisal report</p> <p>With the exception of transactions with domestic government agencies, construction on own land, construction on leased land, or acquisition or disposal of equipment for business use or right-of-use assets, transactions of acquisition or disposal of real estate, equipment, or their right-of-use assets, when amounting to 20% of the Company's paid-up capital or TWD 300 million or more, require an opinion statement from a CPA attesting to the reasonableness of the transaction price and given before the Date of the Event, and must comply with the following provisions:</p> <p>1. When pricing is constrained due to special reasons, a specific price or a special price may be used as a reference basis for the transaction price, and the transaction must first be approved by the Board. The same applies when the transaction conditions are changed.</p> <p>2. If the transaction amount reaches TWD 1 billion or more, more than two professional Appraisers must be engaged to make an appraisal.</p> <p>3. Except when the appraisal</p>	<p>estate and equipment</p> <p>(1) (Deleted.)</p> <p>(2) (Deleted.)</p> <p>(3) (Deleted.)</p> <p>(4) (Deleted.)</p> <p>(5) Obtaining the appraisal report</p> <p>With the exception of transactions with government agencies, construction on own land, construction on leased land, or acquisition or disposal of equipment for business use, transactions of acquisition or disposal of real estate or equipment, when exceeding 20% of the Company's paid-up capital or TWD 300 million, require an appraisal report from an Appraisal Company before the Date of the Event, and must comply with the following provisions:</p> <p>1. When pricing is constrained due to special reasons, a specific price or a special price may be used as a reference basis for the transaction price, and the transaction must first be approved by the Board. The same applies when the transaction conditions are changed.</p> <p>2. If the transaction amount reaches TWD 1 billion or more, more than two professional Appraisers must be engaged to make an appraisal.</p> <p>3. Except when the appraisal result of the acquired assets is higher than the transaction amount, or the appraisal result of the disposed assets is lower than the transaction amount, the appraisal result of the Appraisers</p>	
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	<p>result of the acquired assets is higher than the transaction amount, or the appraisal result of the disposed assets is lower than the transaction amount, the appraisal result of the Appraisers must be handled by a Certified Public Accountant (CPA) in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF). This CPA must issue a concrete opinion regarding the reason for the difference and the appropriateness of the transaction price if one of the following circumstances apply:</p> <p>(1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.</p> <p>(2) The difference between the appraisal results of the two or more Appraisers is more than 10% of the transaction amount.</p> <p>4. The time between the date of the appraisal report and the contract date must not exceed three months. However, if the publicly announced current value of the same period does not exceed six months, the original Appraiser may issue a written opinion.</p> <p>3. Acquisition and disposal of memberships and intangible assets</p> <p>(1) With regard to the acquisition and disposal of intangible assets <u>or their right-of-use assets or memberships</u>, the user must take</p>	<p>must be handled by a Certified Public Accountant (CPA) in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF). This CPA must issue a concrete opinion regarding the reason for the difference and the appropriateness of the transaction price if one of the following circumstances apply:</p> <p>(1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.</p> <p>(2) The difference between the appraisal results of the two or more Appraisers is more than 10% of the transaction amount.</p> <p>4. The time between the date of the appraisal report and the contract date must not exceed three months. However, if the publicly announced current value of the same period does not exceed six months, the original Appraiser may issue a written opinion.</p> <p>3. Acquisition and disposal of memberships and intangible assets</p> <p>(1) With regard to the acquisition and disposal of memberships and intangible assets, the department using them must take reference from fair market prices to determine the transaction conditions and the transaction price and lay these down in an analysis report. If the amount of</p>	
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	<p>reference from fair market prices to determine the transaction conditions and the transaction price and lay these down in an analysis report. If the amount of the intangible assets is less than TWD 5 million, the transaction must be approved by the Deputy General Manager. If the amount of the intangible assets is more than TWD 5 million, the transaction must be approved by the General Manager.</p> <p>(2) With the exception of transactions with government agencies, transactions to acquire or dispose of intangible assets <u>or their right-of-use assets or membership</u> exceeding 20% of the Company's paid-up capital or TWD 300 million require an opinion statement from a CPA attesting to the reasonableness of the transaction price and given before the Date of the Event. This opinion must be in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF).</p> <p>4. Transactions with Related Parties</p> <p>With the exception of items III.1, 2, 3 of these Procedures and the provisions below regarding related resolution procedures, the assessment of the reasonableness of transaction conditions and so forth, transactions between the Company and Related Parties to acquire or dispose of assets with a transaction amount exceeding</p>	<p>the intangible assets is less than TWD 5 million, the transaction must be approved by the Deputy General Manager. If the amount of the intangible assets is more than TWD 5 million, the transaction must be approved by the General Manager.</p> <p>(2) With the exception of transactions with government agencies, transactions to acquire or dispose of <u>memberships or</u> intangible assets exceeding 20% of the Company's paid-up capital or TWD 300 million require an opinion statement from a CPA attesting to the reasonableness of the transaction price and given before the Date of the Event. This opinion must be in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF).</p> <p>4. Transactions with Related Parties</p> <p>With the exception of items III.1, 2, 3 of these Procedures and the provisions below regarding related resolution procedures, the assessment of the reasonableness of transaction conditions and so forth, transactions between the Company and Related Parties to acquire or dispose of assets with a transaction amount exceeding 10% of the total assets of the Company require an opinion statement from an Appraiser as referred to in items III. 1, 2, 3 of these Procedures or from a CPA.</p> <p>The calculation of the transaction</p>	
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	<p>10% of the total assets of the Company require an opinion statement from an Appraiser as referred to in items III. 1, 2, 3 of these Procedures or from a CPA.</p> <p>The calculation of the transaction amount of the preceding paragraph must be handled in accordance with the provisions of item IV.1.7 of these Procedures.</p> <p>In the assessment of whether a transaction party is a Related Party, the substantive relationship must be considered in addition to its legal form.</p> <p>(1) With the exception of purchasing or selling domestic bonds, bonds under repurchase or resale agreements, currency market funds issued by domestic securities investment trust companies that repurchase or resell them, in the event of a transaction to acquire or dispose of real estate or its right-of-use assets between the Company and a Related Party, or a transaction to acquire or dispose of real estate or its right-of-use assets between the foregoing parties exceeding 20% of the Company's paid-up capital, or a transaction to acquire or dispose of real estate or its right-of-use assets between the foregoing parties exceeding 10% of the Company's total assets or TWD 300 million, the following must be proposed and adopted by the Board and approved by the Supervisors before the transaction contract may be signed and payment</p>	<p>amount of the preceding paragraph must be handled in accordance with item IV.1.6 of these Procedures.</p> <p>In the assessment of whether a transaction party is a Related Party, the substantive relationship must be considered in addition to its legal form.</p> <p>(1) With the exception of purchasing or selling domestic bonds, bonds under repurchase or resale agreements, currency market funds issued by domestic securities investment trust companies that repurchase or resell them, in the event of a transaction to acquire or dispose of real estate or its right-of-use assets between the Company and a Related Party, or a transaction to acquire or dispose of real estate from or to a Related Party exceeding 20% of the Company's paid-up capital, exceeding 10% of the Company's total assets, or exceeding TWD 300 million, the following must be proposed and adopted by the Board and approved by the Supervisors before the transaction contract may be signed and payment effectuated:</p> <ol style="list-style-type: none"> 1. The purpose, necessity, and expected benefits of the acquisition or disposal of the assets concerned. 2. Reasons for selecting the person as a transaction party. 3. Obtain information from the Related Party regarding the reasonableness of the intended transaction conditions for the real 	
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	<p>effectuated:</p> <ol style="list-style-type: none"> 1. The purpose, necessity, and expected benefits of the acquisition or disposal of the assets concerned. 2. Reasons for selecting the person as a transaction party. 3. Information regarding the reasonableness of the conditions of the intended transaction to acquire or dispose of real estate or its right-of-use assets between the Company and the Related Party. 4. Information describing the relationship between the Company and the Related Party, such as original acquisition dates, prices, transaction parties, and their relationships with the Company. 5. A table of estimated monthly cash flows for the year starting from the date of the intended transaction, and an assessment of the necessity of the transaction and the reasonableness of the use of funds. 6. An appraisal report issued by a professional Appraiser in accordance with these Procedures or the opinion of an accountant. 7. Restrictive conditions and other important matters of this transaction. <p>The calculation of the transaction amount of the preceding paragraph must follow item IV.1.7. of these Procedures. The term “within the preceding year” in that item must be understood as calculated retroactively from</p>	<p>estate appraisal.</p> <ol style="list-style-type: none"> 4. Information describing the relationship between the Company and the Related Party, such as original acquisition dates, prices, transaction parties, and their relationships with the Company. 5. A table of estimated monthly cash flows for the year starting from the date of the intended transaction, and an assessment of the necessity of the transaction and the reasonableness of the use of funds. 6. An appraisal report issued by a professional Appraiser in accordance with these Procedures or the opinion of an accountant. 7. Restrictive conditions and other important matters of this transaction. <p>The calculation of the transaction amount of the preceding paragraph must follow item IV.1.6 of these Procedures. The term “within the preceding year” in that item must be understood as calculated retroactively from the Date of the Event. If a calculation has been proposed and adopted by the Board and approved by the Supervisors for adoption, this calculation does not need to be made again.</p> <p>The Board may authorize its Chairman to handle transactions to acquire or dispose of <u>equipment for business use</u>, and report the transaction at the first Board Meeting held after the</p>	
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	<p>the Date of the Event. If a calculation has been proposed and adopted by the Board and approved by the Supervisors for adoption, this calculation does not need to be made again.</p> <p>The Board may authorize its Chairman to handle the following transactions up to a certain amount between a publicly traded company and its Parent Company, subsidiary, or a subsidiary 100% of whose issued shares or all of its capital are held directly or indirectly by its Parent Company, and report the transaction at the first Board Meeting held after the transaction for ratification:</p> <p><u>1. Acquisition or disposal of equipment for business use or its right-to-use assets.</u></p> <p><u>2. Acquisition or disposal of right-of-use assets of real estate for business use.</u></p> <p>When the Procedures regarding the acquisition or disposal of assets are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.</p> <p>When the Company has an Audit Committee in accordance with the Securities and Exchange Act, the matters that must be adopted by the Supervisors in accordance</p>	<p>transaction for ratification.</p> <p><u>When the Company has Independent Directors in accordance with the Securities and Exchange Act,</u> and the matters set forth in the preceding subparagraph are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.</p> <p>When the Company has an Audit Committee in accordance with the Securities and Exchange Act, the matters that must be adopted by the Supervisors in accordance with the provisions of the first paragraph must be approved by a majority of all members of the Audit Committee and must be submitted to the Board for discussion and resolution.</p> <p>If the preceding paragraph is not approved by a majority of all members of the Audit Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.</p> <p>“All members of the Audit Committee” and “all members of the Board” referred to in paragraphs must be counted as the actual number of persons currently holding those positions.</p> <p>(2) When the Company acquires</p>	
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	<p>with the provisions of the first paragraph must be approved by a majority of all members of the Audit Committee and must be submitted to the Board for discussion and resolution.</p> <p>If the preceding paragraph is not approved by a majority of all members of the Audit Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.</p> <p>“All members of the Audit Committee” and “all members of the Board” referred to in paragraphs must be counted as the actual number of persons currently holding those positions.</p> <p>(2) When the Company acquires real estate or its right-of-use assets from a Related Party, it must review the reasonableness of the price of the real estate or its right-of-use assets following the points below and an accountant must check the review and issue an opinion statement.</p> <p>1. Calculate the necessary fund interest and the buyer’s cost based on the transaction price of the Related Party. The so-called necessary capital interest cost calculated based on the weighted average interest rate of the Company’s borrowings for its purchases over the preceding year must not be higher than the non-financial industry maximum borrowing rate announced by the</p>	<p>real estate from a Related Party, it must review the reasonableness of the price of the real estate following the points below and an accountant must check the review and issue an opinion statement.</p> <p>1. Calculate the necessary fund interest and the buyer’s cost based on the transaction price of the Related Party. The so-called necessary capital interest cost calculated based on the weighted average interest rate of the Company’s borrowings for its purchases over the preceding year must not be higher than the non-financial industry maximum borrowing rate announced by the Ministry of Finance.</p> <p>2. If the Related Party pledges a real estate object to a financial institution as collateral for its loan, the financial institution must appraise the total value of the loan for which the real estate object has been pledged, and the cumulative value of the actual loans provided by the financial institution based on the pledged real estate object must be more than 70% of the total value of those loan and the loan term must be longer than a year. This requirement does not apply when the financial institution and the other party are Related Parties to one another.</p> <p>3. In the event of joint purchase of land and buildings of the same real estate object, the transaction costs may be appraised separately for the land and the</p>	
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	<p>Ministry of Finance.</p> <p>2. If the Related Party pledges a real estate object to a financial institution as collateral for its loan, the financial institution must appraise the total value of the loan for which the real estate object has been pledged, and the cumulative value of the actual loans provided by the financial institution based on the pledged real estate object must be more than 70% of the total value of those loan and the loan term must be longer than a year. This requirement does not apply when the financial institution and the other party are Related Parties to one another.</p> <p>3. In the event of joint purchase or lease of land and buildings of the same real estate object, the transaction costs may be appraised separately for the land and the buildings through any of the methods set forth in the two preceding paragraphs.</p> <p>In any of the following circumstances, the matter may be handled in accordance with the resolution procedures set forth in item III.4.1 of these Procedures, and the preceding provisions on the reasonableness of the transaction costs will not apply:</p> <ol style="list-style-type: none"> 1. A Related Party acquires the real estate or its right-of-use assets due to inheritance or as a gift. 2. The time elapsed from the conclusion of the contract until the acquisition of the real estate or its right-to-use assets by the 	<p>buildings through any of the methods set forth in the two preceding paragraphs.</p> <p>In any of the following circumstances, the matter may be handled in accordance with the resolution procedures set forth in item III.3.1 of these Procedures, and the preceding provisions on the reasonableness of the transaction costs will not apply:</p> <ol style="list-style-type: none"> 1. A Related Party acquires the real estate due to inheritance or as a gift. 2. The time elapsed from the conclusion of the contract until the acquisition of the real estate or its right-to-use assets by the Related Party is more than five years. 3. The Company signs a contract with a Related Party for joint construction, for commissioned construction by the Related Party on the Company's own land, leased land, or land acquired from the Related Party. <p>(3) In accordance with item III.3.2 of these Procedures, if the appraisal result is lower than the transaction price, the matter must be handled in accordance with item III.3.4. However, in the following circumstances, or when there is objective evidence and a specific opinion on the reasonableness [of the transaction price] from a real estate appraiser and accountant, the above requirement does not apply:</p> <ol style="list-style-type: none"> 1. If a Related Party acquires or leases mere land and then 	
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	<p>Related Party is more than five years.</p> <p>3. The Company signs a contract with a Related Party for joint construction, for commissioned construction by the Related Party on the Company's own land, leased land, or land acquired from the Related Party.</p> <p><u>4. A publicly traded company or its parent company, its subsidiaries, or its subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, acquire the use right-of-use assets of real estate for business use.</u></p> <p>(3) In accordance with item III.4.22 of these Procedures, if the appraisal result is lower than the transaction price, the matter must be handled in accordance with item II.4.4. However, in the following circumstances, or when there is objective evidence and a specific opinion on the reasonableness [of the transaction price] from a real estate appraiser and accountant, the above requirement does not apply:</p> <p>1. If a Related Party acquires or leases mere land and then proceeds to construct on it, evidence of which may be one of the following conditions:</p> <p>(1) The land is appraised in accordance with the method stipulated in the preceding article, while the building is appraised based on a reasonable construction profit added to the Related Party's construction cost,</p>	<p>proceeds to construct on it, evidence of which may be one of the following conditions:</p> <p>(1) The land is appraised in accordance with the method stipulated in the preceding article, while the building is appraised based on a reasonable construction profit added to the Related Party's construction cost, and the total amount exceeds the actual transaction price. The so-called reasonable construction profit must be based on the average gross operating profit margin of the Related Party's construction department over the past three years or be lower than the latest construction industry gross profit margin announced by the Ministry of Finance.</p> <p>(2) Other cases with unrelated parties purchasing real estate in the same real estate object (another floor or nearby area) and a similar surface area within the preceding year, and the transaction conditions for such purchases or leases were appraised as reasonable under similar conditions.</p> <p>(3) Other transaction cases with unrelated parties purchasing real estate in the same real estate object (another floor or nearby area) within the preceding year, and the transaction conditions for such leases were appraised were appraised as reasonable when considering the difference in floor levels and other conditions being equal.</p> <p>2. Other transaction cases with</p>	
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	<p>and the total amount exceeds the actual transaction price. The so-called reasonable construction profit must be based on the average gross operating profit margin of the Related Party's construction department over the past three years or be lower than the latest construction industry gross profit margin announced by the Ministry of Finance.</p> <p>(2) Other transaction cases with unrelated parties purchasing real estate in the same real estate object (another floor or nearby area) and a similar surface area within the preceding year, and the transaction conditions for such purchases or leases were appraised as reasonable under similar conditions.</p> <p>(3) Other transaction cases with unrelated parties purchasing real estate in the same real estate object (another floor or nearby area) within the preceding year, and the transaction conditions for such leases were appraised were appraised as reasonable when considering the difference in floor levels and other conditions being equal.</p> <p>2. Other transaction cases with unrelated parties purchasing a real estate object of a similar surface area or leasing or acquiring right-to-use assets to such a real estate object in a nearby area within the preceding year. "Transaction cases in nearby areas" refers to the principle of transactions of real estate in the same or a nearby</p>	<p>unrelated parties purchasing a real estate object of a similar surface area in a nearby area within the preceding year. "Realized cases in nearby areas" refers to the principle of transactions of real estate in the same or a nearby area not farther away than 500 meters from the intended transaction and of a similar publicly announced present value. "Similar surface area" refers to the principle that the case of the unrelated party should not be less than 50% of the surface area of the intended transaction. "Within the preceding year" refers to the year prior to the Date of the Event of the intended transaction of the acquisition of real estate.</p> <p>(4) When acquiring real estate from a Related Party, if the appraisal results in accordance with the provisions of item III.3.2 and 3 of these Procedures are lower than the transaction price, the matter must be handled as follows:</p> <p>.1. Pursuant to Article 41, paragraph 1, regarding special surplus reserves, of the Securities and Exchange Act, the difference between the transaction price of the real estate and the appraised cost cannot be distributed or transferred as shared to increase the Company's capital. If a publicly traded investment company uses the equity method for its appraisal, it must set aside a special surplus reserve for the proposed amount Article 41,</p>	
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	<p>area not farther away than 500 meters from the intended transaction and of a similar publicly announced present value. “Similar surface area” refers to the principle that the case of the unrelated party should not be less than 50% of the surface area of the intended transaction. “Within the preceding year” refers to the year prior to the Date of the Event of the intended transaction of the acquisition of real estate or its right-of-use assets.</p> <p>(4) When acquiring real estate or its right-to-use assets from a Related Party, if the appraisal results in accordance with the provisions of item III.4.2 and 3 of these Procedures are lower than the transaction price, the matter must be handled as follows:</p> <p>1. Pursuant to Article 41, paragraph 1, regarding special surplus reserves, of the Securities and Exchange Act, the difference between the transaction price of the real estate or its right-of-use assets and the appraised cost cannot be distributed or transferred as shared to increase the Company’s capital. If a publicly traded investment company uses the equity method for its appraisal, it must set aside a special surplus reserve for the proposed amount Article 41, paragraph 1 of the Securities and Exchange Act.</p> <p>2. The Supervisors must handle matters in accordance with the provisions of Article 208 of the</p>	<p>paragraph 1 of the Securities and Exchange Act.</p> <p>2. The Supervisors must handle matters in accordance with the provisions of Article 208 of the Company Act.</p> <p>3. The handling status pursuant to subparagraphs 1 and 2 must be reported to the Shareholders Meeting and the details of such transactions must be disclosed in the Annual Report and a public announcement.</p> <p>If a publicly traded company sets aside a special surplus reserve in accordance with the foregoing provisions, an asset purchased at a high price must be recognized as a loss or penalty, the asset must be restored to its original state Or if the absence of unreasonable circumstances is supported by other evidence, the matter must be approved by the competent authority in charge of the financial sector before the special surplus reserve can be used again.</p> <p>When a publicly traded company acquires real estate from a Related Party, and other evidence demonstrates that the transaction does not follow normal business practice, the matter must be handled in accordance with the preceding two provisions.</p> <p>5. Acquisition and disposal derivatives</p> <p>(1) (Deleted.) (2) (Deleted.)</p> <p>(3) (Deleted.)</p> <p>(4) Internal audit system</p> <p>The internal auditing personnel of the internal auditing system</p>	
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	<p><u>Company Act. From the date of the establishment of the Audit Committee, the first paragraph of this Article relating to the Supervisors will be amended to apply to the Independent Directors of the Audit Committee.</u></p> <p>3. The handling status pursuant to the first two Articles must be reported to the Shareholders Meeting and the details of such transactions must be disclosed in the Annual Report and a public announcement.</p> <p>If a publicly traded company sets aside a special surplus reserve in accordance with the foregoing provisions, an asset purchased or leased at a high price must be recognized as a loss or penalty, the contract must be terminated or the asset must be restored to its original state Or if the absence of unreasonable circumstances is supported by other evidence, the matter must be approved by the competent authority in charge of the financial sector before the special surplus reserve can be used again.</p> <p>When a publicly traded company acquires real estate or its right-of-use assets from a Related Party, and other evidence demonstrates that the transaction does not follow normal business practice, the matter must be handled in accordance with the preceding two provisions.</p> <p>5. Acquisition and disposal derivatives</p>	<p>must periodically review the sufficiency of the internal controls, and check on a monthly basis the compliance status of the trading unit's adherence to procedures. It must analyze transaction cycles and compile them into a report. it must also execute the annual internal auditing plan and file a report [on the plan's execution] to the Financial Supervisory Commission (FSC) before the end of February and report progress on improving irregularities to the FSC no later than the end of May.</p> <p>6. Acquisition and disposal of assets by legal merger, demerger, acquisition or transfer of shares :</p> <p>(1) (Deleted.) (2) (Deleted.)</p> <p>(3) Other points of attention</p> <p>1. (Deleted).</p> <p>2. (Deleted).</p> <p>3. (Deleted).</p> <p>4. (Deleted).</p> <p>5. (Deleted).</p> <p>6. (Deleted).</p> <p>7. When a company that is listed on the stock exchange or whose shares are traded on the securities market, participates in a merger, demerger, acquisition or transfer of shares, the following matters must be included in written records and kept for five years for verification purposes:</p> <p>(1) Basic personnel information: including all persons who participated in the planning and execution of a merger, demerger, acquisition or transfer of shares from before it was announced as</p>	
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	<p>(1) (Deleted.) (2) (Deleted.) (3) (Deleted.) (4) Internal audit system</p> <p>The internal auditing personnel of the internal auditing system must periodically review the sufficiency of the internal controls, and check on a monthly basis the compliance status of the trading unit's adherence to procedures. It must analyze transaction cycles and compile them into a report. it must also execute the annual internal auditing plan and file a report [on the plan's execution] to the Financial Supervisory Commission (FSC) before the end of February and report progress on improving irregularities to the FSC no later than the end of May.</p> <p><u>When the Company has Independent Directors in accordance with the regulations, it must notify the Supervisors in accordance with the preceding paragraph and notify the Independent Directors in writing at the same time.</u></p> <p><u>When the Company has an Audit Committee in accordance with the regulations, the second paragraph regarding Supervisors will apply to the Audit Committee.</u></p> <p>6. Acquisition and disposal of assets by legal merger, demerger, acquisition or transfer of shares :</p> <p>(1) (Deleted.) (2) (Deleted.) (3) Other points of attention</p> <p>1. (Deleted). 2. (Deleted).</p>	<p>news, including their titles, names, and national identity card number (or passport number in the case of foreigners).</p> <p>(2) Important dates: including the dates of signing a letter or memorandum of intent, of commissioning financial or legal consultants, of signing the contract, and of Board Meetings.</p> <p>(3) Important documents and proceedings: including plans for mergers, divisions, acquisitions or share transfer plans, letters or memoranda of intent, important contracts, and minutes of Board Meetings.</p> <p>When a company that is listed on the stock exchange or whose shares are traded on the securities market, participates in a merger, demerger, acquisition or transfer of shares, the information set forth in subparagraphs 1 and 2 of the preceding paragraph must, within two days from its adoption by the Board, be reported to the FSC in the prescribed format through the online system, for review purposes.</p> <p>When a company that is not listed on the stock exchange or whose shares are traded on the securities market, and a company that is listed on the stock exchange or whose shares are traded on the securities market, are parties to a merger, demerger, acquisition or transfer of shares, they must sign an agreement and handle matters in accordance with subparagraphs 3 and 4.</p>	
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	<p>3. (Deleted).</p> <p>4. (Deleted).</p> <p>5. (Deleted).</p> <p>6. (Deleted).</p> <p>7. When a company that is listed on the stock exchange or whose shares are traded on the securities market, participates in a merger, demerger, acquisition or transfer of shares, the following matters must be included in written records and kept for five years for verification purposes:</p> <p>(1) Basic personnel information: including all persons who participated in the planning and execution of a merger, demerger, acquisition or transfer of shares from before it was announced as news, including their titles, names, and national identity card number (or passport number in the case of foreigners).</p> <p>(2) Important dates: including the dates of signing a letter or memorandum of intent, of commissioning financial or legal consultants, of signing the contract, and of Board Meetings.</p> <p>(3) Important documents and proceedings: including plans for mergers, divisions, acquisitions or share transfer plans, letters or memoranda of intent, important contracts, and minutes of Board Meetings.</p> <p>When a company that is listed on the stock exchange or whose shares are traded on the securities market, participates in a merger, demerger, acquisition or transfer of shares, the information set forth in subparagraphs 1 and 2 of</p>		
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	<p>the preceding paragraph must, within two days from its adoption by the Board, be reported to the FSC in the prescribed format through the online system, for review purposes.</p> <p>When a company that is not listed on the stock exchange or whose shares are traded on the securities market, and a company that is listed on the stock exchange or whose shares are traded on the securities market, are parties to a merger, demerger, acquisition or transfer of shares, they must sign an agreement and handle matters in accordance with the preceding subparagraph 2.</p>		
IV. Information Disclosure Procedures	<p>1. Matters requiring disclosure and disclosure and reporting standards</p> <p>(1) A transaction between the Company and a Related Party to acquire or dispose of real estate or its right-of-use assets, or non-real estate assets or their right-of-use assets exceeding 20% of the total paid-in capital of the Company, exceeding 10% of its total assets, or exceeding TWD 300 million, with the exception of purchasing or selling domestic bonds, bonds under repurchase or resale agreements, currency market funds issued by domestic securities investment trust companies that repurchase or resell them.</p> <p>(2) Mergers, demergers, acquisition or transfer of shares.</p> <p>(3) Losses from trading in derivatives when those losses reach the maximum amount of</p>	<p>1. Matters requiring disclosure and disclosure and reporting standards</p> <p>(1) Acquisition or disposal of real estate or other assets from or to a Related Party with transaction amounts exceeding 20% of the Company's paid-up capital, exceeding 10% of its total assets, or exceeding TWD 300 million, with the exception of purchasing or selling bonds, bonds under repurchase or resale agreements, currency market funds issued by domestic securities investment trust companies that repurchase or resell them.</p> <p>(2) Mergers, demergers, acquisition or transfer of shares.</p> <p>(3) Losses from trading in derivatives when those losses reach the maximum amount of losses for all contracts or individual contracts allowed by these Procedures.</p>	

