

Handbook for the 2020 Annual Meeting of Shareholders of Yuanta Futures Co., Ltd.

Meeting time: 9:00am on May 27 (Wednesday), 2020

Meeting place: 13F., No.27, Sec. 1, Anhe Rd., Da'an Dist., Taipei City (The Chinese National Futures Association Business Center)

Shareholding of the attending shareholders: 219,527,299 shares of the attending shareholders and by proxy, representing 87.81% of the total issuance of 249,976,288 shares.

Chairman: Director, Lin, Tien-Fu

Clerk: Kuo, Ying-Ying

Attendees: Director and President, Chou, Hsiao-Ling; Director, Sun, Cheng-Hua; Director, Kuo, Mei-Ling; Independent Director, Yu, Chwo-Ming; Independent Director, Huang, Nai-Kuan
CPA Lo, Chiao-Sen of PricewaterhouseCoopers Taiwan
Attorney Liang, Huai-Hsin of Giant Era International Law Firm

I. Meeting commencement: Omitted.

II. Statement by the Chairman: Omitted

III. Reporting matters

1. Presenting the Company's 2019 Business Report. (Attachment I) -- Acknowledged by all present shareholders.
2. Audit Committee has the audit report for the Company's 2019 business report, financial statements, and statement of retained earnings presented for approval. (Attachment II)
-- Acknowledged by all present shareholders.
3. Presenting the 2019 Employees' Remuneration Distribution. -- Acknowledged by all present shareholders.

IV. Acknowledgments:

Case 1:

Subject: Acknowledging the Company's 2019 Business Report and Financial Statements. (The proposal was submitted by the Board of Directors)

- Details:
1. The Company's 2019 consolidated financial statements and the financial statements were audited by CPA Chiao-Sen Lo and CPA Hsiu-Ling Li of PricewaterhouseCoopers Taiwan and were resolved for acceptance on the 27th Meeting of the 10th term Board of Directors (March 19, 2020). The audited financial statements and the business report were reviewed by the Audit Committee without any nonconformity identified and with a review report issued.
 2. For details on the Business Report, Independent Auditor's Report, the consolidated financial statements and individual financial statements, please refer to Attachment 1 and Attachment 3.
 3. The agenda has been proposed for acknowledgment.

Resolutions: This case was voted with 217,819,596 voting rights in favor, accounting for 99.22 % of the total voting rights of the presenting shareholders. There were 22,232 voting right not in favor of the case. There were 1,685,471 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.

Case 2:

Subject: Acknowledging the Company's 2019 Earnings Distribution. (The proposal was submitted by the Board of Directors)

- Details:
1. The 2019 annual earnings distribution proposal was in compliance with the Company Act and the Company's Articles of Incorporation; also, it was resolved for acceptance on the 27th Meeting of the 10th Board of Directors (March 19, 2020). The annual earnings distribution proposal was reviewed by the Audit Committee without any nonconformity identified and with a review report issued.
 2. The Company's undistributed earnings at the beginning of the period is NT\$143,612,225, plus the NT\$3,609,469 actuarial after-tax net profit of the definite welfare plan in 2019, plus the NT\$30,776,828 net profit of equity instruments measured at fair value through other comprehensive income in 2019, plus the NT\$1,135,798,914 after-tax net profit of 2019, plus the NT\$8,027,705 reversal of the fees for the transformation training of employees and the transfer or placement of employees in accordance with the provisions of the official letter referenced Jin-Guan-Zheng-Quan-Zi No. 10500278285, the distributable earnings is NT\$ 1,321,825,141.
 3. After the appropriation of NT\$113,579,891 or 10% of the annual earnings for the legal reserve and

NT\$227,159,783 or 20% for the special reserve, NT\$799,924,122 is proposed as the shareholders' bonus to be distributed. After the distribution above, the undistributed earnings at the end of the period is NT\$181,161,345. Please refer to Attachment Four for further details regarding the earnings appropriation.

4. The 2019 earnings are applied for the distribution of cash dividend, namely NT\$3.2 per share (It is calculated and rounded up to the dollar in accordance with 249,976,288 common stock shares issued. The total number of odd shares for less than NT\$1 is transferred to the Welfare Committee with the postage fees paid by the shareholders themselves). The board of directors will be authorized upon the resolution reached in the shareholders' meeting to have the ex-dividend date determined and the dividend distributed proportionally according to the latest shareholders' registry.
5. Should The Company buyback its shares, transfer treasury stocks to employees, encounter conversions of corporate bonds or engage in any transactions that affect the number of outstanding shares before the dividend base date, the Board of Directors shall be authorized to make the necessary changes with regards to dividend payout per shareholder.
6. The agenda has been proposed for acknowledgment.

Resolutions: This case was voted with 217,979,966 voting rights in favor, accounting for 99.29 % of the total voting rights of the presenting shareholders. There were 53,347 voting right not in favor of the case. There were 1,493,986 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.

V. Discussions

Case 1:

Subject: Partial amendments to the "Articles of Incorporation". (The proposal was submitted by the Board of Directors)

- Details:
1. it is proposed to increase the Company's rated capital and amend Article 5 of the Articles of Incorporation for the purpose of the Company's operations and business development.
 2. In addition, it is proposed to amend Articles 4, 8, 14, 15, 17, 20, 22, 29 and 32 of the Company's Articles of Incorporation, and to add Article 20-2 to meet the requirements of the Company Act and practical operation.
 3. Please refer to Attachment 5 for the comparison table of partial amendments to the "Articles of Incorporation".
 4. Proposed for referendum.

Resolutions: This case was voted with 217,982,734 voting rights in favor, accounting for 99.29 % of the total voting rights of the presenting shareholders. There were 30,544 voting right not in favor of the case. There were 1,514,021 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.

Case 2:

Subject: Partial amendments to the "Rules of Procedure for Shareholders Meetings". (The proposal was submitted by the Board of Directors)

- Details:
1. It is handled in accordance with the letter of the Financial Supervisory Commission referenced Jin-Guan-Zheng-Fa-Zi No. 1090339900 dated December 31, 2019.
 2. In compliance with the Company Act, the Ministry of Economic Affairs' interpretation letter, relevant international norms and practices and with reference to the "Sample of the Rules of Procedure for Shareholders' Meeting of XX Co., Ltd." of TPEX, the "Rules of Procedure for Shareholders' Meeting" of the Company is hereby amended.
 3. Please refer to Attachment VI for the "Rules of Procedure for Shareholders Meetings" amendment outlines and the updated text enclosed.
 4. Proposed for referendum.

Resolutions: This case was voted with 217,985,712 voting rights in favor, accounting for 99.29 % of the total voting rights of the presenting shareholders. There were 30,567 voting right not in favor of the case. There were 1,511,020 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.

VI. Elections

Subject: For the purpose of the by-elections of one seat of independent directors of the Company, please vote. (The proposal was submitted by the Board of Directors)

- Details:
1. In accordance with Article 19 of the Company's Articles of Incorporation, the Company has 7 to 11

directors (including 3 independent directors) with a term of office of 3 years and the directors may be re-elected. The term of office of the Company's 9 directors (including 3 independent directors) of the 10th term is from May 24, 2018 to May 23, 2021. Hung, Ching-Shan, an independent director of the Company, resigned from the independent director position for personal reasons. The effective date was December 30, 2019.

2. For the independent director vacancy, a by-election is proposed to be held at the general shareholders' meeting on May 27, 2020, and the term of office of the by-elected independent director shall be from May 27, 2020 to May 23, 2021.
3. Please refer to Appendix 5 for the Procedures for Election of Directors.
4. The list of the candidates for current board directors approved by the board of directors on April 8, 2020 is as follows:

Independent Director Name of the candidates	Number of shares held	Education Background	Work Experience
Yuan, Hui-Erh	0	1. Master of Accounting, University of Missouri 2. Master of Business Administration, Southern Illinois University, Carbondale	1. Remuneration Committee member of Yuanta Futures Co., Ltd. 2. Independent Director of Coaster-KY 3. Supervisor of Sheng Yen Education Foundation 4. Supervisor of Dharma Drum Mountain Buddhist Foundation 5. PwC Partnership Accountant 6. Director of PricewaterhouseCoopers Taiwan 7. Chairmen of the Taipei Certified Public Accountants Association of the Republic of China

Result of election: As illustrated below:

Identity	Account No. (ID No.)	Name of the elected	Elected shareholding (including number of electronic voting rights)
Independent Director	B2203*****	Yuan, Hui-Erh	193,003,555

VI. Motion: None

VII. Meeting adjourned (9:40am)

Chairman: Lin, Tien-Fu

Clerk: Kuo, Ying-Ying

- * The purpose of the meeting is documented in the minutes of the general shareholders' meeting. The agenda and procedures of the meeting are taped in video and audio form.

Yuanta Futures Co., Ltd.

2019 Business Report

1. Market Overview

In 2018, due to frequent international risk events, most futures commodities fluctuated greatly. In 2019, although market fluctuations dropped, but issues such as the US-China trade war and Brexit continued; however, it was still a good year for the futures industry. As far as the domestic market is concerned, the volatility of the Taiwan index futures in 2019 was 10.71%, significantly lower than 16.21% in 2018. Although the total volume of trading on the futures exchange was slightly lower than that in 2018, it still reached a level of 261 million lots, among which the Taiwan Index Options accounted for 170 million lots, the Taiwan Index Futures 34 million lots, the Small Taiwan Index 29 million lots and stock futures 20 million lots; the newly listed Fugui 200 futures and Nasdaq 100 futures also had 42,000 and 76,000 lots, respectively. The trading volumes of the British pound against US dollar futures, Australian dollar against US dollar futures and Brent crude oil futures launched in 2018 showed a small growth; the night trading volume reached 54.8 million lots, accounting for 29.8% of the total trading volume, and the trading was still active. In terms of the number of futures accounts, the number of natural person accounts reached 1,859,742, slightly reduced from that of the previous year, and the trading volume ratio of natural persons to legal persons remains unchanged at 48:52. It is expected that in 2020, as the spot-by-spot transaction system of Taiwan stocks will be launched on March 23, it will further synchronize futures and spot transactions.

On the performance of commodity futures, in the aspect of energy, natural gas weakened due to the expectations of a warm winter, and crude oil was supported by the OPEC + production reduction and the sharp decline of crude oil exports from Iran, Venezuela and Libya under the US sanctions. The output of US shale oil continued to reach a new high and the expected crude oil demand weakened due to the worries of economic slowdown, causing the trend of oil price fluctuation in the second half of the year. On metal futures, daily-life metal was generally depressed by worries of an economic slowdown. On the other hand, precious metals were generally supported by risk aversion demand due to the impact of the aforementioned risk events. Palladium was in short supply due to the improvement of environmental protection awareness; in the middle of this year, it surpassed gold futures as the most precious metal futures, with an annual price increase of 52%. On agricultural futures, other than the fluctuation due to the trade war, the futures products were driven by the weather and product characteristics, such as wheat futures being affected by drought in Australia, Argentina and other production areas, the overall trend was fluctuating but in an upswing.