	<p>losses for all contracts or individual contracts allowed by these Procedures.</p> <p>(4) Equipment for business use or its right-of-use assets acquired from or disposed of to an unrelated party, if the transaction amount meets any of the following:</p> <ol style="list-style-type: none"> 1. The amount of paid-in capital is less than TWD 10 billion, and the transaction amount exceeds TWD 500 million. 2. The amount of paid-in capital exceeds TWD 10 billion and the transaction amount exceeds TWD 1 billion. <p>(5) Real estate acquired from an unrelated party under an arrangement of commissioned construction on the Company's own land, commissioned construction on leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction exceeds TWD 500 million.</p> <p>(6) Asset transactions other than those set forth in the preceding five subparagraphs or investments in the Mainland Area, with transaction amounts exceeding 20% of the Company's paid-in capital or TWD 300 million. However, these restrictions do not apply in the following circumstances:</p> <ol style="list-style-type: none"> 1. Purchasing and selling domestic bonds. 	<p>(4) Equipment belonging to the categories of common business use acquired from or disposed of to an unrelated party, if the transaction amount meets any of the following:</p> <ol style="list-style-type: none"> 1. The amount of paid-in capital is less than TWD 10 billion, and the transaction amount exceeds TWD 500 million. 2. The amount of paid-in capital exceeds TWD 10 billion and the transaction amount exceeds TWD 1 billion. <p>(5) Real estate acquired under an arrangement of commissioned construction on the Company's own land, commissioned construction on leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction exceeds TWD 500 million.</p> <p>(6) Asset transactions other than those set forth in the preceding five subparagraphs or investments in the Mainland Area, with transaction amounts exceeding 20% of the Company's paid-in capital or TWD 300 million. However, these restrictions do not apply in the following circumstances:</p> <ol style="list-style-type: none"> 1. Purchasing and selling public debt. 2. Trading in marketable securities on the stock exchange or securities market by investors, or ordinary corporate bonds 	
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	<p>2. Trading in marketable securities on the stock exchange or securities market by investors, or ordinary corporate bonds issued and non-equity-related financial bonds (excluding subordinated debts) subscribed to in the primary market, or repurchase or resale of securities investment trust funds or futures trust funds.</p> <p>3. Currency market funds issued by domestic securities investment trust companies that purchase and sell bonds under repurchase or resale bonds and purchase and sell domestic securities.</p> <p>(7) The calculation method for the transaction amounts is as follows. The term “within the preceding year” must be understood as calculated retroactively from the Date of the Event. If a calculation has been publicized in accordance with the regulations, this calculation does not need to be made again.</p> <p>1. The amount of each transaction.</p> <p>2. Amounts of acquisitions or disposals per counterpart and per type of transaction accumulated over the preceding year.</p> <p>3. Amounts of acquisitions or disposals per counterpart and per type of transaction accumulated over the preceding year (with acquisitions and disposals accumulated separately).</p> <p>4. Amounts of acquisitions or disposals per type of marketable securities (with acquisitions and</p>	<p>issued and non-equity-related financial bonds subscribed to in the primary market.</p> <p>3. Currency market funds issued by domestic securities investment trust companies that purchase and sell bonds under repurchase or resale bonds and purchase and sell domestic securities.</p> <p>(7) The calculation method for the transaction amounts is as follows. The term “within the preceding year” must be understood as calculated retroactively from the Date of the Event. If a calculation has been publicized in accordance with the regulations, this calculation does not need to be made again.</p> <p>1. The amount of each transaction.</p> <p>2. Amounts of acquisitions or disposals per counterpart and per type of transaction accumulated over the preceding year.</p> <p>3. Amounts of acquisitions or disposals per counterpart and per type of transaction accumulated over the preceding year.</p> <p>4. Amounts of acquisitions or disposals per type of marketable securities (with acquisitions and disposals accumulated separately).</p> <p>2. (Deleted.)</p> <p>3. (Deleted.)</p>	
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	<p>disposals accumulated separately).</p> <p>2. (Deleted.)</p> <p>3. (Deleted.)</p>		
VI. Other Important Matters	<p>1. Appraisal Companies, Law Firms, Securities Underwriting Firms and their Appraisers, Lawyers, And Accountants that issue appraisal reports and opinion statements, must meet the following requirements:</p> <p><u>(1) Has not been in violation of this law, Company Act, Banking Act, Insurance Law, Financial Holding Company Act, Business Entity Accounting Act, or has been sentenced to at least one year of imprisonment for fraud, breach of trust, embezzlement, forgery of documents or business-related crimes, and the sentence has not been completed or three (3) years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.</u></p> <p><u>(2) The professional must not be a Related Party to any party of the transaction and must not have substantive a relationship to the Company.</u></p> <p><u>(3) If the Company must obtain appraisal reports from more than two Appraisal Companies, those Appraisal Companies and their Appraisers must not be Related Parties to one another and they</u></p>	<p>1. Appraisal Companies, Law Firms, Securities Underwriting Firms and their Appraisers, Lawyers, And Accountants that issue appraisal reports and opinion statements, cannot be Related Parties to the transaction parties.</p> <p>2. (Deleted.)</p> <p>3. (Deleted.)</p> <p>4. The Company will disclose and report any acquisition or disposal of an asset by not publicly traded domestic Subsidiary, whenever regulations so require. In the disclosures and reporting regarding such a Subsidiary's acquisition or disposal, the amount of paid-in capital and total assets will be presented as <u>20%</u> of the Company's paid-in capital and the total assets as <u>10%</u> of the Company's total assets.</p> <p>5. Wherever any provisions of these Procedures refer to "10% of the total assets", the percentage must be calculated based on the total assets in the most recent individual or individual financial reports prepared under the securities issuer's financial reporting standards.</p> <p>Whenever a company share has no nominal value or its value is not a multiple of TWD 10, any provisions in these Procedures referring to an amount of 20% of the Company's paid-in capital</p>	

	<p><u>cannot have substantive relationships with one another.</u></p> <p><u>When issuing an appraisal report or opinion, the staff of the preceding paragraph must observe the following:</u></p> <p><u>(1) Before undertaking a case, the staff must carefully assess their own professional competence, practical experience, and independence.</u></p> <p><u>(2) When reviewing a case, the operational procedures must be properly planned and followed in order to reach conclusions to be included in a report or opinion. The procedures followed, data collected, and conclusions drawn must all be detailed in the working notes of the case.</u></p> <p><u>(3) The materials sources, parameters, and information must be evaluated item by item for their integrity, accuracy, and reasonableness in order to serve as the basis of the appraisal report or opinion to be issued.</u></p> <p><u>(4) The statement must declare the professionalism and independence of the staff involved and state that the information used for the appraisal is reasonable, correct, and in compliance with laws and regulations.</u></p> <p>2. (Deleted.)</p>	<p>must be calculated as a 10% interest in the Parent Company.</p>	
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	<p>3. (Deleted.)</p> <p>4. The Company will disclose and report any acquisition or disposal of an asset by not publicly traded domestic Subsidiary, whenever regulations so require. In the disclosures and reporting regarding such a Subsidiary's acquisition or disposal, the amount of paid-in capital and total assets will be presented as the Company's paid-in capital and the total assets of the Company's total assets.</p> <p>5. Wherever any provisions of these Procedures refer to "10% of the total assets", the percentage must be calculated based on the total assets in the most recent individual or individual financial reports prepared under the securities issuer's financial reporting standards.</p> <p>Whenever a company share has no nominal value or its value is not a multiple of TWD 10, any provisions in these Procedures referring to an amount of 20% of the Company's paid-in capital must be calculated as a 10% interest in the Parent Company. <u>Any provisions referring to an amount of paid-in capital amounting to a transaction amount of TWD 100 billion must be calculated as a TWD 200 billion interest in the Parent Company.</u></p>		
VIII. Execution and amendments	After the Company's Procedures regarding the acquisition or disposal of assets have been approved by the Board, they must be sent to the Supervisors and	After the Company's Procedures regarding the acquisition or disposal of assets have been approved by the Board, they must be sent to the Supervisors and	

	<p>submitted to the Shareholders Meeting for approval. The same applies to their amendments. If a Director expresses dissent and this is contained in the minutes or a written statement, the Company must submit the Director's dissenting opinion to the Supervisors.</p> <p>When <u>the Company</u> has Independent Directors, and the Procedures Regarding the Acquisition and Disposal of Assets by the Company and its Subsidiaries in accordance with the preceding subparagraph are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.</p> <p>When <u>the Company</u> has an Audit Committee, it must adopt or amend the Procedures Regarding the Acquisition and Disposal of Assets by the Company and its Subsidiaries, which must be adopted by a majority of all members of the Audit Committee which must be adopted by a majority of all members of the Audit Committee and submitted to the Board for discussion and adoption, in which case the preceding subparagraph will not apply.</p> <p>If the preceding paragraph is not approved by a majority of all</p>	<p>submitted to the Shareholders Meeting for approval. The same applies to their amendments. If a Director expresses dissent and this is contained in the minutes or a written statement, the Company must submit the Director's dissenting opinion to the Supervisors.</p> <p>When the Company has Independent Directors <u>in accordance with the Securities and Exchange Act</u>, it must give full consideration to the opinions of the Independent Directors when it submits the Procedures Regarding the Acquisition and Disposal of Assets by the Company and its Subsidiaries to the Board for discussion in accordance with the provisions of the preceding paragraph. If an Independent Director objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.</p> <p>When the Company has an Audit Committee <u>in accordance with the Securities and Exchange Act</u>, it must adopt or amend the Procedures Regarding the Acquisition and Disposal of Assets by the Company and its Subsidiaries, which must be adopted by a majority of all members of the Audit Committee which must be adopted by a majority of all members of the Audit Committee and submitted to the Board for discussion and adoption.</p>	
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	<p>members of the Audit Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.</p> <p>“All members of the Audit Committee” and “all members of the Board” referred to in <u>the preceding two paragraphs</u> must be counted as the actual number of persons currently holding those positions.</p> <p><u>From the date of the establishment of the Audit Committee, the powers of the Supervisors are transferred to the Audit Committee and the provisions in the Articles of Incorporation relating to the Supervisors will be amended to apply to the Audit Committee.</u></p> <p><u>The Audit Committee must be notified in writing of any major violations in the acquisition or disposal of assets, and an improvement plan must also be sent to the Audit Committee.</u></p>	<p>If the preceding paragraph is not approved by a majority of all members of the Audit Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.</p> <p>“All members of the Audit Committee” and “all members of the Board” referred to in paragraphs must be counted as the actual number of persons currently holding those positions.</p>	
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4. Subject: Amendments to the Operational Procedures for Loaning of Company Funds of the Company and its Subsidiaries, proposed by the Board. Please proceed to discuss.

Explanation: Pursuant to the Financial Supervisory Commission's Order (Jin-Guan-Zheng-Fa-Zi) No.1080304826 of March 7, 2019, the Company hereby proposes to amend the Operational Procedures for Loaning of Company Funds of the Company and its Subsidiaries. Please refer to pages 73-78 for details.

Resolution:

Comparison table of the amendments to the Operational Procedures for Loaning of Company Funds of Sincere Navigation Corporation and its Subsidiaries

Article	Article after amendment	Article before amendment	Reason for the amendment
Article 3	<p>Capital loans: maximum amounts to various types of beneficiaries</p> <p>1. Business dealings: The Company grants loans based on its financial situation at the time. The maximum loan and total amount must not exceed 40% of the Company's net value, and no individual beneficiary can receive more than 30% of the Company's net value.</p> <p>2. Need of short-term financing: The maximum loan and total amount must not exceed 40% of the Company's net value, and no individual beneficiary can receive more than 30% of the Company's net value.</p> <p>3. Foreign companies in which the Company directly or indirectly holds 100% of the voting shares, or foreign companies in which <u>the Company directly or indirectly holds 100% of the decision-making shares</u>: The maximum loan and total amount must not exceed 100% of the lending Company's net value.</p>	<p>Capital loans: maximum amounts to various types of beneficiaries</p> <p>1. Business contacts: The Company grants loans based on its financial situation at the time. The maximum loan and total amount must not exceed 40% of the Company's net value, and no individual beneficiary can receive more than 30% of the Company's net value.</p> <p>2. Those in need of short-term financing: The maximum loan and total amount must not exceed 40% of the Company's net value, and no individual beneficiary can receive more than 30% of the Company's net value.</p> <p>3. Foreign companies in which the Company directly or indirectly holds 100% of the decision-making shares: The maximum loan and total</p>	<p>To be amended to comply with Financial Supervisory Commission's Order (Jin-Guan-Zheng-Pan-Zi) No. 1080304826 of March 7, 2019.</p>

		amount must not exceed 100% of the lending Company's net value.	
Article 4	<p>Capital loans: limits and interest calculations:</p> <p>With the exception of the five-year time limit on capital loans to foreign companies in which the Company directly or indirectly holds 100% of the voting shares, and foreign companies <u>in which the Company directly and indirectly holds 100% of the decision-making shares:</u> short-term capital loans are limited to one year, and the interest cannot be lower than the highest monthly interest rate that the Company applies to short-term loans to financial institutions. No interest is charged on capital loans from the Company to 100% reinvested Subsidiaries. The same applies to capital loans from 100% reinvested companies to the parent company, and from the parent company to other 100% reinvested affiliated companies.</p>	<p>Capital loans: limits and interest calculations:</p> <p>With the exception of the five-year time limit on capital loans to foreign companies in which the Company directly or indirectly holds 100% of the decision-making shares: short-term capital loans are limited to one year, and the interest cannot be lower than the highest monthly interest rate that the Company applies to short-term loans from financial institutions. No interest is charged on capital loans from the Company to 100% reinvested Subsidiaries. The same applies to capital loans from 100% reinvested companies to the parent company, and from the parent company to other 100% reinvested affiliated companies.</p>	
Article 6	<p>Disclosure and Reporting Procedures:</p> <p>1. The accounting unit must disclose capital loans of the previous month between the Company and its Subsidiaries and their</p>	<p>Disclosure and Reporting Procedures:</p> <p>1. The accounting unit must disclose capital loans of the previous month between the Company and its Subsidiaries and their</p>	

<p>balance before the 10th of each month.</p> <p>2. If the Company's capital loans and balance reaches one of the following standards, the accounting unit must disclose those within two days from the Date of the Event:</p> <p>(1) The balance of loans between the Company and its Subsidiaries has exceeded 20% of the Company's net value in its most recent financial statement.</p> <p>(2) The balance of loans between the Company and its Subsidiaries has exceeded 10% of a single company's net value in its most recent financial statement.</p> <p>(3) The balance of loans between the Company and its Subsidiaries has exceeded TWD 10 million and 20% of the Company's net value in its most recent financial statement.</p> <p>If the Company's Subsidiary is not a domestic publicly traded company, the disclosure and reporting items set forth in subparagraph 3 of the preceding paragraph will be</p>	<p>balance before the 10th of each month.</p> <p>2. If the Company's capital loans and balance reaches one of the following standards, the accounting unit must disclose those within two days from the Date of the Event:</p> <p>(1) The balance of loans of the Company and its Subsidiaries has exceeded 20% of the Company's net value in its most recent financial statement.</p> <p>(2) The balance of loans between the Company and its Subsidiaries has exceeded 10% of a single company's net value in its most recent financial statement.</p> <p>(3) The balance of loans between the Company and its Subsidiaries has exceeded TWD 10 million and 20% of the Company's net value in its most recent financial statement.</p> <p>If the Company's Subsidiary is not a domestic publicly traded company, the disclosure and reporting items set forth in subparagraph 3 of the preceding paragraph</p>	
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	<p>disclosed and reported by the Company.</p> <p>"Date of the Event" refers to the day of signing a contract, the day of payment, the day of a board resolution, or another date on which the beneficiary and amount of a capital loan are fully determined, and so forth.</p>	<p>will be disclosed and reported by the Company.</p> <p>"Date of the Event" refers to the day of signing a contract, the day of payment, the day of a board resolution, or another date on which a capital loan, beneficiary, and amount are fully determined, and so forth.</p>	
Article 11	<p>These Procedures are implemented after adoption by the Board, submission to the Supervisors, and submission to the Shareholders Meeting for approval. If a Director expresses dissent and this is contained in the minutes or a written statement, the Company must submit the Director's dissenting opinion to the Supervisors. The same applies to amendments.</p> <p>The Company has Independent Directors in accordance with law. When the Procedures regarding the acquisition or disposal of assets are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. <u>If an Independent Director</u></p>	<p>These Procedures are implemented after adoption by the Board, submission to the Supervisors, and submission to the Shareholders Meeting for approval. If a Director expresses dissent and this is contained in the minutes or a written statement, the Company must submit the Director's dissenting opinion to the Supervisors. The same applies to amendments.</p> <p>If the Company has Independent Directors, and in accordance with the provisions of the preceding paragraph, the Capital Loans to Third-Parties Operating Procedures of the Company and its Subsidiaries are submitted to the Board for discussion, the opinions of the Independent Directors</p>	

<p><u>objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.</u></p> <p><u>When the Company has an Audit Committee, it must adopt or amend the Capital Loans to Third-Parties Operating Procedures of the Company and its Subsidiaries, which must be adopted by a majority of all members of the Audit Committee and submitted to the Board for discussion and adoption, in which case the preceding subparagraph will not apply.</u></p> <p><u>If the preceding paragraph is not approved by a majority of all members of the Audit Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.</u></p> <p><u>“All members of the Audit Committee” and “all members of the Board” referred to in the preceding two paragraphs must be counted as the actual number of persons currently holding those positions.</u></p>	<p>must be taken into full consideration. Strong opinions of consent or objection and the reasons for any objection must be recorded in the minutes of the Board Meeting.</p>	
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	<p><u>From the date of the establishment of the Audit Committee, the powers of the Supervisors are transferred to the Audit Committee and the provisions in the Articles of Incorporation relating to the Supervisors will be amended to apply to the Audit Committee.</u></p> <p><u>The Audit Committee must be notified in writing of any major violations in capital loans, and an improvement plan must also be sent to the Audit Committee.</u></p>		
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5. Subject: Amendments to the Operational Procedures for Endorsement and Guarantees of the Company and its Subsidiaries, proposed by the Board. Please proceed to discuss.

Explanation: Pursuant to the Financial Supervisory Commission's Order (Jin-Guan-Zheng-Fa-Zi) No.10703410725 of November 26, 2018, the Company hereby proposes to amend the Operational Procedures for Endorsement and Guarantees of the Company and its Subsidiaries. Please refer to pages 80-84 for details.

Resolution:

Comparison table of amendments to Procedures for Acquisition and Disposal of Assets of
Sincere Navigation Corporation and its Subsidiaries

Article	Article after amendment	Article before amendment	Reason for the amendment
VIII. Disclosure and Reporting Procedures:	<p>1. Before the 10th of each month, the financial unit must send the balance of endorsements and guarantees of the Company and its Subsidiaries of the previous month to the accounting unit in order to be entered into the information reporting website of the FSC.</p> <p>2. In addition to the monthly disclosures and reporting of the balance of endorsements and guarantees, when the balance of endorsements and guarantees of the Company and its Subsidiaries reaches one of the following standards, the financial unit must immediately notify the Accounting Department in order to be entered into the information reporting website of the FSC within two days from the Date of the Event.</p> <p>(1) The balance of endorsements and guarantees between the Company and its Subsidiaries has exceeded 50% of the Company's net value in its most recent financial statement.</p>	<p>1. Before the 10th of each month, the financial unit must send the balance of endorsements and guarantees of the Company and its Subsidiaries of the previous month to the accounting unit in order to be entered into the information reporting website of the FSC.</p> <p>2. In addition to the monthly disclosures and reporting of the balance of endorsements and guarantees, when the balance of endorsements and guarantees of the Company and its Subsidiaries reaches one of the following standards, the financial unit must immediately notify the Accounting Department in order to be entered into the information reporting website of the FSC within two days from the Date of the Event.</p> <p>(1) The balance of endorsements and guarantees between the Company and its Subsidiaries has exceeded 50% of the Company's net value in its</p>	To be amended to comply with Financial Supervisory Commission's Order (Jin-Guan-Zheng-Pan-Zi) No. 1080304826 of March7, 2019.