In addition, due to the impact of the new coronavirus epidemic in China and the continuation of the subsequent China-US trade conflict, as well as the interference of global geopolitical risk uncertainties such as the changes as a result of the US presidential elections, Brexit, the trade conflict between Japan and South Korea, and the Hong Kong anti delivery to China incident, the trend of the world economic slowdown in 2020 will be more obvious.

The Company has spared no effort in strengthening a variety of business management, including notably the efforts to maximize shareholders' equity and profitability which have been manifested through various business performance objectives: In terms of financial performance, in 2019 our net profit after tax came to NT\$1,136 million, coming out first amidst all futures houses, with earnings per share (EPS) after tax coming to @NT\$4.89 and post-tax ROE at 13.30%. In terms of business performance results, Yuanta Futures attained a market share of a remarkable 23.25% in futures brokerage, 15.51% in option brokerage and 26.76% in overseas futures exchanges, ranking first in all categories and leaving the runner-ups too far behind to catch up.

In 2019, the Company made full efforts to implement AML/CFT risk control. Through the meeting of the Anti-money Laundering and Anti-capital Terrorism Group, the Company comprehensively inspected its internal policies and risk control measures. Integrating the Departments of Legal Compliance, Risk Management, IT, Settlement and Audit, the Company established a solid control and management defense line across departments and strengthened the awareness and cultural cultivation of

relevant personnel on anti-money laundering and anti-capital terrorism to effectively implement the Company's objectives of risk control and sound operations.

2. Corporate governance

- (1) Participating in the 10th, 11th, and 12th "Information Disclosure Ranking Results in Taiwan by the Securities and Futures Institute" of the ROC Securities and Futures Institute with the highest honor of "A++" rating received; also, the Company is the one and only futures company in Taiwan receiving such honor for three consecutive years. It indicates that the Company's dedication to actively deploy new business and promote business; also, value and substantiate the concrete practice of corporate governance.
- (2) The Company participated in the "Corporate Governance Evaluation" sponsored by TWSE and TPEx and the evaluation results of the Company has been ranked among the top 5% of OTC companies for five consecutive years (from 2014 to 2018), which is a high affirmation of the Company's adherence to the principle of highest integrity management, continuous commitment to protecting shareholders' rights, and pursuing sustainable enterprise development.
- (3) After April 2012, the Board of Directors had the "Audit Committee" setup to replace the functions of supervisors, to supervise the Company's financial operations, internal control, regulatory compliance, and risk control for emphasizing an open and transparent management philosophy. The Audit Committee had convened 14 meetings in 2019.
- (4) In order to implement the principle of fair treatment to customers, the Company established the Fair Treatment to Customer Committee and its operating rules on October 4, 2019 with the President as the chairman of the committee, and set up a special unit to supervise all departments and offices to promote and implement the principle of fair treatment to customers, as well as carry out the actions of optimizing fair treatment to customers in accordance with the resolutions and instructions of the board of directors, so as to improve the protection of consumer rights and interests.

3. Operating results

In 2019, the Company continued intensifying a variety of business management, including the efforts to boost the profitability of the shareholders' equity, put into implementation thoroughly risk management, implement the targets of proprietary dealing and brokerage businesses which have been embodied through various business targets below:

- (1) Financial performance: The 2019 net income was NT\$1,136 million. Apart from a history high, we were ranked top of FCMs with exclusive futures trading business, with an EPS of NT\$4.89 and a ROE of 13.30%.
- (2) In terms of business performance, the market share of futures brokerage is 23.25%, with a trading volume of more than 41.86 million lots; the market share of option brokerage is 15.51%, with a trading volume of more than 52.97 million lots; the market share of foreign futures is 26.76%, with a trading volume of more than 10.2 million lots. There is a slight decline compared with that in 2018, but all of the above rank first in the market, and are significantly ahead of the peers.
- (3) Credits and honors: As a leading futures brand in Taiwan, apart from providing investors with the best platform service for futures transaction through transparent operations and scrupulous governance and internal control, we adhere to our core value to become a benchmarking brand in Asia-Pacific's financial market.

Credits and honors in 2019:

1. Awarded with the honor of the 5th corporate governance "OTC company top five-percent performance."
2. No. 1 in the futures sector, Taiwan Top 2000, CommonWealth Magazine.
3. No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
4. The Company won the highest honor of Platinum Award in the futures category of Reader's Digest Reputation and Brand Survey.
5. The only public futures company to win the "Excellence in Corporate Social Responsibility" in the Little Giant Group.
6. Awarded with the "Best Brokerage House of the year" by The Asset magazine.
7. The Company won the first prize of the "Futures Brokerage Trading Volume Diamond Award" and the second prize of "Futures Dealer Trading Volume Growth" in the 5th Taiwan Futures Exchange

"Futures Diamond Award."

8. Awarded with the "Outstanding Enterprise and "Most Popular Brand" at the 16th National Brand Yushan Award.
9. The Company won the Outstanding Futures Talent Award, Outstanding Financial Innovation Award and Outstanding Talent Cultivation Award of the 15th Golden Yi Award.
10. The Company was awarded the "Sports Enterprise Certification" by the Sports Department of the Ministry of Education.
11. The Company was awarded the bronze medal of the "Enterprise Sustainability Report Award" and the "Innovation Growth Award" of the "2019 TCSA Taiwan Enterprise Sustainability Award."

- (4) The Company's 2019 income and expense and profitability analysis as follows:

(Unit NTD thousand)

Item	2019	2018	Difference	Variation
Operating gains	2,918,325	3,638,296	-719,971	-19.79%
Earnings before tax	1,410,012	1,245,582	164,430	13.20%
Current period net profit	1,135,799	1,000,045	135,754	13.57%
Net worth (NT\$100mn)	88.56	82.21	6.35	7.72%
After-tax EPS (NTD)	4.89	4.31	0.58	13.46%
Return on shareholders' equity	13.30%	12.75%	0.55%	4.31%

4. Research and development

In addition to insisting on the output and depth of diversified research reports, the Research Department of the Company has been making continuous efforts in report innovation. Besides, it has integrated digital finance into imaging and integrated reports into life in the form of graphic menu or link. In addition, it has added the nighttime hot area to promote broadcasting to deepen the connection with foreign markets. At the same time, its special reports will be launched in a new form to improve readability; in addition, in response to the trend of integrating futures with industry, more resources will be invested in industrial legal persons, including industrial legal persons' demand for strategic hedging and various forward-looking analysis.

As a leading futures company, in addition to strictly controlling the trading risk of customers, the Company will optimize and develop the second generation of customer management system in order to more accurately grasp the general situation of customer trading. When the market fluctuation magnifies and the risk increases, the Company will immediately monitor and predict the potential risk bearing index of customers and provide timely consultation and notification services for effective risk control.

5. Future operating plans and development strategies

Looking forward to 2020, the Company will continue its leading position of the futures industry based on the operation principle of "deep ploughing in Taiwan and looking into the Asia Pacific." For a long time, the Company has been actively investing resources in digital financial development, continuously upgrading information software and hardware, using big data and artificial intelligence strategies, integrating futures intelligent ecological chain and deeply cultivating digital new business. In terms of international business development, the Company works on the cross-border and cross-field integration in the Asia Pacific region simultaneously and combines overseas brokerage business, overseas originator business and overseas economic services for physical entities in order to develop new strategies for international business and become an international large-scale futures firm.

In 2020, the operating plans of Yuanta Futures are highlighted below:

- (1) Transform and optimize the brokerage business team.
- (2) Build an overseas international trading platform center.
- (3) Continue the development of financial digital technology and optimize the efficiency of risk control.
- (4) Improve information protection and introduce international-standard information security system.
- (5) Fulfill the sustainable enterprise responsibility.

Yuanta Futures Co., Ltd.
Audit Committees' Review Report

For the Company's 2019 consolidated financial statements, financial statements and the 2019 business report and statement of retained earnings presented by the board of directors, in which, the financial statements were audited by CPA Ao-Sen Lo and CPA Hsiu-Ling Li of PricewaterhouseCoopers with an adjusted unqualified opinion stated in the independent auditor's report.

The statements referred to above were audited by the Audit Committee without any nonconformity found and a report was issued with the unanimous agreement of the committee members in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please bring attention to the presentation.

Best regards

The 2020 Annual General Meeting of Yuanta Futures Co., Ltd.

The Audit Committee of Yuanta Futures Co., Ltd.

Convener Chwo-Ming Yu

March 19, 2020

Chairman:

President:

Accounting Supervisor:

Attachment 3

Auditor's Report

(2020) Cai-Shen-Bao-Zi No. 19003361

To Yuanta Futures Co., Ltd.:

Audit opinion

We have audited the accompanying proprietary consolidated balance sheet of Yuanta Futures Co., Ltd. and its subsidiaries as of December 31, 2019 and 2018 and the related consolidated statements of income, of changes in shareholders' equity and of cash flows and Notes to consolidated financial statement (including significant accounting policies) for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yuanta Futures and its subsidiaries as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants," "Regulations Governing the Preparation of Financial Reports by Securities Firms," and International Financial Reporting Standards (IFRS) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and Interpretative Announcement (SIC).

Basis of an audit opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards of ROC. The responsibilities of the independent auditor under these standards will be further explained in the paragraph of independent auditor's responsibility for consolidated financial statements. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of Yuanta Futures and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and with other responsibilities of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China performed. We believe that our audit provides a reasonable basis for our opinion.

Key Audit Matters

The "key audit matters" means that the independent auditor has used their professional judgment to audit the most important matters on the 2019 consolidated financial statements of Yuanta Futures and its subsidiaries. The key audit matters have been responded to in the process of auditing the consolidated financial statements as a whole and forming an audit opinion; therefore, the independent auditor does not express an opinion on these matters separately.

The key audit matters (KAMs) of the 2019 consolidated reports of Yuanta Futures Co., Ltd. and subsidiaries are as follows:

Fair Value Evaluation of Unlisted and Non-OTC Shares

Description of the matter

Please refer to note 4 (8) to the consolidated financial statements for the accounting policy on unlisted and non-OTC company shares (financial assets measured at fair value through other comprehensive income). For the uncertainty of accounting estimates and assumptions of the fair value of unlisted and non-OTC company shares, please refer to note 5 to the consolidated financial statements. For the accounting subjects of unlisted or non-OTC company shares, please refer to note 6(5) to the consolidated financial statements. As of December 31, 2019, the book value of unlisted and non-OTC shares of "financial assets measured at fair value through other comprehensive income" was NT\$1,518,539 thousand.

Yuanta Futures Co., Ltd. holds unlisted and non-OTC shares of "financial assets measured at fair value through other comprehensive income." Because the financial instrument is not quoted in the active market, to estimate the fair value, the management adopts the market price method as the evaluation method which involves multiple assumptions and significant unobservable input values, including the evaluation method, decisions on similar and comparable companies, the P/E ratio and liquidity discount. Since the model and parameters used in the evaluation method involve professional judgment and estimation by the management,

the accounting judgment and estimation are highly uncertain; therefore, we listed the evaluation of the fair value of unlisted shares as a key audit item in 2019.

The responsive auditing process

For the key audit matters above, we used the work of evaluation experts to assist in the evaluation of the reasonableness of the evaluation method, assumptions and input values used by the management and discussed with the management. The corresponding procedures implemented are summarized as follows:

1. Obtained and studied the evaluation procedures for unlisted and non-OTC securities of Yuanta Futures Co., Ltd.
2. Evaluated that the evaluation method used by the management is the commonly used value evaluation method.
3. Evaluated the rationality of the comparable companies selected by the management based on the market price method.
4. Spot checked the input values of the P/E ratio and liquidity discount used in the evaluation method, and reviewed the relevant information and supporting documents.

Other matters - individual financial report

Yuanta Futures Co., Ltd. has compiled its 2019 and 2018 individual financial statements, for which we issued unqualified opinion.

The responsibility of the management and management units to the consolidated financial statements

The responsibility of the management is to have the consolidated financial statements presented fairly, in all material respects, in accordance with the “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants,” “Regulations Governing the Preparation of Financial Reports by Securities Firms,” and International Financial Reporting Standards (IFRS) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and Interpretative Announcement (SIC); also, maintain the necessary internal controls related to the consolidated financial statements in order to ensure that the consolidated financial statements are free of any material misstatement arising from fraud or errors.

While preparing the consolidated financial statements, the management’s responsibility also includes assessing the continuing operation of Yuanta Futures and its subsidiaries, the disclosure of the relevant matters, and the adoption of the accounting base for continuing operation, unless the management intends to liquidate Yuanta Futures and its subsidiaries or cease the business operation, or there is lack of any alternative except for liquidation or suspension.

The governance units (including the Audit Committee) of Yuanta Futures are responsible for supervising the financial reporting process.

The responsibilities of the independent auditor to the consolidated financial statements

The purpose of the independent auditor’s auditing the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement arising from fraud or errors and with an audit report issued. Reasonable assurance means a high degree of assurance. However, the audit conducted in accordance with generally accepted auditing standards of the R.O.C. does not guarantee having any material misstatement in the individual financial statements detected. Material misstatement could arise from fraud or errors. If the misstated amount or aggregated amount is reasonably expected to affect the economic decisions made by the users of the consolidated financial statements, it is considered significant.

The independent auditor when conducting the audit in accordance with generally accepted auditing standards of the R.O.C. exercises professional judgment and maintains professional skepticism. The independent auditor also performs the following tasks:

1. Identify and evaluate the risk of material misstatement arising from fraud or errors of the consolidated financial statements; design and implement proper responsive measures to the risk assessed; also, obtain sufficient and adequate audit evidences for forming an audit opinion. The risk of fraud may involve conspiracy, forgery, deliberate omission, false declaration, or violating internal control; therefore, the risk of material misstatement arising from the undetected fraud is higher than that caused

by errors.

2. Obtain necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on the effectiveness of the internal control of Yuanta Futures and its subsidiaries.
3. Assess the appropriateness of the accounting policies adopted by the management; also, the reasonableness of the accounting estimates and related disclosures made.
4. Base on the audit evidence obtained to make conclusions on the suitability of the accounting base for continuing operation base adopted by the management and whether or not the events or circumstances causing significant doubts to the continuing operation ability of Yuanta Futures and its subsidiaries are with significant uncertainties. If the independent auditor believes that such events or circumstances are with significant uncertainties, it is necessary to remind the users of the consolidated financial statements in the audit report to pay attention to the relevant disclosure or to revise the audit opinion when such disclosures are inappropriate. The conclusion of the independent auditor is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may result in the inability of Yuanta Futures and its subsidiaries to continue operating.
5. Assess the overall expression, structure, and content of the consolidated financial statements (including the relevant notes) and whether or not the relevant transactions and events in the consolidated financial statements are presented fairly.
6. Obtain sufficient and appropriate audit evidence on the individual financial information of Yuanta Futures and its subsidiaries in order to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the Group; also, is responsible for forming an opinion on the audit of the Group.

The matters communicated by the independent auditor to the governing unit include the scope and timing of the planned audit, and the significant findings (including the major nonconformities of internal controls identified in the auditing process).

The independent auditor has provided the declaration of independence of the CPA Firm personnel subject to the Code of Ethics to the governing unit; also, it has communicated with the governing unit regarding the relationship and other matters (including the relevant protection measures) that may affect the independence of the independent auditor.

The independent auditor has based on the communications with the governing unit to determine the key audit matters to be performed on the 2019 consolidated financial statements of Yuanta Futures and its subsidiaries. The independent auditor shall state the key audit matters in the audit report except for the specific matters prohibited by law from being disclosed, or, in rare cases; the independent auditor decides not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

PwC Taiwan

Chiao-Sen Lo

CPA

Hsiu-Ling Lee

To Financial Supervisory Commission

Approval Document No.: Jin-Guan-Zheng-Shen-Zi No. 1070323061

Former Securities and Futures Bureau, Financial Supervisory
Commission, Executive Yuan

Approval Document No.: Jin-Guan-Zheng-6-Zi No. 0960038033

March 19, 2020

Yuanta Futures Co., Ltd. and its subsidiaries
Consolidated Balance Sheet
December 31, 2019 and 2018

Unit: NTD thousand

Assets		Additional notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Current assets						
111100	Cash and cash equivalents	6(1) and 7	\$ 5,224,945	7	\$ 5,291,562	7
112000	Financial assets at fair value through profit or loss- current	6(2), 7 and 11	316,294	1	244,675	1
113200	Financial assets at fair value through other comprehensive income- current	6 (5)	581,447	1	155,525	-
114070	Customers' margin accounts	6(3) and 7	64,708,416	87	64,540,616	88
114080	Futures trading margin receivable	6 (4)	-	-	1,022	-
114100	Securities Based Lending (SBL)		45,844	-	-	-
114130	Accounts receivable		55,995	-	2,960	-
114140	Accounts receivable - related parties	7	2,377	-	4,033	-
114150	Prepayments		7,356	-	6,343	-
114170	Other receivable		31,441	-	27,919	-
114180	Other receivables - related parties	7	12,412	-	15,135	-
114300	Special account for leverage bond contract transaction customer margin	7	258,250	-	126,850	-
114600	Current Income Tax Asset		341	-	341	-
119000	Other current assets		18	-	23	-
110000	Total of Current Assets		71,245,136	96	70,417,004	96
Non-Current assets						
123200	Financial assets at fair value through other comprehensive income- non-current	6 (5)	1,518,539	2	1,404,019	2
123300	Financial assets measured at amortized cost- non-current	6 (6)	-	-	92,333	-
125000	Property and equipment	6 (9)	597,740	1	612,943	1
125800	Right-of-use assets	6 (10)	67,790	-	-	-
127000	Intangible assets	6 (11)	41,049	-	42,832	-
128000	Deferred income tax assets		25,074	-	23,995	-
129010	Business guaranty bond	6(7), 7 and 8	145,799	-	145,886	-
129020	Settlement / clearance fund	6 (8)	535,686	1	492,788	1
129030	Refundable deposits	7	38,487	-	38,323	-
129130	Prepayment for equipment purchase		66,503	-	21,300	-
129990	Other non-current assets- Other		2,086	-	431	-
120000	Total of Non-Current Assets		3,038,753	4	2,874,850	4
906001	Total assets		\$ 74,283,889	100	\$ 73,291,854	100

(Continued on next page)

Yuanta Futures Co., Ltd. and its subsidiaries
Consolidated Balance Sheet
December 31, 2019 and 2018

Unit: NTD thousand

Liabilities and equity		Additional notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Current liabilities						
212000	Financial liabilities at fair value through profit or loss- current	6(2) and 11	\$ 72,099	-	\$ 20,089	-
214080	Futures traders' equity	6(3) and 7	64,525,451	87	64,332,759	88
214100	Rights & interest for leverage bond contract transaction traders		225,185	-	103,735	-
214130	Accounts payable		104,415	-	123,995	-
214140	Accounts payable - related parties	7	14,704	-	18,993	-
214160	Agency Receipts		6,322	-	7,179	-
214170	Other payable		252,319	1	205,909	1
214180	Other payables - related parties	7	1,296	-	923	-
214600	Current Income Tax Liability		72,463	-	150,338	-
216000	Lease liabilities-current	7	36,089	-	-	-
219000	Other current liabilities	6 (12)	15,718	-	24,182	-
210000	Total of current liabilities		<u>65,326,061</u>	<u>88</u>	<u>64,988,102</u>	<u>89</u>
Non-current liabilities						
226000	Lease liabilities-non-current	7	31,884	-	-	-
229000	Other non-current liabilities		69,807	-	83,202	-
220000	Total of non-current liabilities		<u>101,691</u>	<u>-</u>	<u>83,202</u>	<u>-</u>
906003	Total liabilities		<u>65,427,752</u>	<u>88</u>	<u>65,071,304</u>	<u>89</u>
Attributable to owners of the parent company						
Share capital						
301010	Ordinary shares capital	6 (13)	2,322,763	3	2,322,763	3
Capital reserve						
302000	Capital reserve	6 (14)	940,976	1	940,976	1
Retained earnings						
304010	Legal earnings reserve	6 (16)	907,430	1	807,426	1
304020	Special earnings reserve	6 (15)(16)	2,074,901	3	1,875,370	3
304040	Undistributed earnings	6 (16)	1,313,798	2	1,093,522	1
Other equity						
305000	Other equity	6 (17)	1,296,269	2	1,180,493	2
906004	Total equity		<u>8,856,137</u>	<u>12</u>	<u>8,220,550</u>	<u>11</u>
906002	Total liabilities and equity		<u>\$ 74,283,889</u>	<u>100</u>	<u>\$ 73,291,854</u>	<u>100</u>

Please refer to the notes enclosed in the consolidated financial reports that are an integral part of the consolidated financial statements.