<p>(2) The balance of endorsements and guarantees between the Company a single Subsidiary has exceeded 20% of the Company's net value in its most recent financial statement.</p> <p>(3) The balance of endorsements and guarantees between the Company a single Subsidiary exceeds TWD 10 million, and the total of the book value of its investment using the equity method and the balance of capital loans has exceeded 30% of the Company's net value in its most recent financial statement.</p> <p>(4) The balance of new endorsements and guarantees between the Company and its Subsidiaries has exceeded TWD 300 million and has exceeded 5% of the Company's net value in its most recent financial statement.</p> <p>(5) After the disclosures and reporting as set forth in the preceding items 1-4, the balance of endorsements and guarantees between the Company a single Subsidiary has increased by more than 5% of the</p>	<p>most recent financial statement.</p> <p>(2) The balance of endorsements and guarantees between the Company a single Subsidiary has exceeded 20% of the Company's net value in its most recent financial statement.</p> <p>(3) The balance of endorsements and guarantees between the Company a single Subsidiary exceeds TWD 10 million, The balance of endorsements and guarantees between the Company a single Subsidiary exceeds TWD 10 million and the total of the endorsements and guarantees, long-term investments, and the balance of capital loans has exceeded 30% of the Company's net value in its most recent financial statement.</p> <p>(4) The balance of new endorsements and guarantees between the Company and its Subsidiaries has exceeded TWD 300 million and has exceeded 5% of the Company's net value in its most recent financial statement.</p>
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	<p>Company's net value in its most recent financial statement.</p> <p>If the Company's Subsidiary is not a domestic publicly traded company, the disclosure and reporting items set forth in subparagraph 4 of the preceding paragraph will be disclosed and reported by the Company.</p> <p>"Date of the Event" refers to the day of signing a contract, the day of payment, the day of a board resolution, or another date on which the beneficiary and amount of an endorsement or guarantee are fully determined, and so forth.</p>	<p>(5) After the disclosures and reporting as set forth in the preceding items 1-4, the balance of endorsements and guarantees between the Company a single Subsidiary has increased by more than 5% of the Company's net value in its most recent financial statement.</p> <p>If the Company's Subsidiary is not a domestic publicly traded company, the disclosure and reporting items set forth in subparagraph 4 of the preceding paragraph will be disclosed and reported by the Company.</p> <p>"Date of the Event" refers to the day of signing a contract, the day of payment, the day of a board resolution, or another date on which a capital loan, beneficiary, and amount are fully determined, and so forth.</p>	
Article 11	<p>Other Matters</p> <p>These Procedures are implemented after adoption by the Board, submission to the Supervisors, and submission to the Shareholders Meeting for approval. If a Director expresses dissent and this is contained in the minutes or a written statement, the</p>	<p>Other Matters</p> <p>These Procedures are implemented after adoption by the Board, submission to the Supervisors, and submission to the Shareholders Meeting for approval. If a Director expresses dissent and this is contained in the minutes</p>	

	<p>Company must submit the Director's dissenting opinion to the Supervisors. The same applies to amendments.</p> <p>When the Company has Independent Directors, and the Endorsement and Guarantee Procedures of the Company and its Subsidiaries in accordance with the preceding subparagraph are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. <u>If an Independent Director objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.</u></p> <p><u>When the Company has an Audit Committee, it must adopt or amend the Capital Loans to Third-Parties Operating Procedures of the Company and its Subsidiaries, which must be adopted by a majority of all members of the Audit Committee and submitted to the Board for discussion and adoption, in which case the preceding subparagraph will not apply.</u></p> <p><u>If the preceding paragraph is not approved by a majority</u></p>	<p>or a written statement, the Company must submit the Director's dissenting opinion to the Supervisors. The same applies to amendments.</p> <p>When the Company has Independent Directors, and the Endorsement and Guarantee Procedures of the Company and its Subsidiaries in accordance with the preceding subparagraph are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. Strong opinions of consent or objection and the reasons for any objection must be recorded in the minutes of the Board Meeting.</p>	
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	<p><u>of all members of the Audit Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.</u></p> <p><u>“All members of the Audit Committee” and “all members of the Board” referred to in the preceding two paragraphs must be counted as the actual number of persons currently holding those positions.</u></p> <p><u>From the date of the establishment of the Audit Committee, the powers of the Supervisors are transferred to the Audit Committee and the provisions in the Articles of Incorporation relating to the Supervisors will be amended to apply to the Audit Committee.</u></p> <p><u>The Audit Committee must be notified in writing of any major violations in endorsements and guarantees, and an improvement plan must also be sent to the Audit Committee.</u></p>		
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6. Subject: Amendments to the Procedures for Election of Directors and Supervisors of the Company, proposed by the Board. Please proceed to discuss.

Explanation: Pursuant to the newly revised Company Act and to accommodate the newly established Audit Committee, the Company hereby proposes to amend the Procedures for Election of Directors and Supervisors of the Company. Please refer to page 86-88 for details.

Resolution:

Comparison Table of Amendments to the Procedures for Election of Directors and Supervisors of Sincere Navigation Corporation

Article	Article after amendment	Article before amendment	Reason for the amendment
Name of the procedures	Directors Election Procedures of Sincere Navigation Corporation.	Directors and Supervisors Election Procedures of Sincere Navigation Corporation.	In accordance with the Financial Supervisory Commission's Order (Jin-Guan-Zheng-Fa-Zi) No. 10200531121 of December 31, 2013, the Company's 17 th Board of Directors, when its term expired in 2019, established an Audit Committee to replace the Supervisors.
1.	The election of the Directors of the Company must be handled in accordance with these Procedures.	The election of the Directors and Supervisors of the Company must be handled in accordance with these Procedures.	
2.	Except where the Company's Articles of Incorporation provide otherwise, in the elections of the Company's Directors, each share has the same number of voting rights as the number of Directors to be elected. A share's votes may be concentrated on one candidate or spread over several candidates.	Except where the Company's Articles of Incorporation provide otherwise, in the elections of the Company's Directors <u>and Supervisors</u> , each share has the same number of voting rights as the number of Directors <u>or Supervisors</u> to be elected. A share's votes may be concentrated on one candidate or spread over several candidates.	
3.	The Board must prepare the same number of election ballots as the number of Directors to be elected, and must indicate the shareholder's number of votes and the shareholder's attendance number.	The Board must prepare the same number of election ballots as the number of Directors <u>or Supervisors</u> to be elected, and must indicate the shareholder's number of votes and the shareholder's attendance number.	
5.	At the election of Directors, the Board sets up a ballot box, which is opened and inspected by the ballot inspectors before the vote.	At the election of Directors <u>and Supervisors</u> , the Board sets up a ballot box, which is opened and inspected by ballot inspectors before the vote.	

8.	<p><u>The election of Directors of the Company must proceed by a candidate nomination system as stipulated in Article 192 of the Company Act.</u></p> <p><u>The qualifications of the Independent Directors of the Company must comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies .</u></p> <p><u>The Articles of Incorporation set quotas for the passive voting rights of the Company's Independent Directors and non-Independent Directors. Candidates are declared elected in descending order of votes received. If two candidates have received the same number of votes above the electoral threshold, their electoral ranking is decided by those candidates drawing lots. If any candidate or candidates are absent, the Chairman will draw lots in their stead.</u></p>	<p><u>The Shareholders Meeting elects the Company's Directors, Independent Directors and Supervisors from among able persons nominated in accordance with the Articles of Incorporation. Candidates are declared elected as Directors, Independent Directors and Supervisors in descending order of votes received. Those elected as Directors, Independent Directors, and Supervisors in accordance with the preceding paragraph must decide whether to accept their election as Directors, Independent Directors or Supervisors. If verification of the elected Directors, Independent Directors, and Supervisors yields that their personal details are inconsistent or they are otherwise unqualified for their office under laws and regulations, their office is offered to the candidate next on the candidates list ranked by number of votes received. If two or more persons have received the same number of votes above the electoral threshold, their electoral ranking is decided by those candidates drawing lots. If any candidate or candidates are absent, the Chairman will draw lots in their stead.</u></p> <p><u>The Shareholders Meeting elects and appoints the Independent Directors from a list of nominated candidates. This process follows the requirements of the Company</u></p>	
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		<u>Act and regulations from the competent authority in charge of the securities industry.</u>	
12.	These Election Procedures were adopted on May 28, 2002. The 1 st amendment was adopted on June 29, 2016. The 2 nd amendment was adopted on June 28, 2019.	These Election Procedures were adopted on May 28, 2002. The 1 st amendment was adopted on June 29, 2016.	

Elections

Subject: Elections of the Company's 18th Board of Directors, proposed by the Board.

Explanation:

1. The term of office of the Directors of the Company expires on June 27, 2019. Pursuant to Article 16 of the Articles of Incorporation, Elections must be held to elect a new Board. The Board's proposal is to elect four (4) Directors and three (3) Independent Directors to form the 18th Board of Directors with their term of office starting on June 28, 2019 and ending on June 27, 2022.
2. Based on Article 192-1 of the Company Act, a candidate's nomination system is adopted by the company for election of the independent directors; the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The education and career background, and other information of candidates are as the following:

List of candidates for independent directors

Name	Shares held	Major education and career background
LEE, YEN SUNG	0	<ul style="list-style-type: none"> ● Graduate School of Accounting, Soochow University ● Chairman of National Federation of CPA Associations of the R.O.C. ● Instructor of Accounting Department, National Taiwan University and Soochow University ● Deputy Chairman of PwC Taiwan ● Supervision convener of the Real Estate Agents Transaction Guaranty Foundation, R.O.C ● Director of Taiwan Accounting Association ● Independent director of FamilyMart, Charoen Pokphand Enterprise (Taiwan) Co.,Ltd, Chicony Electronics Co., Ltd and Sincere Navigation Corporation
CHENG, FU KWOK	0	<ul style="list-style-type: none"> ● University of Hong Kong, Bachelor of Social Sciences ● Senior Advisor to the Global Shipping Head of CA CIB ● Honorary Chairman and Director of Credit Agricole Asia Shipfinance Limited ● Honorary Treasurer of the Hong Kong Maritime Museum ● Member of the Maritime and Port Board (MPB) and Chairman of the Promotion and External Relations Committee under MPB ● Independent Non-Executive Director of Singamas Container Holdings Limited ● Independent Non-Executive Director of Grandland Shipping Limited, TCC Group ● Independent Non-Executive Director of Miricor Enterprises Holdings Limited
FAN, KUANG NAN	9,050	<ul style="list-style-type: none"> ● Graduate from Department of Systems Engineering and Naval Architecture, National Taiwan Ocean University ● General Manager, China Ship Building Corporation ● General Manager and Acting Chairman, China Ship Building Corporation ● Consultant, China Ship Building Corporation ● Director, Metal Industries Research and Development Centre ● Director, China Technical Consultants Inc (CTCI) Foundation ● Member of Compensation Committee for the 1st, 2nd, and 3rd intake, Sincere Navigation Corporation

Election results:

Other Proposals

Subject: Proposal for Release the Prohibition on Directors from participation in Competitive Business, proposed by the Board. Please proceed to discuss.

Explanation: The Board suggests to the Shareholders Meeting to allow, in the light of Article 209 of the Company Act, to release the prohibition for the Company's Directors (including their representatives); Independent Directors; Directors of Subsidiaries of which the Company holds less than 100% of shares; Directors of companies that are reinvested by Subsidiaries; Company Directors that invest in or manage other companies with identical or similar scopes of business; Directors that have previously served [the Company] as experts or consultants; and apply this removal of restrictions also to re-elected directors and to the Company's legal representatives as they may be replaced in the future.

Resolution:

Extempore Motions

Adjournment of the Meeting

Rules of Procedure for Shareholders Meeting

June 29, 2016
Amended by the
Shareholders Meeting

1. The Shareholders Meeting of the Company must proceed in accordance with the Shareholders Meeting Rules of Procedure (“Rules”), unless laws or regulations provide otherwise.
2. The Company must prepare and a guest autograph album or guest autograph cards for attending shareholders to sign. The number of shares attending is calculated from the number of shares represented by the signatures in the guest autograph album or guest autograph cards plus written or electronic messages containing voting authorizations for the Shareholders Meeting.
3. The attendance and voting of the Shareholders Meeting are based on the shares represented.
4. The venue where the Shareholders Meeting is convened must be at the place where the Company is located or another location which is convenient for the shareholders suitable for a Shareholders Meeting. The meeting must start no earlier than 09:00 hours and no later than 15:00 hours.
5. If a Shareholders Meeting is convened by the Board, the Chairman chairs the Shareholders Meeting. If the Chairman is on leave or unable to exercise his/her powers, the Deputy Chairman replaces him/her. If the Deputy is on leave or unable to exercise his/her powers, a person designated by the Chairman replaces him/her. If the Chairman has not designated a person to replace himself/herself, the Directors will designate a replacement from their midst. If a Shareholders Meeting is convened by a qualified convener other than the Board, the Shareholders Meeting is chaired by the person convening the Shareholders Meeting.
6. The Company may designate lawyers, accountants, or Related Parties to attend the Shareholders Meeting. The staff organizing the Shareholders Meeting must wear an identifying card or armband.
7. The Company must make sound or audio recordings of the entire proceedings of the Shareholders Meeting and keep it for at least one year.
8. To commence the meeting, the Chairman announces the meeting opened. However, if the shareholders present represent less than half of the shares (the quorum), the Chairman may announce a postponement of the meeting. The meeting may be postponed no more than twice, each postponement no more than one hour. If after the second postponement, the number of shares represented at the meeting still falls short of the quorum but amounts to more than one-third of the shares, a tentative resolution may be passed pursuant to Article 175 of the Company Act. If before adjournment of the meeting, the number of shares represented reaches the quorum after all, the Chairman may propose a tentative resolution to reconvene the meeting at a later date to be voted on by the shareholders present in accordance with Article 174 of the Company Act.
9. If the Shareholders Meeting is convened by the Board, its Agenda is determined by the Board. The meeting must be conducted in accordance with the scheduled Agenda, which cannot be

changed without a resolution of the Shareholders Meeting. If the Shareholders Meeting is convened by a qualified convener other than the Board, the provisions of the preceding paragraph apply. The Chairman cannot adjourn the meeting until the entire Agenda referred to in the preceding two paragraphs (including extempore motions) has been dealt with completely. After adjournment of the meeting, the shareholders cannot elect a new meeting chairman or continue the meeting at the original venue or elsewhere. But if the Chairman has declared adjournment in violation of the Rules, a majority of the shareholders present may elect a new chairman for the meeting and continue the meeting.

10. To speak in the meeting, shareholders must complete speaking request form stating their key point, shareholder name, and shareholder number, and the meeting chairman will determine the speaking order.

Shareholders present that have completed a speaking request form but have not spoken are deemed to have not spoken. If the content of the shareholder's remarks is different from the speaking request form, the content of the remarks prevails. When shareholder is speaking, other shareholders must not interfere with the speech except with the consent of the meeting chairman and the speaking shareholder. The meeting chairman must stop violators.

11. Each shareholder cannot not speak more than once and for no more than five minutes per agenda item, unless the meeting chairman gives consent, which cannot be given more than twice per agenda item.

If a shareholder speaks in violation of the preceding paragraph or strays from the scope of the agenda item, the meeting chairman may order or prevent him/her from speaking.

12. A legal person may only dispatch one representative to the Shareholders Meeting.

When a shareholding legal person dispatches two or more representatives to attend the Shareholders Meeting, the same motion may only be proposed by one person.

13. After a shareholder has spoken, the meeting chairman must reply in person or designate a relevant person to reply.

14. When during the discussion of a motion, the meeting chairman deems the motion is ready to be put to a vote, he/she may order the discussion to be ceased and proceed to voting.

15. The meeting chairman designates personnel to observe the voting process and to count the votes. The voting observer must be a shareholder. The voting results must be announced on the spot recorded in the minutes.

16. During the meeting, the meeting chairman may announce a break at his/her discretion.

17. Motions are voted on and are considered adopted when a majority shareholders present vote in favor, unless the Company Act or the Company's Articles of Incorporation, provide otherwise. To vote, the meeting chairman may choose to ask the attending shareholders if there are any objections. If no objections are raised, the motion is considered to have been adopted, with the same validity as a vote by ballots. If a shareholder raises an objection, to which the meeting chairman or a relevant person gives a reply, and the shareholder no longer objects, the original is

objection is deemed to have ceased to exist.

18. When there is an amendment or an alternative to the same motion, the meeting chairman places them together with the original motion on the voting list and determines their voting sequence. As soon as one of the motions has been adopted, the other motions are deemed to have been rejected and no further votes will be required.
19. The meeting chairman may direct the duty team (or security officer) to help maintain the order of the venue. When the duty team (or security officer) helps maintain the order of the venue, they must wear an armband with the word "Order."
20. These Rules take effect after adoption by the Shareholders Meeting. The same applies to amendments.

Articles of Incorporation of Sincere Navigation Corporation.

Chapter1 General Provisions

- Article 1 The Company is organized in accordance with the provisions of the Company Act. The Company's Chinese name is "Xinxing Hangyun Gufen Youxian Gongsi."
- Article 2 The Company's business scope:
1. G301011 Ship transportation.
 2. G406041 Harbor barging.
 3. G401011 Shipping agency services.
 4. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company has its head office in Taipei City. If necessary, the Board of Directors ("Board") may resolve to establish branch offices or other branch organizations at home or abroad, and may also resolve to terminate or relocate those.
- Article 4 The Company's overseas reinvestments external investment in other businesses is not subject to the 40% restriction on the transfer of investment in Article 13 of the Company Act, and must be handled after the resolution of the Board.