Chairman: Tien-Fu Lin

President: Hsiao-Ling Chou

Accounting Supervisor: Liang-Huei Yuan

Yuanta Futures Co., Ltd. and its subsidiaries
Consolidated comprehensive income statements
January 1 to December 31 2019 and 2018

Unit: NTD thousand
(except EPS in NTD)

Item	Additional notes	2019		2018		
		Amount	%	Amount	%	
Revenue						
401000	Brokerage commission	6(18) and 7	\$ 2,737,896	94	\$ 3,439,375	95
410000	Operating gain (loss) on sale of securities	6 (2) (19)	9,646	-	16,277	-
421300	Dividend income	6(2) and 7	4,768	-	1,491	-
421500	Net profit (loss) of securities trade measured at the fair value through profit or loss	6 (2)	8,272	-	571	-
421600	Net Gains (Losses) on the Covering of Securities Borrowing & Short Sales of Bonds with Reverse Repurchase Agreements	6 (2)	(12,813)	-	15,679	1
421610	Net Gains (Losses) on Measurement at Fair Value through Profit or Loss for Securities Held for Operations	6 (2)	(16,273)	-	381	-
424200	security commission earned	7	3,419	-	4,743	-
424300	Settlement and clearance fees	6(20) and 7	67,101	2	83,717	2
424400	Net gains in the derivative financial instruments	6 (2) (21)	95,757	3	84,151	2
424900	Consultancy fee income		11,766	1	14,259	-
425100	Exclusion of net loss of financial assets measured at cost after amortization	6 (6)	(8)	-	-	-
428000	Other operating revenue	7	8,794	-	12,110	-
400000	Total revenues		<u>2,918,325</u>	<u>100</u>	<u>3,638,296</u>	<u>100</u>
Expense						
501000	Brokerage commission expenses	6 (22)	(485,615)	(17)	(620,625)	(17)
502000	Proprietary trade service commission expenses	6 (22)	(4,725)	-	(6,692)	-
521200	Financial costs	7	(81,451)	(3)	(52,617)	(2)
425300	Expected credit reversal benefit (impairment loss)		2,780	-	89,113)	(3)
524100	Futures commission expenses	6(23) and 7	(632,586)	(22)	(775,740)	(21)
524300	Clearance and settlement service expenses	6 (24)	(380,488)	(13)	(488,057)	(14)
528000	Other operating expenses		(1,204)	-	(3,382)	-
531000	Employee Benefit expenses	6 (26)	(679,184)	(23)	(625,300)	(17)
532000	Depreciation and amortization expenses	6 (25)	(89,016)	(3)	(49,985)	(1)
533000	Other operating expenses	6(25) and 7	(423,749)	(14)	(511,000)	(14)
500000	Total Expense		<u>(2,775,238)</u>	<u>(95)</u>	<u>(3,222,511)</u>	<u>(89)</u>
Operating profit			143,087	5	415,785	11
602000	Other profits and losses	6(2)(28) and 7	<u>1,266,925</u>	<u>43</u>	<u>829,797</u>	<u>23</u>
902001	Earnings before tax		1,410,012	48	1,245,582	34
701000	Income tax expense	6 (28)	(274,213)	(9)	(245,537)	(7)
902005	Current period net profit		\$ 1,135,799	39	\$ 1,000,045	27

(Continued on next page)

Yuanta Futures Co., Ltd. and its subsidiaries
Consolidated comprehensive income statements
January 1 to December 31 2019 and 2018

Unit: NTD thousand
(except EPS in NTD)

Item	Additional notes	2019		2018	
		Amount	%	Amount	%
Other comprehensive income					
Items that are not reclassified as profit and loss:					
805510	Defined benefit plan revaluation amount and volume	6 (12)			
		\$	4,511	-	(\$ 16,482) (1)
805540	Unrealized valuation gains of equity instruments investments in financial assets measured at FVTOCI	6 (5)(17)			
			166,209	6	205,687 6
805599	Income tax related to accounts not being reclassified	6 (28)			
		(	902)	-	3,272 -
Accounts to be reclassified to profit or loss subsequently:					
805610	Exchange differences arising from translating the financial statements of foreign operations	6 (17)			
			(19,657) (1)	25,454	1
805000	Other comprehensive income (post-tax profit or loss)		\$ 150,161 5	\$ 217,931	6
902006	Total comprehensive income for the period		\$ 1,285,960 44	\$ 1,217,976	33
Profit attributable to:					
	Owners of parent		\$ 1,135,799 39	\$ 1,000,045	27
Total comprehensive income attributable to					
	Owners of parent		\$ 1,285,960 44	\$ 1,217,976	33
Earnings per ordinary share					
Basic and diluted earnings per share					
	6 (29)		\$ 4.89	\$	4.31

Please refer to the notes enclosed in the consolidated financial reports that are an integral part of the consolidated financial statements.

Chairman: Tien-Fu Lin

President: Hsiao-Ling Chou

Accounting Supervisor: Liang-Huei Yuan

Yuanta Futures Co., Ltd. and its subsidiaries
Consolidated statement of changes in equity
January 1 to December 31 2019 and 2018

Unit: NTD thousand

		Attributable to owners of the parent company										
		Capital reserve			Retained earnings			Other equity				
		Additional notes	Ordinary shares capital	Share Premium	Consolidated Pre mium Amount	Legal earnings reserve	Special earnings reserve	Undistributed earnings	Exchange differences arising from translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Unrealized gains or losses on available-for-sale financial assets	Total equity
<u>2018</u>												
			\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 720,097	\$ 1,696,347	\$ 875,462	(\$ 27,276)	\$ -	\$ 939,216	\$ 7,467,585
			-	-	-	-	-	(317)	104	938,971	(939,216)	(458)
	6 (17)		2,322,763	894,643	46,333	720,097	1,696,347	875,145	(27,172)	938,971	-	7,467,127
			-	-	-	-	-	1,000,045	-	-	-	1,000,045
	6 (5)(17)		-	-	-	-	-	(13,210)	25,454	205,687	-	217,931
			-	-	-	-	-	986,835	25,454	205,687	-	1,217,976
	6 (16)		-	-	-	-	-	-	-	-	-	-
			-	-	-	87,329	-	(87,329)	-	-	-	-
			-	-	-	-	179,023	(179,023)	-	-	-	-
			-	-	-	-	-	(464,553)	-	-	-	(464,553)
	6 (5)(17)		-	-	-	-	-	(37,553)	-	37,553	-	-
			\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 807,426	\$ 1,875,370	\$ 1,093,522	(\$ 1,718)	\$ 1,182,211	\$ -	\$ 8,220,550
<u>2019</u>												
			\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 807,426	\$ 1,875,370	\$ 1,093,522	(\$ 1,718)	\$ 1,182,211	\$ -	\$ 8,220,550
			-	-	-	-	-	1,135,799	-	-	-	1,135,799
	6 (5)(17)		-	-	-	-	-	3,609	(19,657)	166,209	-	150,161
			-	-	-	-	-	1,139,408	(19,657)	166,209	-	1,285,960
	6 (16)		-	-	-	-	-	-	-	-	-	-
			-	-	-	100,004	-	(100,004)	-	-	-	-
			-	-	-	-	199,531	(199,531)	-	-	-	-
			-	-	-	-	-	(650,373)	-	-	-	(650,373)
	6 (5)(17)		-	-	-	-	-	30,776	-	(30,776)	-	-
			\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 907,430	\$ 2,074,901	\$ 1,313,798	(\$ 21,375)	\$ 1,317,644	\$ -	\$ 8,856,137

Please refer to the notes enclosed in the consolidated financial reports that are an integral part of the consolidated financial statements.

Chairman: Tien-Fu Lin

President: Hsiao-Ling Chou

Accounting Supervisor: Liang-Huei Yuan

Yuanta Futures Co., Ltd. and its subsidiaries
Consolidated cash flow statement
January 1 to December 31 2019 and 2018

Unit: NTD thousand

	Additional notes	2019	2018
<u>Cash flow from operating activities</u>			
Pre-tax profit for the current period		\$ 1,410,012	\$ 1,245,582
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6 (9) (10) (25)	78,971	42,827
Amortizations	6 (11) (25)	10,045	7,158
Interest income	6 (27)	(1,088,639)	(699,311)
Interest expenses		81,451	52,617
Dividend income		(119,144)	(74,347)
Expected credit impairment (reversal benefit) loss		(2,780)	89,113
Gains from disposal of property or equipment	6 (9)	(92)	-
Profit and loss on disposal of financial assets measured at cost after amortization		8	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss- current		(71,619)	(98,002)
Customers' margin accounts		(167,800)	(14,897,752)
Futures trading margin receivable		3,749	(90,158)
Securities Based Lending (SBL)		(45,844)	6,130
Accounts receivable		(53,035)	8,481
Accounts receivable - related parties		1,656	795
Prepayments		(1,013)	1,536
Other receivable		(1,084)	57
Other receivables - related parties		73	(145)
Special account for leverage bond contract transaction customer margin		(131,400)	(81,478)
Other current assets		5	(10)
Other non-current assets- Other		(1,655)	(431)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss- current		52,010	12,640
Futures traders' equity		192,692	14,900,098
Rights & interest for leverage bond contract transaction traders		121,450	58,922
Accounts payable		(19,580)	(4,216)
Accounts payable - related parties		(4,289)	(5,661)
Agency Receipts		(857)	1,450
Other payable		41,633	1,595
Other payables - related parties		385	182
Other financial liabilities- current		-	(500)
Other current liabilities		(8,464)	839
Other non-current liabilities		(13,395)	(3,324)
Net cash provided by operating activities		263,450	474,687
Interest received		1,089,162	680,580
Interest paid		(76,686)	(52,447)
Dividends received		118,644	74,347
Income tax paid		(349,558)	(161,615)
Net cash inflow from operating activities		1,045,012	1,015,552
<u>Cash flow from investing activities</u>			
Acquisition of financial assets measured at FVTOCI		(1,529,345)	(216,766)
Value of disposal of financial assets measured at FVTOCI	6 (5)	1,155,112	326,715
Financial assets acquired on the basis of cost after amortization		(31,298)	-
Financial assets on the basis of cost after amortization		31,133	-
Held-to-maturity financial assets based on cost after amortization		92,102	-
Purchase of property and equipment	6 (9)	(29,789)	(31,727)
Disposal of real estate and equipment	6 (9)	382	-
Increase in intangible assets	6 (11)	(1,748)	(2,639)
Decrease in business guaranty bond		87	1,282
Increase in settlement fund		(42,898)	(50,219)
Increase in guarantee deposits paid		(164)	(15,500)
Increase in installment on equipment		(59,520)	(69,355)
Net cash outflow from investing activities		(415,946)	(58,209)
<u>Cash flow from financing activities</u>			
Payment of principal of lease liabilities		(26,449)	-
Cash dividend distribution	6 (16)	(650,373)	(464,553)
Net cash outflow from financing activities		(676,822)	(464,553)
Impact of change in exchange rate on cash and cash equivalent		(18,861)	22,209
Increase (decrease) in cash and cash equivalents for the current period		(66,617)	514,999
Opening balance of cash and cash equivalents		5,291,562	4,776,563
Closing balance of cash and cash equivalents		\$ 5,224,945	\$ 5,291,562

Please refer to the notes enclosed in the consolidated financial reports that are an integral part of the consolidated financial statements.

Chairman: Tien-Fu Lin

President: Hsiao-Ling Chou

Accounting Supervisor: Liang-Huei Yuan

To Yuanta Futures Co., Ltd.:

Audit opinion

We have audited the accompanying proprietary individual balance sheet of Yuanta Futures Co., Ltd. as of December 31, 2019 and 2018 and the related individual statements of income, of changes in shareholders' equity and of cash flows and Notes to individual financial statement (including significant accounting policies) for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yuanta Futures Co., Ltd. as of December 31, 2019 and 2018, and the results of its individual operations and its individual cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants" and "Regulations Governing the Preparation of Financial Reports by Securities Firms".

Basis of an audit opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards of ROC. The responsibilities of the independent auditor under these standards will be further explained in the paragraph of the independent auditor's responsibility for individual financial statements. The personnel of the CPA Firm subject to the independence requirements have acted independently from the business operations of Yuanta Futures in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and with other responsibilities of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China performed. We believe that our audit provides a reasonable basis for our opinion.

Key Audit Matters

The "key audit matters" means that the independent auditor has based its evaluations on the professional judgment to audit the most important matters on the 2019 individual financial statements of Yuanta Futures. The key audit matters have been responded to in the process of auditing the individual financial statements as a whole with an audit opinion formed; therefore, the independent auditor does not express an opinion on these matters separately.

The KAMs of 2019 individual financial statements of Yuanta Futures are as follows:

Evaluation of the fair value of unlisted and non-OTC stocks

Description of the matter

Please refer to note 4(7) of the individual financial statements for the accounting policies of unlisted and non-OTC companies' stocks (financial assets measured at fair value through other comprehensive income); please refer to note 5(2) of the individual financial statements for the uncertainty of the accounting estimates and assumptions of the fair value of unlisted and non-OTC companies' stocks; please refer to note 6(5) of the individual financial statements for the accounting subjects of unlisted non-OTC companies' stocks. As of December 31, 2019, the book value of the unlisted and non-OTC companies' stocks under financial assets measured at fair value through other comprehensive income and loss was NT\$1,518,539 thousand.

Yuanta Futures Co., Ltd. holds unlisted and non-OTC shares of "financial assets measured at fair value through other comprehensive income." Because the financial instrument is not quoted in the active market, to estimate the fair value, the management adopts the market price method as the evaluation method which involves multiple assumptions and significant unobservable input values, including the evaluation method, decisions on similar and comparable companies, the P/E ratio and liquidity discount. Since the model and parameters used in the evaluation method involve professional judgment and estimation by the management, the accounting judgment and estimation are highly uncertain; therefore, we listed the evaluation of the fair value of unlisted shares as a key audit matter in 2019.

The responsive auditing process

For the key audit matter above, we used the work of evaluation experts to assist in the evaluation of the reasonableness of the evaluation method, assumptions and input values used by the management and discussed with the management. The corresponding procedures implemented are summarized as follows:

1. Obtained and studied the evaluation procedures for unlisted and non-OTC securities of Yuanta Futures Co., Ltd.
2. Evaluated that the evaluation method used by the management is the commonly used value evaluation method.
3. Evaluated the rationality of the comparable companies selected by the management based on the market price method.
4. Spot checked the input values of the P/E ratio and liquidity discount used in the evaluation method, and reviewed the relevant information and supporting documents.

The responsibility of the management and management units to the individual financial statements

The responsibility of the management is to have the individual financial statements presented fairly, in all material respects, in accordance with the “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants” and the “Regulations Governing the Preparation of Financial Reports by Securities Firms”; also, maintain the necessary internal controls related to the individual financial statements in order to ensure that the individual financial statements are free of any material misstatement arising from frauds or errors.

While preparing the individual financial statements, the management’s responsibility also includes assessing the continuing operation of Yuanta Futures, the disclosure of the relevant matters, and the adoption of the accounting base for continuing operations, unless the management intends to liquidate Yuanta Futures or cease business operation, or there is lack of any alternative except for liquidation or suspension.

The governance units (including the Audit Committee) of Yuanta Futures are responsible for supervising the financial reporting process.

The responsibilities of the independent auditor to the individual financial statements

The purpose of the independent auditor’s auditing of the individual financial statements is to obtain reasonable assurance about whether the individual financial statements are free of material misstatement arising from fraud or errors and with an audit report issued. Reasonable assurance means a high degree of assurance. However, the audit conducted in accordance with generally accepted auditing standards of the R.O.C. does not guarantee having any material misstatement in the individual financial statements detected. Material misstatement could arise from fraud or errors. If the misstated amount or aggregated amount is reasonably expected to affect the economic decisions made by the users of the individual financial statements, it is considered significant.

The independent auditor when conducting the audit in accordance with generally accepted auditing standards of the R.O.C. exercises professional judgment and maintains professional skepticism. The independent auditor also performs the following tasks:

1. Identify and evaluate the risk of material misstatement arising from fraud or errors of the individual financial statements; design and implement proper responsive measures to the risk assessed; also, obtain sufficient and adequate audit evidences for forming an audit opinion. The risk of fraud may involve conspiracy, forgery, deliberate omission, false declaration, or violating internal control; therefore, the risk of material misstatement arising from the undetected fraud is higher than that caused by errors.
2. Obtain necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on the effectiveness of the internal control of Yuanta Futures.
3. Assess the appropriateness of the accounting policies adopted by the management; also, the reasonableness of the accounting estimates and related disclosures made.
4. Use the audit evidence obtained to draw conclusions on the suitability of the accounting base for continuing operation adopted by the management and whether or not the events or circumstances

causing significant doubts to the continuing operation ability of Yuanta Futures have significant uncertainties. If the independent auditor believes that such events or circumstances have significant uncertainties, it is necessary to remind the users of the individual financial statements in the audit report to pay attention to the relevant disclosure or to revise the audit opinion when such disclosures are inappropriate. The conclusion of the independent auditor is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may result in the inability of Yuanta Futures to continue operating.

5. Assess the overall expression, structure, and content of the individual financial statements (including the relevant notes) and whether or not the relevant transactions and events in the individual financial statements are presented fairly.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Yuanta Futures in order to express an opinion on the individual financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the business entity; also, it is responsible for forming an opinion on the audit of the individual financial statements.

The matters communicated by the independent auditor to the governing unit include the scope and timing of the planned audit, and the significant findings (including the major nonconformities of internal controls identified in the auditing process).

The independent auditor has provided the declaration of independence of the CPA Firm personnel subject to the Code of Ethics to the governing unit; also, it has communicated with the governing unit regarding the relationship and other matters (including the relevant protection measures) that may affect the independence of the independent auditor.

The independent auditor has used communication with the governing unit to determine the key audit matters to be performed on the 2019 individual financial statements of Yuanta Futures. The independent auditor shall state the key audit matters in the audit report except for the specific matters prohibited by law from being disclosed, or, in rare cases; the independent auditor decides not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

PwC

Taiwan

Chiao-Sen Lo

CPA

Hsiu-Ling Lee

To Financial Supervisory Commission

Approval Document No.: Jin-Guan-Zheng-Shen-Zi No.
1070323061

Former Securities and Futures Bureau, Financial Supervisory
Commission, Executive Yuan

Approval Document No.: Jin-Guan-Zheng-6-Zi No. 0960038033

March 19, 2020

Yuanta Futures Co., Ltd.
Individual Balance Sheet
December 31, 2019 and 2018

Unit: NTD thousand

Assets		Additional notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Current assets						
111100	Cash and cash equivalents	6(1) and 7	\$ 4,057,360	6	\$ 4,226,607	6
112000	Financial assets at fair value through profit or loss- current	6(2), 7 and 11	252,693	-	154,838	-
113200	Financial assets at fair value through other comprehensive income- current	6 (5)	581,447	1	155,525	-
114070	Customers' margin accounts	6(3) and 7	63,603,276	87	63,368,595	88
114080	Futures trading margin receivable	6 (4)	-	-	1,022	-
114100	Securities Based Lending (SBL)		45,844	-	-	-
114130	Accounts receivable		55,995	-	2,960	-
114140	Accounts receivable - related parties	7	2,377	-	4,033	-
114150	Prepayments		5,721	-	5,273	-
114170	Other receivable		30,197	-	23,720	-
114180	Other receivables - related parties	7	4,464	-	8,887	-
114300	Special account for leverage bond contract transaction customer margin	7	258,250	-	126,850	-
114600	Current Income Tax Asset		341	-	341	-
119000	Other current assets		18	-	23	-
110000	Total of Current Assets		<u>68,897,983</u>	<u>94</u>	<u>68,078,674</u>	<u>94</u>
Non-Current assets						
123200	Financial assets at fair value through other comprehensive income- non-current	6 (5)	1,518,539	2	1,404,019	2
124100	Investments accounted for by the equity method	6 (6)	1,275,264	2	1,280,500	2
125000	Property and equipment	6 (9)	581,807	1	590,324	1
125800	Right-of-use assets	6 (10)	31,497	-	-	-
127000	Intangible assets	6 (11)	40,752	-	42,252	-
128000	Deferred income tax assets		25,074	-	23,995	-
129010	Business guaranty bond	6(7), 7 and 8	140,000	-	140,000	-
129020	Settlement / clearance fund	6 (8)	535,686	1	492,788	1
129030	Refundable deposits	7	34,474	-	34,493	-
129130	Prepayment for equipment purchase		66,503	-	21,300	-
129990	Other non-current assets- Other		2,086	-	431	-
120000	Total of Non-Current Assets		<u>4,251,682</u>	<u>6</u>	<u>4,030,102</u>	<u>6</u>
906001	Total assets		<u>\$ 73,149,665</u>	<u>100</u>	<u>\$ 72,108,776</u>	<u>100</u>

(Continued on next page)