Chapter2 Shares

- Article 5 The Company's total capital is TWD 7 billion, divided into 700 million shares of TWD 10 each, which may be issued in installments.
- Article 6. The shares issued by the Company are registered and numbered, and the Chairman and at least two Directors must affix their signatures or seals to them.
The shares are issued after registration and approval by the competent authority or an institution authorized by it to register and approve share issuances.
The shares need not be printed, as long as they are registered with the Taiwan Depository and Clearing Corporation.
- Article 7 The Company's share-related matters are governed by the Company Act and the Regulations Governing the Administration of Shareholder Services of Public Companies, unless other laws and decrees or regulations of the competent authority take precedence.
- Article 8 (Deleted).
- Article 9 (Deleted).
- Article 10 Shares cannot be transferred from sixty (60) days before an Ordinary Shareholders Meeting, thirty (30) days before an Extraordinary Shareholders Meeting, of five (5) days before the day when the Company will determine the distribution of dividends,

bonuses, and other benefits.

Article 10-1 (Deleted).

Chapter3 Shareholders Meeting

Article 11 The Shareholders Meetings of the Company is divided into the following two types:

1. Ordinary Shareholders Meetings are convened once a year within six months after the end of the fiscal year, and the shareholders are notified thirty (30) days beforehand.

2. Extraordinary Shareholders Meetings are convened as necessary, and the shareholders are notified fifteen (15) days in advance.

The Shareholders Meeting must be convened by the Board, unless the Company Act provides otherwise. The Company allows voting by electronic methods, as long as the methods comply with the regulations set by the competent authority.

Article 12 When a shareholder is unable to attend a Shareholders Meeting for any reason, he/she may issue a power of attorney bearing the company seal and stating the scope of the proxy's authority. However, the voting rights of a person authorized by more than two shareholders at the same time must not exceed three percent (3%) of the total voting rights of issued shares. Voting rights in excess of this limit are not counted.

Shareholders' attendance by proxy is regulated by the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority in charge of the securities industry, unless the Company Act provides otherwise.

Article 13 When a Shareholders Meeting is held, the Chairman of the Board will chair the meeting. If the Chairman is on leave or unable to exercise his/her powers, the Deputy Chairman replaces him/her. If the Deputy is on leave or unable to exercise his/her powers, a person designated by the Chairman replaces him/her. If the Chairman has not designated a person to replace himself/herself, the Directors will designate a replacement from their midst.

Article 14 Each shareholder of the Company has one vote per share. Shares with restricted voting rights or without voting rights do not fall under this restriction pursuant to the Company Act.

Article 15 Resolutions of the Shareholders Meeting are passed when a majority of shares issued are represented at the meeting and a majority of shares at the meeting vote in favor. For each Shareholders Meeting, minutes must be drawn up that include the year, month, day, venue of the meeting, agenda items discussed and their results, the meeting chairman's name, and the decision making methods used. The meeting chairman must affix his/her signature or seal to the minutes, which must be sent to

all shareholders within 20 days from the meeting.

The distribution of the minutes referred to in the previous paragraph must be handled in accordance with the Company Act.

Meeting minutes must be kept for as long as the Company exists. The guest signature albums and the powers of attorney must be kept for at least one year. However, if a shareholder files a lawsuit under Article 189 of the Company Act, they must be kept until the end of the lawsuit.

Chapter4 Directors and Supervisors

Article 16 The Company has seven to nine (7-9) Directors and two (2) Supervisors. Among the Directors there must be no fewer than two Independent Directors, who must make up no fewer than one-fifth of the Directors.

The Directors and Supervisors are elected by the shareholders from among able persons. Their term of office is three (3) years. They may be re-elected. The Shareholders Meeting elects and appoints the Independent Directors from a list of nominated candidates. This process follows the requirements of the Company Act and regulations from the competent authority in charge of the securities industry.

The total number of shares held by the Directors and Supervisors referred to in the preceding paragraph is determined in accordance with the standards stipulated in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies promulgated by the competent authority in charge of the securities industry.

Article 17. Under the Board, there are functional committees, whose qualifications, powers, and remunerations are decided by the Board.

Starting from the Shareholders Meeting 2019, in accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the Company has an Audit Committee responsible for the implementation of the Company Act, Securities and Exchange Act, and other relevant laws and regulations. The Audit Committee consists of all Independent Directors and at least three members in total. From the date of the establishment of the Audit Committee, the powers of the Supervisors are transferred to the Audit Committee and the provisions in the Articles of Incorporation relating to the Supervisors will be amended to apply to the Audit Committee. In the event that one-third of the Director seats becomes vacant, the Board must convene within sixty (60) days an Extraordinary Shareholders Meeting to hold a by-election for the vacant Director seats. The term of the Directors elected will expire at the expiry date of the original Directors' terms.

Article 18. The Board consists of the Directors and adopts resolutions by consent from a majority of the Directors present, who must make up at least two-thirds of all Directors. They elect a Chairman from their midst and a Deputy Chairman by the same method. They manage the Company in accordance with the Articles of Incorporation, resolutions

of the Shareholders Meeting, and resolutions of the Board.

Article 19

The Board is convened by the Chairman of the Board. If the Chairman of the Board is unable to exercise his functions and powers, he is represented by the Deputy Chairman. If the Deputy Chairman is unable to exercise his functions and powers, the Chairman designates a Director to represent him. In the absence of such designations, the Directors designate one person from their midst to represent the Chairman.

In the event of a videoconference, Directors attending the meeting by video are deemed to be attending in person.

The Board must be convened once every quarter. The convocation must state the agenda items. The Directors must be notified seven (7) days in advance, but in case of emergency, a Board Meeting may be convened at short notice.

The Board Meeting convocations in the preceding paragraph may be done in writing, by fax, or e-mail.

Article 20

The Board decides by resolutions on the Company's operating direction; construction, sale, and purchase of its operating vessels; transportation and lease contracts for more than three years for its vessels; investment in other enterprises; capital loans made to others; guarantees made to others; authorizations to others; and other important matters.

Article 21

Board resolutions are adopted by consent from the majority of Directors present, who must be half of the Directors, unless the Company Act provides otherwise.

A Director unable to attend may issue with a power of attorney to authorize another Director that will be attending, stating the proxy's scope of authorization. Each Director may only serve as proxy to one other Director.

The deliberations of the Board must be recorded in meeting minutes, to which the meeting chairman must affix his/her signature or seal. The minutes must be sent out within twenty (20) days after the meeting, be archived as an important files of the Company and kept in safe custody for as long as the Company exists. The deliberations must be recorded in meeting minutes in accordance with the Company Act and the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

The production and distribution of the proceedings can be obtained by e-mail.

Article 22

The Shareholders Meeting authorizes the Board to determine the remuneration of the Directors based on their participation in the Company's affairs and the value of their contributions in accordance with industry standards.

Article 23

The Company may take out liability insurance for its Directors and Supervisors.

Article 24

The Supervisors' powers are the following:

1. Review the financial status of the Company.
2. Inspect the books and documents.
3. Review the Company's business situation.

4. Oversee the staff's operations and review breaches of law and dereliction of duty.
5. Other powers conferred by law.

Article 25 The Supervisors may attend meetings of the Board and make comments, but may not participate in adopting resolutions.

Chapter5 The General Manager and Deputy General Manager

Article 26 The Company has one General Manager and several Deputy General Managers are required depending on the actual operation. The General Manager is appointed and removed by the Board. The Deputy General Manager is appointed and removed by the Board after being nominated by the General Manager.

Article 27 The General Manager must manages the managers reporting to him/her and manages the Company's matters, and the Deputy General Manager assists him/her in accordance with the Company's organizational regulations.

Chapter6 Accounting

Article 28 The Company's fiscal year runs from January 1 to December 31, and the final accounts must be prepared by the end of the year.

Article 29 At the end of each fiscal year of the Company, the Board must prepare the following statements and submit those to the Audit Committee for review and approval, after which these statements must be submitted to the Ordinary Shareholders Meeting for discussion and adoption:

4. Business report.
5. Financial Statements.
6. Proposal for the distribution of surplus or loss.

Article 30. After a decision agreed on by a majority of the Directors present at the Board Meeting representing at least two-thirds of the Company's Directors, no less than 1% but no more than 5% of the Company's annual pre-tax benefits (the profits before deduction of remunerations of employees and Directors) must be distributed the Company's employees, and this must be reported to the Shareholders Meeting. However, if the Company still has accumulated losses [from previous years], an amount must be retained first to make up for those losses.

If the Company's final accounts have a surplus, in addition to paying taxes and making up for losses from previous years, 10% of the balance must be preserved as a statutory surplus reserve, unless the statutory surplus reserve has already reached the total paid-in capital of the Company. After the surplus reserve has reached the statutory level or there is a special revolving surplus from previous years that was not distributed, the Board must draw up a distribution proposal and submit it to the Shareholders Meeting for discussion and resolution on distribution.

Article 30-1 The Company's dividend policy takes reference from the Company's Articles of Incorporation, the Company's earnings status, future capital needs, and the principle of stability, to further the Company's lasting development. A surplus may be set aside as reserve or be distributed as share dividends, cash dividends, or share-and-cash dividends. When a surplus is distributed as share-and-cash dividend, the cash dividend part must not be less than thirty percent (30%).

Chapter7 Supplementary Provisions

Article 31 Matters not covered in these Articles of Incorporation must be handled in accordance with the Company Act and relevant laws and regulations.

Article 32 The Company's organizational regulations and rules of procedure are set by the Board.

Article 33 These Articles of Incorporation were adopted on October 24, 1967,(....). The 33rd amendment was adopted on June 16, 2015. The 34th amendment was adopted on June 29, 2016.

Sincere Navigation Corporation

Chairman TSAI CHING-PEN

**Operational Procedures for Acquisition and Disposal of Assets of
Sincere Navigation Corporation and its Subsidiaries**

June 23, 2017

Amendment adopted by the
Shareholders Meeting

- i. These Procedures have been laid down in order to provide specifications and standards for the acquisition and disposal of assets by the Company and its Subsidiaries. They have been amended in accordance with Article 36-1 of the Securities and Exchange Act and the Financial Supervisory Commission's Order (Jin-Guan-Zheng-Zi) No. 10600012965 of February 9, 2017.
- ii. Definitions:
 - 1. The term "assets" as used in these Regulations includes the following:
 - (1) Stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call/put warrants, beneficial interest securities, and asset-backed securities.
 - (2) Real estate (including land, houses and buildings, investment property, land use rights) and equipment.
 - (3) Memberships.
 - (4) Intangible assets such as patent rights, copyrights, trademark rights, and concessions.
 - (5) Derivatives.
 - (6) Assets acquired or disposed of by legal merger, demerger, acquisition, or transfer of shares.
 - (7) Other important assets.
 - 2. The terms used in these Procedures are defined as follows:
 - (1) "Derivatives" refers to forward contracts, option contracts, futures contracts, leveraged guarantee contracts, swap contracts involving such commodities as assets, interest rates, exchange rates, indices or other benefits, and combinations of such commodities. "Forward contracts" here does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term import/sales contracts.
 - (2) "Assets acquired or disposed of by legal merger, demerger, acquisition, or transfer of shares" refers to assets acquired or disposed of through mergers, demergers, or acquisitions in accordance with the Business Mergers and Acquisitions Act and the Financial Holding Company Act, or shares transferred to another company in accordance with Article 156-3 of the Company Act ("share transfer").
 - (3) Relationships and Subsidiaries: These must be determined in accordance with the standards provided in the issuer's financial report.
 - (4) Professional Appraiser: refers to the real estate Appraisers or other persons who are engaged in real estate and other fixed assets appraisal in accordance with the law.
 - (5) "Date of the Event" refers to the day of signing a contract, the day of payment, the day

of a board resolution, or another date on which a capital loan, beneficiary, and amount are fully determined, and so forth. However, in the case of investments subject to the approval of the competent authority, the foregoing dates are the dates when the approval was given by the competent authority.

- (6) “Investment in the Mainland Area” refers to Mainland China area investment: Refers to investments in the Mainland Area approved by Taiwan’s Ministry of Economic Affairs Investment Commission or conducted in accordance with the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

iii. Appraisal and Operating Procedures:

The acquisition or disposal of assets by the Company and its Subsidiaries must be handled in accordance with the management system including investment cycles and purchase cycles of the internal control system, and must be handled in accordance with the following procedures:

1. Acquisition and disposal of marketable securities investment:

- (1) When trading in marketable securities in places other than the stock exchange market or the over-the-counter trading center, reference must be taken, before the Date of the Event, from a signed accountant’s statement regarding the target company’s most recent financial statements to appraise the value of the transaction. Transactions exceeding TWD 50 million require written approval from the General Manager and must be submitted to the Board for resolution. The price determination method and reference basis must consider the net value per share, profit earning potential, future development potential, market interest rates, bond coupon rates, debtor's debt, etc., and take reference from recent transaction prices.
- (2) When trading in marketable securities in the stock exchange market or the over-the-counter trading center, their prices must be determined with reference taken from then-current prices of share rights or debt bonds. When the amount of a transaction or the cumulative amount of acquisitions or disposals for one type of marketable securities accumulated over a year (with acquisitions and disposals accumulated separately) exceed TWD 300 million, written approval from the General Manager is required, subject to the authorization from the Board.
- (3) Obtaining expert opinions

If the transaction amount of acquisition or disposal of securities exceeds 20% of the Company's paid-up capital or TWD 300 million or more, an accountant must be consulted before Date of the Event to express an opinion on the reasonableness of the transaction price. If the accountant needs to use a specialized report, the matter must be handled in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF), except when there is a public quotation for such marketable securities in the active market or the Financial Supervisory Commission has stipulated otherwise.

2. Acquire or dispose of real estate and equipment

- (1) General fixed assets purchases must be handled by the General Affairs Department in the form of bidding, price comparison, or price negotiations. Requisitions of an amount exceeding TWD 1 million require, besides approval from department heads, approval from the Deputy General Manager. Requisitions of an amount exceeding

TWD 50 million require approval from the General Manager.

- (2) To purchase a vessel, the Operations Department must first prepare an operation plan, then the Finance Department must draw up a financing plan, which both must be submitted to the Board for discussion and resolution. After the Company has obtained written approval from the Ministry of Transportation and Communications, the Company may sign the vessel construction contract or tender contract.
- (3) To dispose of a vessel, the Board must first pass a resolution, then obtain written approval from the Ministry of Transportation and Communications, before the Operations Department executes the disposal process.
- (4) To acquire or dispose of buildings, land, or vessels, reference must be taken from publicly announced current value, appraised current value, actual transaction prices or book values of nearby real estate, suppliers' quotations, etc. If these Rules require disclosure or reporting, an Appraisal Company must be engaged to issue an appraisal.
- (5) Obtaining the appraisal report

With the exception of transactions with government agencies, construction on own land, construction on leased land, or acquisition or disposal of equipment for business use, transactions of acquisition or disposal of real estate or equipment, when exceeding 20% of the Company's paid-up capital or TWD 300 million, require an appraisal report from an Appraisal Company before the Date of the Event, and must comply with the following provisions:

1. When pricing is constrained due to special reasons, a specific price or a special price may be used as a reference basis for the transaction price, and the transaction must first be approved by the Board. The same applies when the transaction conditions are changed.
2. If the transaction amount reaches TWD 1 billion or more, more than two professional Appraisers must be engaged to make an appraisal.
3. Except when the appraisal result of the acquired assets is higher than the transaction amount, or the appraisal result of the disposed assets is lower than the transaction amount, the appraisal result of the Appraisers must be handled by a Certified Public Accountant (CPA) in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF). This CPA must issue a concrete opinion regarding the reason for the difference and the appropriateness of the transaction price if one of the following circumstances apply:
 - (1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.
 - (2) The difference between the appraisal results of the two or more Appraisers is more than 10% of the transaction amount.
4. The time between the date of the appraisal report and the contract date must not exceed three months. However, if the publicly announced current value of the same period does not exceed six months, the original Appraiser may issue a written opinion.

3. Acquisition and disposal of memberships and intangible assets

- (1) With regard to the acquisition and disposal of memberships and intangible assets, the department using them must take reference from fair market prices to determine the transaction conditions and the transaction price and lay these down in an analysis report. If the amount of the intangible assets is less than TWD 5 million, the transaction must be approved by the Deputy General Manager. If the amount of the intangible assets is more than TWD 5 million, the transaction must be approved by the General Manager.
- (2) With the exception of transactions with government agencies, transactions to acquire or dispose of memberships or intangible assets exceeding 20% of the Company's paid-up capital or TWD 300 million require an opinion statement from a CPA attesting to the reasonableness of the transaction price and given before the Date of the Event. This opinion must be in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF).