Yuanta Futures Co., Ltd.
Individual Balance Sheet
December 31, 2019 and 2018

Unit: NTD thousand

Liabilities and equity		Additional notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Current liabilities						
212000	Financial liabilities at fair value	6(2) and 11				
	through profit or loss- current		\$ 71,277	-	\$ 19,333	-
214080	Futures traders' equity	6(3) and 7	63,440,289	87	63,163,761	88
214100	Rights & interest for leverage bond					
	contract transaction traders		225,185	-	103,735	-
214130	Accounts payable		104,415	-	123,995	-
214140	Accounts payable - related parties	7	14,704	-	18,993	-
214160	Agency Receipts		6,277	-	7,092	-
214170	Other payable		242,566	1	192,658	1
214180	Other payables - related parties	7	1,296	-	937	-
214600	Current Income Tax Liability		72,463	-	150,338	-
216000	Lease liabilities-current	7	23,246	-	-	-
219000	Other current liabilities		13,601	-	24,182	-
210000	Total of current liabilities		64,215,319	88	63,805,024	89
Non-current liabilities						
226000	Lease liabilities-non-current	7	8,402	-	-	-
229000	Other non-current liabilities	6 (12)	69,807	-	83,202	-
906003	Total liabilities		64,293,528	88	63,888,226	89
Share capital						
301010	Ordinary shares capital	6 (13)	2,322,763	3	2,322,763	3
Capital reserve						
302000	Capital reserve	6 (14)	940,976	1	940,976	1
Retained earnings						
304010	Legal earnings reserve	6 (16)	907,430	1	807,426	1
304020	Special earnings reserve	6 (15)(16)	2,074,901	3	1,875,370	3
304040	Undistributed earnings	6 (16)	1,313,798	2	1,093,522	1
Other equity		6 (17)				
305000	Other equity	6 (17)	1,296,269	2	1,180,493	2
906004	Total equity		8,856,137	12	8,220,550	11
906002	Total liabilities and equity		\$ 73,149,665	100	\$ 72,108,776	100

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chairman: Tien-Fu Lin

President: Hsiao-Ling Chou

Accounting Supervisor: Liang-Huei Yuan

Yuanta Futures Co., Ltd.
Individual comprehensive income statements
January 1 to December 31 2019 and 2018

Unit: NTD thousand
(except EPS in NTD)

			2019		2018	
Item		Additional notes	Amount	%	Amount	%
Revenue						
401000	Brokerage commission	6(18) and 7	\$ 2,567,263	94	\$ 3,244,219	95
410000	Operating gain (loss) on sale of securities	6 (2) (19)	9,646	- (	16,277)	-
421300	Dividend income	6 (2)	4,768	-	1,491	-
421500	Net profit (loss) of securities trade measured at the fair value through profit or loss	6 (2)	8,272	- (	571)	-
421600	Net Gains (Losses) on the Covering of Securities Borrowing & Short Sales of Bonds with Reverse Repurchase Agreements	6 (2)	(12,813)	-	15,679	1
421610	Net Gains (Losses) on Measurement at Fair Value through Profit or Loss for Securities Held for Operations	6 (2)	(16,273)	(1) (	381)	-
424200	security commission earned	7	3,419	-	4,743	-
424300	Settlement and clearance fees	6(20) and 7	67,101	3	83,717	2
424400	Net gains in the derivative financial instruments	6 (2) (21)	94,091	4	80,508	2
424900	Consultancy fee income		11,766	-	14,259	-
428000	Other operating revenue	7	1,391	-	3,927	-
400000	Total revenues		2,738,631	100	3,431,314	100
Expense						
501000	Brokerage commission expenses	6 (22)	(485,615)	(17) (	620,625)	(18)
502000	Proprietary trade service commission expenses	6 (22)	(4,562)	- (	5,657)	-
521200	Financial costs	7	(80,754)	(3) (	52,603)	(1)
425300	Expected credit reversal benefit (impairment loss)		2,727	- (	89,136)	(3)
524100	Futures commission expenses	6(23) and 7	(517,071)	(19) (	641,973)	(19)
524300	Clearance and settlement service expenses	6 (24)	(380,488)	(14) (	488,057)	(14)
528000	Other operating expenses		(1,204)	- (	3,382)	-
531000	Employee Benefit expenses	6 (26)	(622,918)	(23) (	569,369)	(17)
532000	Depreciation and amortization expenses	6 (25)	(78,378)	(3) (	43,304)	(1)
533000	Other operating expenses	6(25) and 7	(382,802)	(14) (	438,130)	(13)
500000	Total Expense		(2,551,065)	(93)	(2,952,236)	(86)
Operating profit			187,566	7	479,078	14
601100	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for under equity method	6 (6)	14,421	- (	3,783)	-
602000	Other profits and losses	6(2)(27) and 7	1,208,025	44	770,287	22
902001	Earnings before tax		1,410,012	51	1,245,582	36
701000	Income tax expense	6 (28)	(274,213)	(10)	(245,537)	(7)
902005	Current period net profit		\$ 1,135,799	41	\$ 1,000,045	29

(Continued on next page)

Yuanta Futures Co., Ltd.
Individual comprehensive income statements
January 1 to December 31 2019 and 2018

Unit: NTD thousand
(except EPS in NTD)

			2019		2018	
	Item	Additional notes	Amount	%	Amount	%
Other comprehensive income						
Items that are not reclassified as profit and loss:						
805510	Defined benefit plan revaluation amount and volume	6 (12)	\$ 4,511	-	(\$ 16,482)	-
805540	Unrealized valuation gains of equity instruments investments in financial assets measured at FVTOCI	6 (5)(17)	166,209	6	205,687	6
805599	Income tax related to accounts not being reclassified	6 (28)	(902)	-	3,272	-
Accounts to be reclassified to profit or loss subsequently:						
805610	Exchange differences arising from translating the financial statements of foreign operations	6 (17)	(19,657)	-	25,454	1
Other comprehensive income (post-tax profit or loss)			150,161	6	217,931	7
Total comprehensive income for the period			\$ 1,285,960	47	\$ 1,217,976	36
Basic and diluted earnings per share						
			\$ 4.89		\$ 4.31	

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chairman: Tien-Fu Lin

President: Hsiao-Ling Chou

Accounting Supervisor: Liang-Huei Yuan

Yuanta Futures Co., Ltd.
Individual statement of changes in equity
January 1 to December 31 2019 and 2018

Unit: NTD thousand

		Capital reserve			Retained earnings			Other equity				
		Additional notes	Ordinary shares capital	Capital reserves - share premium	Capital reserves - gains on consolidation	Legal earnings reserve	Special earnings reserve	Undistributed earnings	Exchange differences arising from translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Unrealized gains or losses on available-for-sale financial assets	Total equity
<u>2018</u>												
Balance at January 1, 2018			\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 720,097	\$ 1,696,347	\$ 875,462	(\$ 27,276)	\$ -	\$ 939,216	\$ 7,467,585
The influence of the application and reclassification in retrospect			-	-	-	-	-	(317)	104	938,971	(939,216)	(458)
Balance on January, 1 2018 after adjustment		6 (17)	<u>2,322,763</u>	<u>894,643</u>	<u>46,333</u>	<u>720,097</u>	<u>1,696,347</u>	<u>875,145</u>	<u>(27,172)</u>	<u>938,971</u>	<u>-</u>	<u>7,467,127</u>
2018 net profit			-	-	-	-	-	1,000,045	-	-	-	1,000,045
2018 Other comprehensive income		6 (5)(17)	-	-	-	-	-	(13,210)	25,454	205,687	-	217,931
Total comprehensive income for the period			-	-	-	-	-	986,835	25,454	205,687	-	1,217,976
Dividend allocation and distribution for 2018		6 (16)										
Legal earnings reserve			-	-	-	87,329	-	(87,329)	-	-	-	-
Special earnings reserve			-	-	-	-	179,023	(179,023)	-	-	-	-
Cash dividend to shareholders			-	-	-	-	-	(464,553)	-	-	-	(464,553)
Disposal of equity instruments measured at FVTOCI		6 (5)(17)	-	-	-	-	-	(37,553)	-	37,553	-	-
Balance at December 31, 2018			<u>\$ 2,322,763</u>	<u>\$ 894,643</u>	<u>\$ 46,333</u>	<u>\$ 807,426</u>	<u>\$ 1,875,370</u>	<u>\$ 1,093,522</u>	<u>(\$ 1,718)</u>	<u>\$ 1,182,211</u>	<u>\$ -</u>	<u>\$ 8,220,550</u>
<u>2019</u>												
Balance at January 1, 2019			\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 807,426	\$ 1,875,370	\$ 1,093,522	(\$ 1,718)	\$ 1,182,211	\$ -	\$ 8,220,550
2019 net profit			-	-	-	-	-	1,135,799	-	-	-	1,135,799
2019 Other comprehensive income		6 (5)(17)	-	-	-	-	-	3,609	(19,657)	166,209	-	150,161
Total comprehensive income for the period			-	-	-	-	-	1,139,408	(19,657)	166,209	-	1,285,960
Dividend allocation and distribution for 2018		6 (16)										
Legal earnings reserve			-	-	-	100,004	-	(100,004)	-	-	-	-
Special earnings reserve			-	-	-	-	199,531	(199,531)	-	-	-	-
Cash dividend to shareholders			-	-	-	-	-	(650,373)	-	-	-	(650,373)
Disposal of equity instruments measured at FVTOCI		6 (5)(17)	-	-	-	-	-	30,776	-	(30,776)	-	-
Balance at 31 December, 2019			<u>\$ 2,322,763</u>	<u>\$ 894,643</u>	<u>\$ 46,333</u>	<u>\$ 907,430</u>	<u>\$ 2,074,901</u>	<u>\$ 1,313,798</u>	<u>(\$ 21,375)</u>	<u>\$ 1,317,644</u>	<u>\$ -</u>	<u>\$ 8,856,137</u>

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chairman: Tien-Fu Lin

President: Hsiao-Ling Chou

Accounting Supervisor: Liang-Huei Yuan

Yuanta Futures Co., Ltd.
Individual Cash Flow Statement
January 1 to December 31 2019 and 2018