4. Transactions with Related Parties

With the exception of items III.1, 2, 3 of these Procedures and the provisions below regarding related resolution procedures, the assessment of the reasonableness of transaction conditions and so forth, transactions between the Company and Related Parties to acquire or dispose of assets with a transaction amount exceeding 10% of the total assets of the Company require an opinion statement from an Appraiser as referred to in items III. 1, 2, 3 of these Procedures or from a CPA.

The calculation of the transaction amount of the preceding paragraph must be handled in accordance with item IV.1.6 of these Procedures.

In the assessment of whether a transaction party is a Related Party, the substantive relationship must be considered in addition to its legal form.

- (1) With the exception of purchasing or selling domestic bonds, bonds under repurchase or resale agreements, currency market funds issued by domestic securities investment trust companies that repurchase or resell them, in the event of a transaction to acquire or dispose of real estate or its right-of-use assets between the Company and a Related Party, or a transaction to acquire or dispose of real estate from or to a Related Party exceeding 20% of the Company's paid-up capital, exceeding 10% of the Company's total assets, or exceeding TWD 300 million, the following must be proposed and adopted by the Board and approved by the Supervisors before the transaction contract may be signed and payment effectuated:
 1. The purpose, necessity, and expected benefits of the acquisition or disposal of the assets concerned.
 2. Reasons for selecting the person as a transaction party.
 3. Obtain information from the Related Party regarding the reasonableness of the intended transaction conditions for the real estate appraisal.
 4. Information describing the relationship between the Company and the Related Party, such as original acquisition dates, prices, transaction parties, and their relationships with the Company.

5. A table of estimated monthly cash flows for the year starting from the date of the intended transaction, and an assessment of the necessity of the transaction and the reasonableness of the use of funds.
6. An appraisal report issued by a professional Appraiser in accordance with these Procedures or the opinion of an accountant.
7. Restrictive conditions and other important matters of this transaction.

The calculation of the transaction amount of the preceding paragraph must follow item IV.1.6 of these Procedures. The term “within the preceding year” in that item must be understood as calculated retroactively from the Date of the Event. If a calculation has been proposed and adopted by the Board and approved by the Supervisors for adoption, this calculation does not need to be made again.

The Board may authorize its Chairman to handle transactions up to a certain amount between a publicly traded company and its Parent Company, subsidiary, or a subsidiary 100% of whose issued shares or all of its capital are held directly or indirectly by its Parent Company, and report the transaction at the first Board Meeting held after the transaction for ratification:

When the Company has Independent Directors in accordance with the Securities and Exchange Act, and the matters set forth in the preceding subparagraph are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.

When the Company has an Audit Committee in accordance with the Securities and Exchange Act, the matters that must be adopted by the Supervisors in accordance with the provisions of the first paragraph must be approved by a majority of all members of the Audit Committee and must be submitted to the Board for discussion and resolution.

If the preceding paragraph is not approved by a majority of all members of the Audit Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.

“All members of the Audit Committee” and “all members of the Board” referred to in paragraphs must be counted as the actual number of persons currently holding those positions.

- (2) When the Company acquires real estate from a Related Party, it must review the reasonableness of the price of the real estate following the points below and an accountant must check the review and issue an opinion statement.
 1. Calculate the necessary fund interest and the buyer’s cost based on the transaction price of the Related Party. The so-called necessary capital interest cost calculated based on the weighted average interest rate of the Company’s borrowings for its purchases over the preceding year must not be higher than the non-financial industry

maximum borrowing rate announced by the Ministry of Finance.

2. If the Related Party pledges a real estate object to a financial institution as collateral for its loan, the financial institution must appraise the total value of the loan for which the real estate object has been pledged, and the cumulative value of the actual loans provided by the financial institution based on the pledged real estate object must be more than 70% of the total value of those loan and the loan term must be longer than a year. This requirement does not apply when the financial institution and the other party are Related Parties to one another.
3. In the event of joint purchase of land and buildings of the same real estate object, the transaction costs may be appraised separately for the land and the buildings through any of the methods set forth in the two preceding paragraphs.

In any of the following circumstances, the matter may be handled in accordance with the resolution procedures set forth in item III.3.1 of these Procedures, and the preceding provisions on the reasonableness of the transaction costs will not apply:

1. A Related Party acquires the real estate due to inheritance or as a gift.
 2. The time elapsed from the conclusion of the contract until the acquisition of the real estate or its right-to-use assets by the Related Party is more than five years.
 3. The Company signs a contract with a Related Party for joint construction, for commissioned construction by the Related Party on the Company's own land, leased land, or land acquired from the Related Party.
- (3) In accordance with item III.3.2 of these Procedures, if the appraisal result is lower than the transaction price, the matter must be handled in accordance with item III.3.4. However, in the following circumstances, or when there is objective evidence and a specific opinion on the reasonableness [of the transaction price] from a real estate appraiser and accountant, the above requirement does not apply:
1. If a Related Party acquires or leases mere land and then proceeds to construct on it, evidence of which may be one of the following conditions:
 - (1) The land is appraised in accordance with the method stipulated in the preceding article, while the building is appraised based on a reasonable construction profit added to the Related Party's construction cost, and the total amount exceeds the actual transaction price. The so-called reasonable construction profit must be based on the average gross operating profit margin of the Related Party's construction department over the past three years or be lower than the latest construction industry gross profit margin announced by the Ministry of Finance.
 - (2) Other cases with unrelated parties purchasing real estate in the same real estate object (another floor or nearby area) and a similar surface area within the preceding year, and the transaction conditions for such purchases or leases were appraised as reasonable under similar conditions.
 - (3) Other transaction cases with unrelated parties purchasing real estate in the same real estate object (another floor or nearby area) within the preceding year, and the transaction conditions for such leases were appraised as reasonable when considering the difference in floor levels and other conditions being equal.

2. Other transaction cases with unrelated parties purchasing a real estate object of a similar surface area in a nearby area within the preceding year. “Realized cases in nearby areas” refers to the principle of transactions of real estate in the same or a nearby area not farther away than 500 meters from the intended transaction and of a similar publicly announced present value. “Similar surface area” refers to the principle that the case of the unrelated party should not be less than 50% of the surface area of the intended transaction. “Within the preceding year” refers to the year prior to the Date of the Event of the intended transaction of the acquisition of real estate.
- (4) When acquiring real estate from a Related Party, if the appraisal results in accordance with the provisions of item III.3.2 and 3 of these Procedures are lower than the transaction price, the matter must be handled as follows:
 1. Pursuant to Article 41, paragraph 1, regarding special surplus reserves, of the Securities and Exchange Act, the difference between the transaction price of the real estate and the appraised cost cannot be distributed or transferred as shared to increase the Company’s capital. If a publicly traded investment company uses the equity method for its appraisal, it must set aside a special surplus reserve for the proposed amount Article 41, paragraph 1 of the Securities and Exchange Act.
 2. The Supervisors must handle matters in accordance with the provisions of Article 208 of the Company Act.
 3. The handling status pursuant to subparagraphs 1 and 2 must be reported to the Shareholders Meeting and the details of such transactions must be disclosed in the Annual Report and a public announcement.

If a publicly traded company sets aside a special surplus reserve in accordance with the foregoing provisions, an asset purchased at a high price must be recognized as a loss or penalty, the asset must be restored to its original state Or if the absence of unreasonable circumstances is supported by other evidence, the matter must be approved by the competent authority in charge of the financial sector before the special surplus reserve can be used again.

When a publicly traded company acquires real estate from a Related Party, and other evidence demonstrates that the transaction does not follow normal business practice, the matter must be handled in accordance with the preceding two provisions.

5. Acquisition and disposal derivatives

(1) Trading principles and guidelines

1. Types of transactions

To hedge risks that may occur in its operations, or to invest and manage its assets, the Company may enter into forward contracts, option contracts, futures contracts, interest and currency swap contracts, bond margin trading, and combinations of such commodities.

2. Division of powers and responsibilities

- (1) Finance Department: In charge of executing transactions in accordance with these Procedures. The Department also must collect market information on a regular basis, stay abreast with laws and

regulations and operational skills in order to provide timely information to the management.

- (2) Accounting Department: In charge of confirming, settling, and registering the details of transactions.

3. Transaction quota

- (1) Hedging transactions: The total amount of transaction contracts cannot exceed the total amount of the hedged items.
- (2) Financial management transactions: These are executed by specially designated and authorized personnel and require the approval of the General Manager. The total transaction amount of this type of contract is limited to 20% of the Company's capital. The loss limit of all contracts and individual contracts is set at 30% of the contract price.

4. Performance appraisal

- (1) Earnings targets are set commensurate with the size of the units concerned and are regularly reviewed.
- (2) Monthly net earnings are reviewed in the same month, and the findings, future production, and risk hedging are discussed with the units concerned to offer guidance for future operations.

(2) Operating procedures

1. Authorized amounts and management levels

- (1) In line with the Company's turnover and changes in its risk-exposed units, the following table of authorized amounts has been prepared, approved by the Chairman for implementation, and submitted to the Board for approval and archiving. Any amendments must be approved by the Chairman.

<u>Authorized unit</u>	<u>Single transaction amount</u>
Board of Directors	More than USD 5 million
General Manager	Less than USD 5 million
Deputy General Manager	Less than USD 1 million

Any transaction amount must be approved by a person authorized for that amount. Amounts in other currencies are converted to USD and handled in accordance with this table.

- (2) To enable our banks to properly supervise our transactions, our authorization limits and operational and risk-hedging strategies must be communicated to our banks, and any changes in them must be immediately communicated to our banks. Besides executing the current agreements with our Company, our banks are expected to manage and control our Company and its departments on the basis of this table.

2. Execution: units and procedures

- (1) Execution of transactions: the trading personnel of the Finance Department must conduct transactions with our banks within the limits of their authorized amounts. Immediately after each transaction, a transaction form describing the transaction must be completed, signed for approval by a manager, after which a the Statistics

Department sends a copy of the transaction form to the Accounting Department.

- (2) Confirmation, execution, and registration of transactions: The Accounting Department must confirm each transaction on the basis of a copy of the transaction order completed by the trading unit, settle the transactions and record their details on the basis of the confirmed numbers, and send an overview table to the trading unit of the Finance Department.

(3) Internal control system

1. Transactions and confirmations

- (1) Continuously monitor the market.
- (2) Each transaction must be confirmed line by line against the transaction form.
- (3) A transaction form must be completed immediately after each transaction and signed for approval by the manager.
- (4) The transaction amount must be in accordance with the provisions regarding the authorized amounts set forth in these Procedures.
- (5) Transactions are confirmed against the transaction forms.

2. Risk management

(1) Credit risk management

- A. The transaction counterparts are defined as banks with which the Company has business dealings.
- B. After each transaction, registration personnel must register the amount in a management and control table and regularly compare these with the banks' records.

(2) Market risk management

- A. The registration personnel must check for each transaction whether the total transaction amount is in accordance with the authorization limits set forth in these Procedures.
- B. Each week, the trading unit of the Finance Department and the Accounting Department each carry out market price assessments and pay attention to the potential impact of future market price fluctuations on the units involved in those transactions.

(3) Liquidity risk management

Transaction personnel must adhere to the authorized amounts and bear in mind the Company's cash flow to ensure sufficient cash is available to settle transactions.

(4) Operational risk management

- A. Personnel cannot concurrently fulfill transaction roles and confirmation and settlement roles.
- B. Each operational action must be authorized and supervised by a manager.

(5) Legal risk management

Documents signed with banks must be signed by legal personnel.

3. Regular appraisals

- (1) In accordance with directions from the Board, the General Manager must pay attention to the supervision and control of risks from derivative commodity

trading.

- (2) The trading unit of the Finance Department must summarize the content of and units involved in hedging transactions at the middle and end of each month, and evaluate their market prices, earnings status, future risks, units involved, market conditions, and hedging strategies, and compile those into an appraisal report, which must be reviewed by the manager before being sent to the Accounting Department. Wealth management transactions must be evaluated once a week.
- (3) After the Accounting Department has verified the transaction details and market price assessments in the assessment report as correct, the report must be sent to the General Manager together with the earnings statement and the transaction amount management and control table. A copy of the report must be sent to the Auditing Department, and the manager of the Accounting Department must report on it to the General Manager.
- (4) The General Manager must assess, on the basis of the data and the monthly audits by the Auditing Department, whether the currently used risk management procedures are appropriate and ensure handling in accordance with these Procedures. The General Manager must also regularly report to and discuss with the Board whether the performance of the derivatives transactions is in line with the Company's established business strategy and whether the risks assumed are within the scope permitted by the Company.
- (5) If the market price assessment report finds any anomalies (e.g. the unit involved has exceeded its loss limit), the General Manager must report the situation to the Board and take appropriate countermeasures.

(4) Internal audit system

The internal auditing personnel of the internal auditing system must periodically review the sufficiency of the internal controls, and check on a monthly basis the compliance status of the trading unit's adherence to procedures. It must analyze transaction cycles and compile them into a report. It must also execute the annual internal auditing plan and file a report [on the plan's execution] to the Financial Supervisory Commission (FSC) before the end of February and report progress on improving irregularities to the FSC no later than the end of May.

6. Acquisition and disposal of assets by legal merger, demerger, acquisition or transfer of shares :

- (1) When handling mergers, demergers, acquisitions or transfers of shares, the Company should consult lawyers, accountants, or securities underwriters to jointly study the estimated timetable of the legally required procedures, implement them in accordance with those procedures, and consult accountants before convening a Board meeting to adopt resolutions on such matters. The lawyers, accountants, or securities underwriters consulted should provide their opinions on the reasonableness of the conversion ratio, the purchase price, and distribution [of the proceeds] to the shareholders in the form of cash or other assets, and submit these opinions to the Board for discussion and approval.

However, mergers between the Company and a Subsidiary 100% of whose issued shares or capital are directly or indirectly held by the Company, and mergers between

Subsidiaries 100% of whose issued shares or capital are directly or indirectly held by the Company may be exempted from obtaining opinions on their reasonableness from the foregoing experts.

- (2) The Company must compile the main contractual content and related information regarding such a merger, demerger, or acquisition into a public document and submit it, together with the opinions on their reasonableness from the foregoing experts, to the shareholders before the Shareholders Meeting to serve as a reference for their decision whether or not to agree to the merger, demerger, or acquisition, unless the law provides that the intended merger, demerger, or acquisition does not require a Shareholders Meeting to adopt a resolution on the matter. In addition, if such a Shareholders Meeting cannot be held, due to a lack of attendees, unmet quorum, or other legal constraints, or resolutions or motions are rejected by the Shareholders Meeting, the shareholders of any company that is party to the merger, demerger or acquisition must immediately publicly disclose the reasons for the events, the next steps to be taken, and the expected date of the next Shareholders Meeting.

(3) Other points of attention

1. Dates of Board meetings and Shareholders Meetings: Unless the law provides otherwise or special reasons necessitate that they immediately notify the FSC to obtain its approval, companies that are party to a merger, demerger, or acquisition must convene a Board Meeting and Shareholders Meeting on the same day to adopt resolutions on matter relating to the merger, demerger, or acquisition. Companies party to a merger, demerger, or acquisition must convene a Board Meeting and Shareholders Meeting on the same day to adopt resolutions on matter relating to the merger, demerger, or acquisition.
2. Confidentiality commitments until the event: All persons involved in or cognizant of the Company's plans for a merger, demerger, acquisition or transfer of shares must issue a written commitment to confidentiality. Until public disclosure, the contents of the plan cannot be leaked. Also, these persons are not allowed to purchase or sell, in their own name or under another person's name, any shares or marketable securities with an equity nature of companies that are party to such a merger, demerger, or acquisition.
3. Principle to determine and adjust share conversion ratios and share purchase prices: The companies that are party to a merger, demerger, or acquisition must, before holding their Board Meetings on the matter, consult lawyers, accountants, or securities underwriters to provide their opinions on the reasonableness of the conversion ratio, the purchase price, and distribution [of the proceeds] to the shareholders in the form of cash or other assets, and submit these opinions to the Shareholders Meeting. In principle, the conversion ratio or the purchase price cannot be changed, unless the contract contains provisions on such changes and any such changes will be publicly disclosed. Conversion ratios and purchase prices may be changed as follows:
 - (1) To increase cash capital, issue converted corporate bonds and stock dividend, issue corporate warrant bonds, special-rights shares, warrants, and other

securities of an equity nature.