Unit: NTD thousand

	Additional notes	2019	2018
Cash flow from operating activities			
Pre-tax profit for the current period		\$ 1,410,012	\$ 1,245,582
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6 (9) (10) (25)	68,614	36,393
Amortizations	6 (11) (25)	9,764	6,911
Interest income	6 (27)	(1,027,270)	(664,676)
Interest expenses		80,754	52,603
Share of profit of associates and joint ventures accounted for under equity method	6 (6)	(14,421)	3,783
Gains from disposal of property or equipment	6 (9)	(92)	-
Dividend income		117,934	(72,771)
Expected credit (reversal benefit) impairment loss		(2,727)	89,136
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss- current		(97,855)	(114,626)
Customers' margin accounts		(234,681)	(14,473,696)
Futures trading margin receivable		3,749	(90,158)
Securities Based Lending (SBL)		(45,844)	6,130
Accounts receivable		(53,035)	8,481
Accounts receivable - related parties		1,656	795
Prepayments		(448)	284
Other receivable		(1,213)	250
Special account for leverage bond contract transaction customer margin		(131,400)	(81,478)
Other current assets		5	(10)
Other non-current assets- Other		(1,655)	(431)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss- current		51,944	12,197
Futures traders' equity		276,528	14,478,842
Rights & interest for leverage bond contract transaction traders		121,450	58,922
Accounts payable		(19,580)	(4,216)
Accounts payable - related parties		(4,289)	(5,661)
Agency Receipts		(815)	906
Other payable		45,132	(8,653)
Other payables - related parties		371	196
Other financial liabilities- current		-	(500)
Other current liabilities		(10,581)	839
Other non-current liabilities		(13,395)	(3,324)
Net cash provided by operating activities		292,744	482,050
Interest received		1,026,929	654,318
Interest paid		(75,990)	(52,433)
Dividends received		117,434	72,771
Income tax paid		(349,558)	(161,615)
Net cash inflow from operating activities		1,011,559	995,091
Cash flow from investing activities			
Acquisition of financial assets measured at FVTOCI		(1,529,345)	(216,766)
Value of disposal of financial assets measured at FVTOCI		1,155,112	326,715
Increase in Investments accounted for by the equity method		-	(537,972)
Purchase of property and equipment	6 (9)	(29,385)	(27,920)
Disposal of real estate and equipment	6 (9)	382	-
Increase in intangible assets	6 (11)	(1,748)	(2,400)
Increase in settlement fund		(42,898)	(50,219)
Decrease (increase) in deposits paid		19	(14,881)
Increase in installment on equipment		(59,520)	(69,355)
Net cash outflow from investing activities		(507,383)	(592,798)
Cash flow from financing activities			
Payment of principal of lease liabilities		(23,050)	-
Cash dividend distribution	6 (16)	(650,373)	(464,553)
Net cash outflow from financing activities		(673,423)	(464,553)
Decrease in cash and cash equivalents for the current period		(169,247)	(62,260)
Opening balance of cash and cash equivalents		4,226,607	4,288,867
Closing balance of cash and cash equivalents		\$ 4,057,360	\$ 4,226,607

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chairman: Tien-Fu Lin

President: Hsiao-Ling Chou

Accounting Supervisor: Liang-Huei Yuan

Attachment 4

Yuanta Futures Co., Ltd.
The 2019 Statement of Retained Earnings

Unit: NTD

Item	Amount
Opening undistributed earnings	\$ 143,612,225
Add: net actuarial benefit of defined benefit plan after tax in 2019	3,609,469
Add: 2019 net gain of equipment instruments measured at FVTOCI	30,776,828
Add: The 2019 Net income	1,135,798,914
Add: Reversal of special reserves set aside for fintech development.	8,027,705
Distributable earnings	\$ 1,321,825,141
Distribution	
Less: Appropriation of 10% legal reserve	\$ (113,579,891)
Less: Appropriation of 20% special reserve	(227,159,783)
Less: Shareholder cash dividend	(799,924,122)
Closing undistributed earnings	\$ 181,161,345

Chairman:

President:

Accounting Supervisor:

Attachment 5

Yuanta Futures Co., Ltd.

Amendments to the Articles of Incorporation

Amendments	Current existing clauses	Description of amendments
Article 4 Public announcements of the Company shall be duly made in accordance with The Company Act <u>and relevant laws of the authority.</u>	Article 4 Public announcements of the Company shall be duly made in accordance with Article <u>28</u> of The Company Act.	Part of the text was revised according to the actual situation.
Article 5 The Company's rated capital is NT\$3.5 billion, divided into <u>350</u> million shares at NT\$10 per share <u>and the board of directors is authorized</u> to issue shares in several trenches.	Article 5 The Company's rated capital is NT\$2.5 billion, divided into <u>250</u> million shares at NT\$10 per share to issue shares in several trenches.	In response to the needs of the Company's operation and future business development, it is proposed to increase the Company's rated capital and revise part of the text as appropriate.
Article 8 <u>The total amount of reinvestment of the Company is not subject to the restriction in Article 13 of the Company Act to the extent prescribed by the Act or the competent authority.</u>	Article 8 <u>(Deleted)</u>	In accordance with Article 13 of the Company Act, it is added that the total amount of investment by the Company is not limited to 40% of the paid-in capital.
Article 14 The shareholders of the Company have one voting right per share, except for the non-voting rights of the shares provided for in Article 179 of the Company Act <u>and other laws and regulations.</u>	Article 14 All company shareholders are entitled to one vote for every share held, except for the circumstances described in Article 179 of The Company Act <u>where shareholders cannot exercise their voting rights.</u>	Part of the text was revised according to the needs of practice.
Article 15 If a shareholder is unable to attend the shareholders' meeting in person, a proxy can be appointed by completing The Company's proxy form and by specifying the scope of delegated authority. Unless otherwise regulated by The Company Act, shareholders must delegate their proxies in compliance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".	Article 15 If a shareholder is unable to attend the shareholders' meeting in person, a proxy can be appointed by completing The Company's proxy form and by specifying the scope of delegated authority. Unless otherwise regulated by The Company Act, shareholders must delegate their proxies in compliance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies". <u>The above mentioned proxy form must be delivered at least 5 days before the shareholders' meeting. If duplicate forms are received, the</u>	The entrustment to proxies by shareholders to attend the shareholders' meeting shall be handled in accordance with the provisions of the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" so the latter paragraph and proviso of this article was deleted.

Amendments	Current existing clauses	Description of amendments
	<u>one submitted earlier shall prevail. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous proxy arrangement.</u>	
Article 17 Except otherwise regulated by The Company Act, a shareholders' meeting resolution is passed when more than half of all outstanding shares are represented in the meeting, and is approved by more than half of all voting rights represented during the meeting. In addition, when the Company has adopted an electronic voting form in accordance with the provisions of the competent authorities, the shareholders of the Company may exercise their voting rights in an electronic form. The shareholders who exercise their voting rights in an electronic form shall be deemed as voting in person; also, the relevant matters shall be handled in accordance with the laws and regulations. <u>If the Company intends to apply for the suspension of public offering, it shall submit a special resolution to the shareholders' meeting.</u>	Article 17 Except otherwise regulated by The Company Act, a shareholders' meeting resolution is passed when more than half of all outstanding shares are represented in the meeting, and is approved by more than half of all voting rights represented during the meeting. In addition, when the Company has adopted an electronic voting form in accordance with the provisions of the competent authorities, the shareholders of the Company may exercise their voting rights in an electronic form. The shareholders who exercise their voting rights in an electronic form shall be deemed as voting in person; also, the relevant matters shall be handled in accordance with the laws and regulations.	In accordance with Article 156-2 of the Company Act, when applying for suspension of public offering under Paragraph 2 of this Article, a special resolution of the shareholders' meeting shall be submitted.
Article 20 The Board of Directors exercises the following authorities: 1. Approval of The Company's business strategies and plans. 2. Approves The Company's budgets and reviews period-end closing. 3. Approval of The Company's foundation rules. 4. Approval of major policies within The Company. 5. Decides the increase/decrease of raised capital, and certifies the issuance of share certificates. 6. Drafts The Company's	Article 20 The Board of Directors exercises the following authorities: 1. Approval of The Company's business strategies and plans. 2. Approves The Company's budgets and reviews period-end closing. 3. Approval of The Company's foundation rules. 4. Approval of major policies within The Company. 5. Decides the increase/decrease of raised capital, and certifies the issuance of share certificates. 6. Drafts The Company's	Subparagraph 13 of this Article was added to meet the practical needs.

Amendments	Current existing clauses	Description of amendments
earnings appropriation proposals. 7. Resolves The Company's corporate bond issuance. 8. Decisions regarding buybacks of The Company's shares. 9. Appoints The Company's managers and finance, accounting, risk management, legal & compliance, and internal audit executives. 10. Approves the acquisition or disposal of major assets. 11. Sets the dates for The Company's annual general meetings or extraordinary shareholders' meetings. 12. Approves managers' performance and remuneration standards, and the remuneration to individual directors. 13. <u>Other matters prescribed by law or authorized by the shareholders' meeting.</u>	earnings appropriation proposals. 7. Resolves The Company's corporate bond issuance. 8. Decisions regarding buybacks of The Company's shares. 9. Appoints The Company's managers and finance, accounting, risk management, legal & compliance, and internal audit executives. 10. Approves the acquisition or disposal of major assets. 11. Sets the dates for The Company's annual general meetings or extraordinary shareholders' meetings. 12. Approves managers' performance and remuneration standards, and the remuneration to individual directors.	
<u>Article 20-2</u> <u>The Company may set up other functional committees under the board of directors. The number, term of office, powers and other matters shall be prescribed in the organizational rules of the functional committees and the setup shall be carried out after the resolution of the board of directors.</u>		This Article is hereby added for clarification, with reference to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and in view of the fact that listed and OTC companies may set up various functional committees to improve their supervision functions and strengthen their operation functions.
Article 22 Unless otherwise regulated by The Company Act, all resolutions to Board of Directors meeting agendas must be discussed among more than half of all directors, and agreed by more than half of all directors present at the meeting. The meeting minutes must be signed or stamped by the meeting chairman and the recorder, and distributed to all Directors within 20 days after the meeting. Kept as essential document files	Article 22 Unless otherwise regulated by The Company Act, all resolutions to Board of Directors meeting agendas must be discussed among more than half of all directors, and agreed by more than half of all directors present at the meeting. The meeting minutes must be signed or stamped by the meeting chairman and the recorder, and distributed to all Directors within 20 days after the meeting. Kept as essential document files	Redundant words in the Paragraph 1 of this Article were deleted to make it clear.

Amendments	Current existing clauses	Description of amendments
of the Company for the perpetuity of the Company. The preparation and distribution of meeting minutes can be made in electronic form.	<u>permanently</u> of the Company for the perpetuity of the Company. The preparation and distribution of meeting minutes can be made in electronic form.	
Article 29 After paying tax and making up for the accumulated losses with the annual earnings, the Company shall appropriate 10% of the remaining earnings as legal reserve, 20% of the remaining earnings as special reserve and with the special reserve appropriated or reversed according to the law and regulations before distributing earnings. The remaining balance amount plus the unappropriated earnings of previous years should be distributed to shareholders according to the proposal of the Board of Directors and the resolution reached in the Shareholders' meeting. The appropriation of the legal reserve <u>and special earnings referred</u> to in the preceding paragraph can be exempted when it is equivalent to the Company's paid-in capital. To incentivize employees and the management team, this Company shall appropriate one per-mille (1‰) to five per-cent (5%) of the balance from deducting the accumulated deficits from the profit of the year (e.g. income before tax deducting the income before deducting the compensation for employees). In addition, when distributing the compensation for employees in stock or in cash, the scope of recipients may cover employees of companies under the control of or affiliated to this Company fulfilling certain requirements. The said "certain requirements" shall be determined by the Board of Directors.	Article 29 After paying tax and making up for the accumulated losses with the annual earnings, the Company shall appropriate 10% of the remaining earnings as legal reserve, 20% of the remaining earnings as special reserve and with the special reserve appropriated or reversed according to the law and regulations before distributing earnings. The remaining balance amount plus the unappropriated earnings of previous years should be distributed to shareholders according to the proposal of the Board of Directors and the resolution reached in the Shareholders' meeting. The appropriation of the legal reserve referred to in the preceding paragraph can be exempted when it is equivalent to the Company's paid-in capital. To incentivize employees and the management team, this Company shall appropriate one per-mille (1‰) to five per-cent (5%) of the balance from deducting the accumulated deficits from the profit of the year (e.g. income before tax deducting the income before deducting the compensation for employees). In addition, when distributing the compensation for employees in stock or in cash, the scope of recipients may cover employees of companies under the control of or affiliated to this Company fulfilling certain requirements. The said "certain requirements" shall be determined by the Board of Directors. The Company optimizes its	1. In accordance with Article 18 of the Regulations Governing Futures Commission Merchants, part of the text of Paragraph 1 of this Article is amended as appropriate. 2. In line with practical work, the text of Subparagraph 1, Paragraph 4 of this Article is amended as appropriate.

Amendments	Current existing clauses	Description of amendments
The Company optimizes its dividend policy to ensure long-term financial stability while satisfying the needs for future growth, and thereby maximizing shareholders' interests. Detailed rules are as follows: 1. The total amount of dividends for distribution in each year <u>shall be distributed in part or in whole according to the earnings available for distribution in the current year.</u> 2. The Company may decide the weight of dividends issued in cash and in shares based on its business operations and capital requirements projected for the next year. However, cash dividends must not be lower than 30% of all dividends issued.	dividend policy to ensure long-term financial stability while satisfying the needs for future growth, and thereby maximizing shareholders' interests. Detailed rules are as follows: 1. <u>The amount distributed as dividends must not be lower than 50% of distributable earnings.</u> 2. The Company may decide the weight of dividends issued in cash and in shares based on its business operations and capital requirements projected for the next year. However, cash dividends must not be lower than 30% of all dividends issued.	
Article 32 The Company's Articles of Incorporation was stipulated on January 14, 1997. The 22nd amendment was completed on May 17, 2013; the 23rd amendment was completed on May 20, 2014; the 24th amendment was completed on May 21, 2015; the 25th amendment was completed on May 18, 2016; the 26th amendment was completed on May 17, 2017; the 27th amendment was completed on May 23, 2019; the <u>28th amendment was completed on , 2020</u> and implemented with the resolutions reached in the shareholders' meeting, same as the amendment.	Article 32 The Company's Articles of Incorporation was stipulated on January 14, 1997. The 22nd amendment was completed on May 17, 2013; the 23rd amendment was completed on May 20, 2014; the 24th amendment was completed on May 21, 2015; the 25th amendment was completed on May 18, 2016; the 26th amendment was completed on May 17, 2017; the 27th amendment was completed on May 23, 2019 and implemented with the resolutions reached in the shareholders' meeting, same as the amendment.	Revision history

Attachment 6

Yuanta Futures Co., Ltd.

Partial amendments to the “Rules of Procedure for Shareholders’ Meetings” amendment outlines

Amendments	Current existing clauses	Description of amendments
Article 3 (Paragraph 1, 2 and 3 are omitted) For the election or dismissal of directors, change of Articles of Incorporation, <u>reduction of capital, application for suspension of public offering, non-competition approval for directors, transfer of earnings to additional paid-in capital, transfer of reserve to additional paid-in capital</u>, company dissolution, merger or division, or items in Paragraph 1 of Article 185 of the Company Act, <u>the reason shall be listed with the main contents</u> thereof stated and they shall not be put forward via an extraordinary motion; <u>the main contents may be referred to on the website designated by the securities authority or by the Company, and the website address shall be specified in the notice.</u> <u>The reason for the convening of the shareholders' meeting is indicated as a full re-election of directors, and the date of assuming office is specified. After the re-election in the shareholders' meeting is completed, the date of assuming office shall not be changed via an extraordinary motion or other means at the same meeting.</u> Shareholders holding more than 1% of the total issued shares may submit to the Company a proposal for a general shareholders’ meeting and the number of proposal shall be limited to one. If the number of proposal submitted is more than	Article 3 (Paragraph 1, 2 and 3 are omitted) Director appointment or dismissal, Articles of Incorporation amendment, company dissolution, merger, spins-off, or the matters stated in Article 185 Paragraph 1 of the Company Act <u>and Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”</u> should be cited in the reason for convening the meeting instead of in the motion. Shareholders with over 1% shareholding of the shares issued may have proposals presented <u>in writing</u> to the Company’s General Shareholders’ Meeting. <u>However</u>, it is limited to one proposal and the more than one proposals presented	- Paragraph 4 is amended in line with the amendment to Paragraph 5 of Article 172 of the Company Act. - Paragraph 5 of this Article is added in compliance with the letter referenced Jing-Shang-Zi No. 10702417500 dated August 6, 2018. - The text of the current Paragraph 5 is amended, and the sequence is adjusted to Paragraph 6 in accordance with Paragraph 1 of Article 172-1 of the newly amended Company Act. - Part of the text is amended and the sequence is adjusted to Paragraph 7 in accordance with Paragraph 2 of Article 172-1 of the Company Act. - The current Paragraphs 7 and 8 are transferred to Paragraphs 8 and 9, while the contents remain unchanged.

Amendments	Current existing clauses	Description of amendments
one, such proposals shall not be included in the agenda. <u>However, if the shareholder's proposal is to urge the company to promote the public interest or fulfill its social responsibility, the board of directors may still include the proposal in the agenda.</u> The board of directors may not have the proposals presented by shareholders that fall in the scope of Article 172-1 Article 4 of the Company Act included for discussion. The Company shall, prior to the book-close date for the general shareholders' meeting, publicly announce the acceptance of shareholder's proposals, <u>written or electronic acceptance method</u>, acceptance venue and acceptance period; the acceptance period shall be no less than 10 days. (not amended below; omitted)	will not be discussed in the meeting. The board of directors may not have the proposals presented by shareholders that fall in the scope of Article 172-1 Section 4 of the Company Act included for discussion. The Company should have the shareholders proposals, admission place, and admission period published prior to the stock transfer cut-off date before the shareholders' meeting; the admission period shall not be less than 10 days. (not amended below; omitted)	
Article 10 If the shareholders' meeting is convened by the board of directors, its agenda shall be determined by the board of directors, <u>and all relevant proposals shall be voted.</u> The meeting shall be conducted in accordance with the scheduled agenda, which shall not be changed without the resolution of the shareholders' meeting. (Paragraph 2 ~ 3 are omitted) The chairman shall give an opportunity for a full explanation and discussion of the motions and the amendments or extraordinary motions proposed by the shareholders. When the chairman thinks that the voting can be carried out, he may declare a stop to the discussion and start the voting, <u>and arrange sufficient time for voting.</u>	Article 10 If the shareholders' meeting is convened by the board of directors, its agenda is set by the board of directors. The meeting is conducted in accordance with the agenda and it may not be changed without the resolutions reached in the shareholders' meeting. (Paragraph 2 ~ 3 are omitted) The chairman shall give an opportunity for a full explanation and discussion of the motions and the amendments or extraordinary motions proposed by the shareholders. When the chairman thinks that the voting can be carried out, he may declare a stop to the discussion and start the voting.	1. Paragraph 1 is amended in line with the adoption of electronic voting by all listed and OTC companies to fulfill the voting spirit. 2. Paragraph 4 is amended in order to prevent the convener of the shareholders' meeting from excessively limiting the voting time of shareholders, therefore affecting shareholders from exercising their voting rights due to the insufficient time.

Amendments	Current existing clauses	Description of amendments
Article 13 (Paragraph 1, 2, and 3 are omitted) If, after submitting a written or electronic vote, the shareholder wishes to attend the shareholders' meeting in person, then a proper declaration of withdrawal must be issued using the same method as the original vote 2 day before the shareholders' meeting. If the withdrawal is not received in time, then the written or electronic vote shall prevail. If the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders' meeting, then the voting decision exercised by the proxy shall prevail. <u>(Deleted)</u> (not amended below; omitted)	Article 13 (Paragraph 1, 2, and 3 are omitted) If, after submitting a written or electronic vote, the shareholder wishes to attend the shareholders' meeting in person, then a proper declaration of withdrawal must be issued using the same method as the original vote <u>at least</u> 2 day before the shareholders' meeting. If the withdrawal is not received in time, then the written or electronic vote shall prevail. If the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders' meeting, then the voting decision exercised by the proxy shall prevail. <u>If none is replied, the agenda is considered to have passed unanimously in favor. If objections are raised, the agenda shall be voted according to the rules outlined above.</u> (not amended below; omitted)	1. The redundant text in Paragraph 4 of this Article is deleted. 2. Paragraph 5 of this Article is deleted in line with practical work, and subsequent item numbers are adjusted.
Article 15 (Paragraph 1, 2 are omitted) The minutes of the meeting shall record the date, venue, name of the chairman, method of resolution, essentials of the meeting process and <u>voting results (including the number of voting rights)</u>. <u>When there is an election of directors, the number of votes received by each elected director shall be disclosed</u> and shall be kept permanently during the company's existence. <u>(Deleted)</u>	Article 15 (Paragraph 1, 2 are omitted) The minutes must detail the date and venue of the meeting, the meeting chairman's name, the method of resolution, and the summary and results of meeting agendas. These minutes must be retained indefinitely. <u>Any resolutions involving the chairman asking for objections from shareholders and receiving none in return must be remarked as "Passed without objections from any shareholders present in the meeting". If shareholders did raise any objections, then the resolution must be remarked to have passed through voting, with details on the number of passing votes.</u>	Paragraph 3 of this article is amended and Paragraph 4 is deleted in order to implement the voting spirit and with reference to the proposal of the Asian Corporate Governance Association.