- (2) To deal with the Company's major assets and other activities that affect the Company's financial and operational activity.
 - (3) To respond to major disasters, major technological changes, etc. affecting the shareholders' rights, interests, or securities prices.
 - (4) To adjust the legal share buy-back of any company that is party to a merger, demerger, acquisition or transfer of shares.
 - (5) The number of entities or households participating in mergers, divisions, acquisitions or share transfers has increased or decreased.
 - (6) To execute any changes on which a contract contains provisions and which changes will be publicly disclosed.
4. Mandatory content of contracts: Besides what is stipulated by Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, any contract regarding a merger, demerger, acquisition or transfer of shares must contain the following:
- (1) The ways in which breach of contract will be handled.
 - (2) The principles by which equity-type securities and repurchased treasury shares of a company that is liquidated or divided due to a merger.
 - (3) The principles by which and the quantities in which legally repurchased treasury shares will be handled, based on the standard conversion ratio of shares of companies that are party to a merger, demerger, or acquisition.
 - (4) The ways in which increases, decrease, and changes in the number of companies that are party to a merger, demerger, or acquisition will be handled.
 - (5) The estimated time paths for the execution and completion of the deal.
 - (6) The procedures in case the deal is not completed on schedule, such a scheduled date of a legally required Shareholders Meeting, and the like.
5. The number of entities or households participating in mergers, divisions, acquisitions or share transfers has increased or decreased: After any company that is party to a merger, demerger, acquisition or transfer of shares publicly discloses information such as its interest in discussing a merger, demerger, acquisition or transfer of shares with another company, the number of companies involved in the deal concerned decreases, the companies concerned may need to convene new Shareholders Meetings to discuss and adopt new resolutions, and the remaining companies must go through all completed procedures and legal steps once again.
6. If a company that is party to a merger, demerger, acquisition or transfer of shares is not a publicly-traded company, the Company must, pursuant to items III.6.3.1, 2, 5 of these Procedures: convene a Board Meeting; commit to confidentiality until the event; and follow the provisions regarding mergers, demergers, acquisitions or share transfers, respectively.
7. When a company that is listed on the stock exchange or whose shares are traded on the securities market, participates in a merger, demerger, acquisition or transfer of shares, the following matters must be included in written records and kept for five years for verification purposes:

- (1) Basic personnel information: including all persons who participated in the planning and execution of a merger, demerger, acquisition or transfer of shares from before it was announced as news, including their titles, names, and national identity card number (or passport number in the case of foreigners).
- (2) Important dates: including the dates of signing a letter or memorandum of intent, of commissioning financial or legal consultants, of signing the contract, and of Board Meetings.
- (3) Important documents and proceedings: including plans for mergers, divisions, acquisitions or share transfer plans, letters or memoranda of intent, important contracts, and minutes of Board Meetings.

When a company that is listed on the stock exchange or whose shares are traded on the securities market, participates in a merger, demerger, acquisition or transfer of shares, the information set forth in subparagraphs 1 and 2 of the preceding paragraph must, within two days from its adoption by the Board, be reported to the FSC in the prescribed format through the online system, for review purposes.

When a company that is not listed on the stock exchange or whose shares are traded on the securities market, and a company that is listed on the stock exchange or whose shares are traded on the securities market, are parties to a merger, demerger, acquisition or transfer of shares, they must sign an agreement and handle matters in accordance with subparagraph 3.

iv. Information Disclosure Procedures

1. Matters requiring disclosure and disclosure and reporting standards

- (1) Acquisition or disposal of real estate or other assets from or to a Related Party with transaction amounts exceeding 20% of the Company's paid-up capital, exceeding 10% of its total assets, or exceeding TWD 300 million, with the exception of purchasing or selling bonds, bonds under repurchase or resale agreements, currency market funds issued by domestic securities investment trust companies that repurchase or resell them.
- (2) Mergers, demergers, acquisition or transfer of shares.
- (3) Losses from trading in derivatives when those losses reach the maximum amount of losses for all contracts or individual contracts allowed by these Procedures.
- (4) Equipment belonging to the categories of common business use acquired from or disposed of to an unrelated party, if the transaction amount meets any of the following:
 1. The amount of paid-in capital is less than TWD 10 billion, and the transaction amount exceeds TWD 500 million.
 2. The amount of paid-in capital exceeds TWD 10 billion and the transaction amount exceeds TWD 1 billion.
- (5) Real estate acquired under an arrangement of commissioned construction on the Company's own land, commissioned construction on leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction exceeds TWD 500 million.

- (6) Asset transactions other than those set forth in the preceding five subparagraphs or investments in the Mainland Area, with transaction amounts exceeding 20% of the Company's paid-in capital or TWD 300 million. However, these restrictions do not apply in the following circumstances:
1. Purchasing and selling public debt.
 2. Trading in marketable securities on the stock exchange or securities market by investors, or ordinary corporate bonds issued and non-equity-related financial bonds subscribed to in the primary market.
 3. Currency market funds issued by domestic securities investment trust companies that purchase and sell bonds under repurchase or resale bonds and purchase and sell domestic securities.
- (7) The calculation method for the transaction amounts is as follows. The term “within the preceding year” must be understood as calculated retroactively from the Date of the Event. If a calculation has been publicized in accordance with the regulations, this calculation does not need to be made again.
1. The amount of each transaction.
 2. Amounts of acquisitions or disposals per counterpart and per type of transaction accumulated over the preceding year.
 3. Amounts of acquisitions or disposals per counterpart and per type of transaction accumulated over the preceding year.
 4. Amounts of acquisitions or disposals per type of marketable securities (with acquisitions and disposals accumulated separately).
2. Time limits for disclosures and reporting:
- If an acquisition or disposal by the Company involves matters requiring disclosure and a transaction amount requiring disclosure, the disclosure and reporting must take place within two days from the Date of the Event.
3. Disclosure and Reporting Procedures:
- (1) The Company must disclose and report the information to the website designated by the Financial Supervisory Commission.
 - (2) Before the 10th of each month, the Company must enter, in the required format, into the information reporting website designated by the FSC the status of its derivatives trading between the Company and the domestic non-publicly traded Subsidiaries of the Company during the previous month.
 - (3) The Company must file a completely new disclosure and report from scratch within two (2) days after it has found any omissions or errors.
 - (4) The Company must retain all contracts, meeting minutes, record books, appraisal report, and opinions from accountants, lawyers, or securities underwriters at its offices for five years, unless the law provides otherwise.
 - (5) After disclosure and reporting of its transaction in accordance with the preceding article, the Company must disclose and report additional information within two (2) days after the Date of the Event to the website designated by the Financial Supervisory Commission, if any of the following circumstances arises:
 1. The original transaction contract has been changed, terminated, or dissolved.

2. The merger, demerger, acquisition or transfer of shares has not completed in accordance with the time schedule.
3. The content of the original disclosure and report has changed.

v. Investment scopes and amounts

The Company and its Subsidiaries may acquire real estate and marketable securities for non-operating purposes in addition to acquiring assets for business process in accordance with these Procedures, provided that the total amount of such transactions do not exceed 50% of the Company's net value and that investments in individual marketable securities do not exceed 10% of the Company's net value.

vi. Other important matters

1. Appraisal Companies, Law Firms, Securities Underwriting Firms and their Appraisers, Lawyers, And Accountants that issue appraisal reports and opinion statements, cannot be Related Parties to the transaction parties.
2. If a transaction to acquire or dispose of assets requires approval from the Board in accordance with these Procedures or the law, other legal provisions, and a Director expresses dissent and this is contained in the minutes or a written statement, the Company must submit the Director's dissenting opinion to the Supervisors. When the Company has Independent Directors in accordance with the Securities and Exchange Act, and the matters set forth in the preceding subparagraph are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.

When the Company has an Audit Committee in accordance with the Securities and Exchange Act, transactions involving major assets or derivatives must be approved by a majority of all members of the Audit Committee and must be submitted to the Board for discussion and resolution.

If the preceding paragraph is not approved by a majority of all members of the Audit Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.

“All members of the Audit Committee” and “all members of the Board” referred to in paragraphs must be counted as the actual number of persons currently holding those positions.

3. Those who obtain or dispose of assets through the court auction procedure can replace the appraisal report or accountant's opinion with the certification documents issued by the court.
4. The Company will disclose and report any acquisition or disposal of an asset by not publicly traded domestic Subsidiary, whenever regulations so require. The above-mentioned subsidiaries must announce the reporting standards for 20% of the paid-up capital or 10% of the total assets, which must be subject to the paid-in capital or total assets of the Company.
5. Wherever any provisions of these Procedures refer to “10% of the total assets”, the percentage

must be calculated based on the total assets in the most recent individual or individual financial reports prepared under the securities issuer's financial reporting standards.

Whenever a company share has no nominal value or its value is not a multiple of TWD 10, any provisions in these Procedures referring to an amount of 20% of the Company's paid-in capital must be calculated as a 10% interest in the Parent Company.

vii. **Penalty**

The employees of the Company who undertake the acquisition and disposal of assets in violation of these Procedures must submit the assessment in accordance with the working rules of the Company and must be punished in accordance with their circumstances.

viii. **Implementation and revision**

After the Company's Procedures regarding the acquisition or disposal of assets have been approved by the Board, they must be sent to the Supervisors and submitted to the Shareholders Meeting for approval. The same applies to their amendments. If a Director expresses dissent and this is contained in the minutes or a written statement, the Company must submit the Director's dissenting opinion to the Supervisors.

When the Company has Independent Directors in accordance with the Securities and Exchange Act, and the matters set forth in the preceding subparagraph are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, it must be recorded in the minutes of the Board Meeting.

When the Company has an Audit Committee in accordance with the Securities and Exchange Act, adoption of or amendments to the Procedures Regarding the Acquisition and Disposal of Assets by the Company and its Subsidiaries require consent from a majority of all members of the Audit Committee and must be submitted to the Board for discussion and adoption.

If the preceding paragraph is not approved by a majority of all members of the Audit Committee, more than two-thirds of all Directors may agree to implement it. The resolution of the Audit Committee must be recorded in the minutes of the Board Meeting.

“All members of the Audit Committee” and “all members of the Board” referred to in paragraphs must be counted as the actual number of persons currently holding those positions.

**Operational Procedures for Loaning of Company Funds of Sincere Navigation Corporation
and its Subsidiaries**

June 25, 2013

Amendment adopted by the
Shareholders Meeting

- Article 1 During business dealings or when it has a need for short-term financing, the Company plans to issue a loan to another to a non-shareholder or other company, that matter must be handled in accordance with these Procedures.
- Article 2 Capital loans: appraisal standards:
1. Capital loans for business dealings: A proper lending amount must be determined in view of the Company's business dealings over the years with the company concerned.
 2. Need of short-term financing: For affiliated companies that need short-term financing for the purchase and building of a new vessel, repayment of a loan, revolving funds for operations, and so forth.
- Article 3 Capital loans: amount limits and individual beneficiaries:
1. Business dealings: The Company grants loans based on its financial situation at the time. The maximum loan and total amount must not exceed 40% of the Company's net value, and no individual beneficiary can receive more than 30% of the Company's net value.
 2. Need of short-term financing: The maximum loan and total amount must not exceed 40% of the Company's net value, and no individual beneficiary can receive more than 30% of the Company's net value.
 3. Foreign companies in which the Company directly or indirectly holds 100% of the voting shares, or foreign companies in which the Company directly or indirectly holds 100% of the decision-making shares: The maximum loan and total amount must not exceed 100% of the lending Company's net value.
- Article 4 Capital loans: terms and interest calculation methods
- With the exception of the five-year time limit on capital loans to foreign companies in which the Company directly or indirectly holds 100% of the decision-making shares: short-term capital loans are limited to one year, and the interest cannot be lower than the highest monthly interest rate that the Company applies to short-term loans from financial institutions. No interest is charged on capital loans from the Company to 100% reinvested Subsidiaries. The same applies to capital loans from 100% reinvested companies to the parent company, and from the parent company to other 100% reinvested affiliated companies.
- Article 5 Capital loans: handling and review procedures:

6. To receive financing, an affiliated enterprise must issue a financing request (or official letter). The Company will then evaluate the Company's operational risk from the loan and its impact on its financial situation and the rights and interests of the shareholders, while the department involved reviews the loan's necessity, its purpose, efficacy, and repayment plan, and gives its opinion on the credit risk of the loan, after which the Finance Department will determine the interest and loan period. Next, the capital loan plan will be submitted to the Board for discussion and, if passed, be executed.
7. Any capital loan between the Company and its Subsidiaries or between its Subsidiaries requires a resolution of the Board, as set forth in the preceding paragraph. The Board may authorize the Chairman to release a capital loan in installments to a certain counterpart up to a certain amount up to one year. That certain amount cannot exceed 10% of the Company's net value in its most recent financial statement and must comply with Article 3 of these Procedures.
8. Capital loans to non-affiliated enterprises require, in addition to complying with the preceding paragraphs, a guarantee note to the amount of the loan or a sufficient pledge of real estate or a real estate-like asset.

Article 6 Disclosure and Reporting Procedures:

1. The accounting unit must disclose capital loans of the previous month between the Company and its Subsidiaries and their balance before the 10th of each month.
2. If the Company's capital loans and balance reaches one of the following standards, the accounting unit must disclose those within two days from the Date of the Event:
 - (1) The balance of loans between the Company and its Subsidiaries has exceeded 20% of the Company's net value in its most recent financial statement.
 - (2) The balance of loans between the Company and its Subsidiaries has exceeded 10% of a single company's net value in its most recent financial statement.
 - (3) The balance of loans between the Company and its Subsidiaries has exceeded TWD 10 million and has exceeded 2% of the Company's net value in its most recent financial statement.

If the Company's Subsidiary is not a domestic publicly traded company, the disclosure and reporting items set forth in subparagraph 3 of the preceding paragraph will be disclosed and reported by the Company.

"Date of the Event" refers to the day of signing a contract, the day of payment, the day of a board resolution, or another date on which a capital loan, beneficiary, and amount are fully determined, and so forth.

Article 7 Procedures regarding management and control measures for capital loan amounts and the handing of overdue rights:

The Company's relevant departments must regularly inspect and evaluate the financial

status of the loan beneficiaries. In the event of overdue claims, the Company may, in accordance with the law, dispose of the collateral provided or seek recovery from the guarantor(s).

Article 8 Capital loans: registration and auditing

1. The Finance Department must keep a record book of its capital loans, in which it records such details as the beneficiaries, amounts, dates of Board resolutions, dates of loan releases, and its careful appraisals under these Procedures.

The Company's internal auditors must at least quarterly audit the Capital Loans to Third-Parties Operating Procedures and their implementation, and compile those audits into written records. If any major violations are found, the Supervisors must be notified in writing.

2. If the Company's circumstances change such that the capital loan beneficiary no longer qualifies under the Capital Loans to Third-Parties Operating Procedures or exceeds the maximum amounts, the Finance Department must formulate an improvement plan, submit it to the Supervisors, and complete the improvements on schedule.

Article 9 Penalties

Violations of these Procedures by the Company's managers or organizers must be reported and evaluated in accordance with the Company's work rules and be penalized commensurate to their circumstances and severity

Article 10 Subsidiary control procedures

1. If a Subsidiary of the Company needs a capital loan for the purpose of business dealings or needs [short-term] financing from the parent company or another company, the preceding procedure must be followed in full.
2. Before the 10th of each month, the Subsidiary must submit a capital loan overview table of the previous month to the Company. If a capital loan reaches the standard set forth in Article 6, paragraph 1, subparagraph 2 of these Procedures, the Company must immediately be notified so that it can disclose and report the matter.
3. When the Company's audit personnel reviews the Subsidiaries under its annual audit plan, they must also seek to inform themselves of the implementation status of the Capital Loans to Third-Parties Operating Procedures, and compile those audits into written records. If any matters are found missing, they must track the improvements and compile a report for the General Manager.

Article 11 These Procedures are implemented after adoption by the Board, submission to the Supervisors, and submission to the Shareholders Meeting for approval. If a Director expresses dissent and this is contained in the minutes or a written statement, the Company must submit the Director's dissenting opinion to the Supervisors. The same

applies to amendments.

If the Company has Independent Directors, and in accordance with the provisions of the preceding paragraph, the Capital Loans to Third-Parties Operating Procedures of the Company and its Subsidiaries are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. Strong opinions of consent or objection and the reasons for any objection must be recorded in the minutes of the Board Meeting.

**Operational Procedures for Endorsement and Guarantees of Sincere Navigation Corporation
and its Subsidiaries**

June 25, 2013

Amendment adopted by the Shareholders Meeting

i. Purpose

These Procedures have been formulated in order to protect the interests of shareholders, improve the Company's financial management regarding endorsements and guarantees, and reduce operational risks.

ii. Scope of application

The endorsements referred to in these Procedures include:

1. Financing endorsements and guarantees:
 - (1) Discounted notes financing.
 - (2) Endorsements and guarantees for the purpose of financing the Company.
 - (3) Notes non-financial undertakings for the purpose of financing the Company.
2. Tariff endorsements and guarantees : Endorsements and guarantees for the purpose of tariffs payable by the Company or other companies.
3. Other endorsements and guarantees: Endorsements and guarantees that cannot be classified into either of the preceding categories of endorsements and guarantees.

The Company pledges movable property or real estate as a guarantee for another company's loan, it must also be handled in accordance with these Procedures.

iii. Beneficiaries of endorsements and guarantees

The beneficiaries of the Company's endorsements and guarantees are limited to the following companies, with the exception of endorsements and guarantees jointly undertaken by all of the shareholders and in accordance with their shareholding ratios.

1. Long-term business partners.
2. Companies, 50% of whose shares with voting rights are directly or indirectly held by the Company.
3. Companies, 50% of whose shares with voting rights are directly or indirectly held.

"Capital loan issuance" in the preceding paragraphs refers to the issuance of loans directly by the Company or by companies in which the Company holds 100% of the voting shares.

The Company may also issue endorsements and guarantees to companies in which it holds 90% of the voting shares, provided that their amount does not exceed 10% of the Company's net value. The Company may also issue endorsements and guarantees to companies in which it holds 100% of the voting shares, without the proviso that their amount does not exceed 10% of the Company's net value.

iv. Endorsements and guarantees

The total amount of the Company's external endorsements and guarantees cannot exceed 2.5

times the Company's net value, and the total amount of the Company's endorsements and guarantees to a single company cannot exceed the Company's net value. Endorsements or guarantees given for the purpose of business dealings cannot exceed the total amount of transactions with the Company in the most recent year. The total amount of external endorsements and guarantees from the Company and its Subsidiaries is limited to three times the Company's net value, and the total amount of the Company's endorsements and guarantees to a single company cannot exceed the Company's net value.

v. Decision-making and authorization hierarchy

1. When the Company pledges an endorsement or guarantee, it must sign for approval in accordance with Chapter VI of these Procedures, and it be approved by a Board resolution before the pledge can be completed. For expediency, the Board may authorize its Chairman to handle endorsements and guarantees up to TWD 200 million in total and TWD 100 million for a single company, and report the transaction at the first Board Meeting held after the transaction for ratification.
2. Company endorsements and guarantees for the purpose of business dealings exceeding the maximum amount set forth in Chapter VI of these procedures require a prior resolution adopted and signed by a majority of the Board before they can be issued. They also require amendments to these Procedures to be submitted to the Board for ratification. If the Shareholders Meeting disagrees, a plan must be made to eliminate the excess endorsements and guarantees within a certain period of time.

If the Company has Independent Directors, in accordance with the provisions of the preceding two paragraphs, the opinions of the Independent Directors must be taken into full consideration. Strong opinions of consent or objection and the reasons for any objection must be recorded in the minutes of the Board Meeting.

Company endorsements and guarantees to companies in which the Company directly or indirectly holds more than 90% of the decision-making shares require a prior resolution adopted and signed by the Board before they can be issued in accordance with Article 3, paragraph 3 of these Procedures. The Company may also issue endorsements and guarantees to companies in which it holds 100% of the voting shares, without the proviso that their amount does not exceed 10% of the Company's net value.

vi. Endorsements and guarantees: execution and review procedures

1. The financial unit must evaluate the necessity and reasonableness of any endorsement or guarantee and its impact on the Company's operational risk, financial situation and the rights and interests of the shareholders, and review in detail whether the beneficiary and the amount comply with these procedures and whether they reach the threshold of disclosure and reporting. It must also fully consider the beneficiary's operations, finances, and creditworthiness, and assess the risks and compile the information into a report. If necessary, collateral must be obtained. The financial unit must then sign its report on the endorsement's or guarantee's content, reasons, and risk assessment outcomes and submit it to the Chairman

for review and approval, who will then present it to the Board for discussion and approval. Endorsements or guarantees within the authorization amount set forth in these Procedures may be approved by the Chairman alone if the beneficiary's creditworthiness and the Company's financial situation allow.

2. The financial unit must establish a record book of endorsements and guarantees. After an endorsement or guarantee has been approved by the Board or the Chairman, a detailed document must be drawn up stating the commitments and guarantees, the name of the beneficiary company, the risk assessment outcomes, the amount of the endorsement or guarantee, a description of the collateral, the date when the endorsement will expire, and conditions under which the endorsement or guarantee will be dissolved. The document must be affixed with signatures and seals. Notes, agreements, and other relevant documents must be attached, and photocopies of it all must be made and kept in proper custody.
3. Every month, the financial unit must prepare an overview table of the guarantees created [, on-going,] and cancelled that month for the purposes of management and control, tracking, and disclosure and reporting. Every quarter, it must also assess and recognize any losses on these endorsements and guarantees, and disclose information regarding these endorsements and guarantees in its financial report and provide the Company's accountant with the necessary information.
4. If the beneficiary of an endorsement or guarantee no longer meets the qualifications of Chapter III of these Procedures, or the amount of the endorsement or guarantee has come to exceed maximum amount due changes in the basis on which the endorsement or guarantee is calculated, the amount in excess must be cancelled within the time prescribed in the contract, or the financial unit may draw up an improvement plan, which must be submitted to the Supervisors and which must be implemented on schedule.
5. Before the expiry date of an endorsement or guarantee, the financial unit must notify the beneficiary that the Company will withdraw its note of endorsement or guarantee from the bank or credit institution where it has been kept, and cancel the contract of endorsement or guarantee.
6. If the beneficiary of the endorsement or guarantee is a Subsidiary whose net value is less than half of the Company's paid-in capital, the time and conditions of the endorsement or guarantee must be clearly stated, and the Subsidiary's financial status and risk must be reviewed regularly. Whenever a Subsidiary's share has no nominal value or its value is not a multiple of TWD 10, the Company's paid-in capital calculated in accordance with these Procedures is the total of the shares plus the paid-in capital minus the issue premium.

vii. Custody and use of the Company's seals

1. The Company must affix the Company Seal registered with the Ministry of Economic Affairs to its endorsements and guarantees. The custody and use of the Company Seal must be handled in accordance with the Company's rules.
2. When issuing an endorsement or guarantee to a foreign company, the Company's letter of guarantee must be signed by a person authorized by the Board.

viii. Disclosure and Reporting Procedures

1. Before the 10th of each month, the financial unit must send the balance of endorsements and guarantees of the Company and its Subsidiaries of the previous month to the accounting unit in order to be entered into the information reporting website of the FSC.
2. In addition to the monthly disclosures and reporting of the balance of endorsements and guarantees, when the balance of endorsements and guarantees of the Company and its Subsidiaries reaches one of the following standards, the financial unit must immediately notify the Accounting Department in order to be entered into the information reporting website of the FSC within two days from the Date of the Event.
 - (1) The balance of the endorsements and guarantees of the Company and its Subsidiaries amounts to more than 50% of the Company's net value in its most recent latest financial statement.
 - (2) The balance of the endorsements and guarantees of the Company and its Subsidiaries for a single enterprise amounts to more than 20% of the Company's net value in its most recent financial statement.
 - (3) The balance of the endorsements and guarantees of the Company and its Subsidiaries for a single enterprise amounts to more than TWD 100 million and the total of the endorsements, guarantees, long-term investments, or capital loans amounts to more than 30% of the Company's net value in its most recent financial statement.
 - (4) The balance of new endorsements and guarantees between the Company and its Subsidiaries has exceeded TWD 300 million and has exceeded 5% of the Company's net value in its most recent financial statement.
 - (5) After the disclosures and reporting as set forth in the preceding items 1-4, the balance of endorsements and guarantees between the Company a single Subsidiary has increased by more than 5% of the Company's net value in its most recent financial statement.

If the Company's Subsidiary is not a domestic publicly traded company, the disclosure and reporting items set forth in subparagraph 4 of the preceding paragraph will be disclosed and reported by the Company.

"Date of the Event" refers to the day of signing a contract, the day of payment, the day of a board resolution, or another date on which a capital loan, beneficiary, and amount are fully determined, and so forth.

ix. Subsidiary control procedures

1. Subsidiaries' external endorsements and guarantees procedures are set by the Company.
2. Before the 10th of each month, [the Subsidiaries] must report the amounts, beneficiaries, and expiry dates of their endorsements and guarantees to the Company. If the amount reaches the standard set forth in Chapter VIII, Article 2 of these Procedures, the Company must immediately be notified so that it can disclose and report the matter.
3. When the Company's audit personnel reviews the Subsidiaries under its annual audit plan,

they must also seek to inform themselves of understand the implementation status of the Subsidiaries' endorsements and guarantees to procedures. If any matters are found missing, they must track the improvements and compile a report for the General Manager.

x. **Penalty**

Violations of these Procedures by the Company's managers or organizers must be reported and evaluated in accordance with the Company's work rules and be penalized commensurate to their circumstances and severity

xi. **Other Matters**

These Procedures are implemented after adoption by the Board, submission to the Supervisors, and submission to the Shareholders Meeting for approval. If a Director expresses dissent and this is contained in the minutes or a written statement, the Company must submit the Director's dissenting opinion to the Supervisors. The same applies to amendments.

When the Company has Independent Directors, and the Endorsement and Guarantee Procedures of the Company and its Subsidiaries in accordance with the preceding subparagraph are submitted to the Board for discussion, the opinions of the Independent Directors must be taken into full consideration. Strong opinions of consent or objection and the reasons for any objection must be recorded in the minutes of the Board Meeting.

The Procedures for Election of Directors and Supervisors of Sincere Navigation Corporaion

June 29, 2016

Amended by the Shareholders Meeting

1. The elections of the Directors and Supervisors of the Company must be handled in accordance with these Procedures.
2. Except where the Company's Articles of Incorporation provide otherwise, in the elections of the Company's Directors and Supervisors, each share has the same number of voting rights as the number of Directors and Supervisors to be elected.
A share's votes may be concentrated on one candidate or spread over several candidates.
3. The Board must prepare the same number of election ballots as the number of Directors and Supervisors to be elected, and must indicate the shareholder's number of votes and the shareholder's attendance number.
4. Before the election, the Chairman must designate several ballot inspectors and ballot counters to perform their respective duties.
5. At the election of Directors and Supervisors, the Board sets up a ballot box, which is opened and inspected by ballot inspectors before the vote.
6. If the elector is a shareholder, the elector must complete his/her company's name and shareholder number in the "elector" field on the ballot.
If the elector is a not shareholder, the elector must complete his/her name and Government Uniform Invoice number. Government.
If the elector is a government agency, the elector must complete the agency's or legal person's name and the name of its representative; in the case of several representatives, all their names must be listed.
7. A ballot is invalid in the following circumstances:
 - (1) If a ballot is used in a way that violates these Procedures.
 - (2) If a ballot is left blank and cast into the ballot box.
 - (3) If the writing on the ballot is illegible or has been altered.
 - (4) In the case of an elector who is a shareholder: If the shareholder name and shareholder number do not correspond with the shareholder records.
In the case of an elector who is not a shareholder: If the personal name and national ID Card number do not correspond.
 - (5) If additional text has been written in addition to the shareholder/personal name, shareholder number/GUI number, and numbers of votes cast.
 - (6) If the shareholder/personal name, shareholder number/GUI number, and numbers of votes have not been completed.
 - (7) If two or more electors are listed on a single ballot together.
8. The Company's Directors, Independent Directors, and Supervisors must be elected by the shareholders from among able persons. If the number of candidates that have received votes is greater than the number of Directors, Independent Directors, and Supervisors' seats, the candidates will be ranked, separately for each type of office, in accordance with the Company's Articles of Incorporation. Those elected as Directors, Independent Directors, and Supervisors in accordance with the preceding paragraph must decide whether to accept their

election as Directors, Independent Directors or Supervisors. If verification of the elected Directors, Independent Directors, and Supervisors yields that their personal details are inconsistent or they are otherwise unqualified for their office under laws and regulations, their office is offered to the candidate next on the candidates list ranked by number of votes received. If two or more persons have received the same number of votes above the electoral threshold, their electoral ranking is decided by those candidates drawing lots. If any candidate or candidates are absent, the Chairman will draw lots in their stead.

The Shareholders Meeting elects and appoints the Independent Directors from a list of nominated candidates. This process follows the requirements of the Company Act and regulations from the competent authority in charge of securities.

9. After the vote, the ballots will be counted on the spot and the election results will be announced on the spot by the meeting chairman.
10. Matters not arranged in these Procedures must be handled in accordance with the Company Act, the Company's Articles of Incorporation, and relevant laws and regulations.
11. These Procedures take effect after they have been approved by the Shareholders Meeting. The same applies to their amendments.
12. These Procedures were adopted on May 28, 2002. The 1st amendment was passed on June 29, 2016.

The impact of stock dividend distribution on the Company's business performance, earnings per share, and return on investment for shareholders

Item		Year	2018 (estimate)
Initial paid-up capital			5,683,042,000
Share dividend per year	Cash dividend per share		0.20
	Earnings allocated to increase capital dividend per share		0.30
	Capital reserve allocated to increase capital		-
Business performance change	Operating profit		Note
	Increase/decrease in operating profit over the same period last year		Note
	After-tax net profit		Note
	After-tax net profit increase/decrease ratio compared with the same period last year		Note
	Earnings per share (before retroactive adjustment)		Note
	Earnings per share compared to the same period last year		Note
	Annual average return on investment (annual average P/E ratio)		Note
Proposed earnings per share and P/E ratio	If the surplus is allocated to a capital increase, the cash dividend will be adjusted.	Proposed earnings per share	Note
		Proposed annual average return on investment	Note
	If the capital reserve is not allocated to the capital increase	Proposed earnings per share	Note
		Proposed annual average return on investment	Note
	If the capital reserve is not allocated and the surplus is allocated to a capital change, the cash dividend will be distributed.	Proposed earnings per share	Note
		Proposed annual average return on investment	Note

Explanation: Does not apply because the Company has not disclosed forecasts.

Chairman: TSAI CHING-PEN

President: HSU, CHI-KAO

Principal Accounting Officer: FAN, HSIAO TING

Sincere Navigation Corporation

[Appendix 8]

List of Directors and Supervisors

Reporting date: April 30, 2019

Position	Name		Number of shares held at the time of election			Current number of shares			Remark
		Date of election	Type	Number of shares	Percentage of shares issued at the time	Type	Number of shares	Percentage of shares issued at the time	
Chairman	TSAI CHING-PEN	June 29, 2016	Common shares	504,235	0.09%	Common shares	504,235	0.09%	
President	HSU, CHI-KAO	June 29, 2016	Common shares	380,000	0.07%	Common shares	500,000	0.09%	
Director	HSU, GEEKING	June 29, 2016	Common shares	8,572,120	1.51%	Common shares	4,295,120	0.76%	Based on the actual number of shares held
Director	CTBC BANK CO., LTD IN CUSTODY FOR ORIENT DYNASTY LTD	June 29, 2016	Common shares	4,326,904	0.76%	Common shares	9,261,904	1.63%	
Director	CTBC BANK CO., LTD IN CUSTODY FOR UPPERCREST ENTERPRISES LIMITED	June 29, 2016	Common shares	13,927,199	2.45%	Common shares	11,383,199	2.00%	
Independent Director	MAO, KWAN HAI	June 29, 2016	Common shares	-	0.00%	Common shares	-	0.00%	
Independent Director	LEE, YEN SUNG	June 29, 2016	Common shares	-	0.00%	Common shares	-	0.00%	
Supervisor	CHING SHAN INVESTMENT CORPORATON	June 29, 2016	Common shares	2,325,676	0.41%	Common shares	1,820,676	0.32%	
Supervisor	CHEN, HUEI CHING	June 29, 2016	Common shares	269,134	0.05%	Common shares	269,134	0.05%	
Total				30,305,268			28,034,268		

Total shares issued on June 29, 2016:

568,304,171 Share

April 30, 2019 Total shares issued:

568,304,171 Share

Remark: Shares held by the Directors of the Company in accordance with the law: 18,185,733 shares. As per April 30, 2019 all Directors held:

25,944,458 Share

Shares held by the Directors of the Company in accordance with the law: 1,818,573 shares. As of April 1, 2019, all Supervisors held:

2,089,810 Share

◎ Shares held by the Independent Directors' are not included in the number of shares held by Directors.