

Stock Code: 6023



Yuanta Futures Co., Ltd.

2020 Annual General Meeting

Agenda

May 27, 2020

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Yuanta Futures Co., Ltd.

2020 Annual General Meeting Procedures

- I. Commence Meeting
- II. Chairman Takes the Chair
- III. Chairman's Speech
- IV. Reporting matters
- V. Acknowledgments
- VI. Discussions
- VII. Election-related Issues
- VIII. Extempore Motion
- IX. Adjournment

Yuanta Futures Co., Ltd.

2020 Annual General Meeting Agendas

1. Time: 9am Wednesday, May 27, 2020
2. Venue: 13F., No.27, Sec. 1, Anhe Rd., Da'an Dist., Taipei City ,(The Chinese National Futures Association Business Center)
3. Commence Meeting
4. Chairman Takes the Chair
5. Chairman's Speech
6. Reporting matters
 - (1) Presenting the Company's 2019 Business Report.
 - (2) Audit Committee has the audit report for the Company's 2019 business report, financial statements, and statement of retained earnings presented for approval.
 - (3) Presenting the 2019 Employees' Remuneration Distribution.
7. Acknowledgments
 - (1) Acknowledging the Company's 2019 Business Report and Financial Statements.
 - (2) Acknowledging the Company's 2019 Earnings Distribution.
8. Discussions
 - (1) Partial amendments to the "Articles of Incorporation".
 - (2) Partial amendments to the "Rules of Procedure for Shareholders' Meetings".
9. Election-related Issues

For the purpose of a by-election for one seat of independent directors of the Company, please vote.
10. Extempore Motion
11. Adjournment

I. Reporting matters

1. Reported issue: Presenting the Company's 2019 Business Report.
Details: (1) Please refer to Attachment 1 for The Company's 2019 Business Report (pages 6~8 of this manual).
(2) The report is ready for review.
2. Reported issue: Audit Committee has the audit report for the Company's 2019 business report, financial statements, and statement of retained earnings presented for approval.
Details: (1) The Company's 2019 consolidated financial statements and financial statements have been audited by its auditors. Audit Committees have finished reviewing the audited financial statements, the Business Report, and the Earnings Distribution, and issued the Audit Committees' Review Report as shown in Attachment 2 (Page 9 of this manual).
(2) The report is ready for review.
3. Reported issue: Presenting The Company's 2019 Employees' Remuneration Distribution.
Details: (1) According to the Article 29 of the "Articles of Association," the Company will appropriate an amount equivalent to 0.01% ~ 5% of the annual net income (net income before tax and before deducting the remuneration to employees), if any, net of accumulated losses as remuneration to employees, which can be paid with stock or cash.
(2) With respect to the above provision, the 2019 income before tax prior to deducting the compensation for employees as audited by the certified public accountant was NT\$1,413,688,575. About 0.26% of which will be allocated as the 2019 compensation amounted to NT\$3,676,336 for employees according to the "Regulations for Distribution of Compensation for Employees". Compensation was distributed in cash to active employees in the year and on the day of distribution. The said amount in the preceding paragraph had already booked in the 2019 operating expense that was no different from the expense recognized in 2019.
(3) The report is ready for review.

II. Acknowledgments

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 Hsiu-Ling Li and CPA Chiao-Sen Lo of PricewaterhouseCoopers 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 financial statements, please refer to Attachments 1, 3 (Pages 6 ~ 8 and Pages 10 ~ 27 of this manual).
(3) The agenda has been proposed for acknowledgment.

Resolution:

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 (page 28 of this manual).
- (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 ordinary 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.

Resolution:

III. Discussions

- I. 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 "Articles of Incorporation" amendment outlines and the updated text enclosed. (page 29 ~ 33 this manual).
 - (4) Proposed for referendum.

Resolution:

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 referemced Jin-Guan-Zheng-Fa-Zi No. 1090339900 dated December 31, 2019.
 - (2) In compliance with the Company Act, the Ministry of Economic Affair's 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 6 (Page 34~36 of this manual) for the partial amendments to the “Rules of Procedure for Shareholders’ Meetings” amendment outlines.
- (4) Proposed for referendum.

Resolution:

IV. 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. Mr. Ching-Shan Hung, 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 (Page 51~53 of this manual) 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:

Name of the candidates for independent directors	Number of shares held	Education Background	Work Experience
Hui-Erh Yuan	0	<ol style="list-style-type: none"> 1. Master of Accounting, University of Central Missouri, USA 2. Master of Business Administration, Southern Illinois University, USA 	<ol style="list-style-type: none"> 1. Member of the Remuneration Committee of Yuanta Futures 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. Chairman of PricewaterhouseCoopers 7. Director of the Taipei Certified Public Accountants Association of the Republic of China

Results of the Election:

- V. Extempore Motion
- VI. Adjournment

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 Li

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		<u>71,245,136</u>	<u>96</u>	<u>70,417,004</u>	<u>96</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
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		<u>3,038,753</u>	<u>4</u>	<u>2,874,850</u>	<u>4</u>
906001	Total assets		<u>\$ 74,283,889</u>	<u>100</u>	<u>\$ 73,291,854</u>	<u>100</u>

(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						
602000	Other profits and losses	6(2)(28) and 7	143,087	5	415,785	11
902001	Earnings before tax		<u>1,266,925</u>	<u>43</u>	<u>829,797</u>	<u>23</u>
701000	Income tax expense	6 (28)	(274,213)	(9)	(245,537)	(7)
902005	Current period net profit		<u>\$ 1,135,799</u>	<u>39</u>	<u>\$ 1,000,045</u>	<u>27</u>

(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

	Additional notes	Attributable to owners of the parent company									Total equity
		Capital reserve			Retained earnings			Other equity			
		Ordinary shares capital	Share Premium	Consolidated Premium 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	
2018											
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>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>
2019											
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 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 Li

To Financial Supervisory Commission

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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>

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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 through profit or loss- current	6(2) and 11	\$ 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		<u>64,215,319</u>	<u>88</u>	<u>63,805,024</u>	<u>89</u>
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		<u>64,293,528</u>	<u>88</u>	<u>63,888,226</u>	<u>89</u>
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>\$ 73,149,665</u>	<u>100</u>	<u>\$ 72,108,776</u>	<u>100</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 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	\$ 2,567,263	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		<u>2,738,631</u>	<u>100</u>	<u>3,431,314</u>	<u>100</u>
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		<u>(2,551,065)</u>	<u>(93)</u>	<u>(2,952,236)</u>	<u>(86)</u>
Operating profit						
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	<u>1,208,025</u>	<u>44</u>	<u>770,287</u>	<u>22</u>
902001	Earnings before tax		<u>1,410,012</u>	<u>51</u>	<u>1,245,582</u>	<u>36</u>
701000	Income tax expense	6 (28)	(274,213)	(10)	(245,537)	(7)
902005	Current period net profit		<u>\$ 1,135,799</u>	<u>41</u>	<u>\$ 1,000,045</u>	<u>29</u>

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Yuanta Futures Co., Ltd.
Individual 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)	-
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

	Additional notes	Capital reserve			Retained earnings			Other equity			Total equity
		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	
2018											
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		-	-	-	-	-	<u>986,835</u>	<u>25,454</u>	<u>205,687</u>	<u>-</u>	<u>1,217,976</u>
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>
2019											
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		-	-	-	-	-	<u>1,139,408</u>	<u>(19,657)</u>	<u>166,209</u>	<u>-</u>	<u>1,285,960</u>
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
	<p><u>one submitted earlier shall prevail. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous proxy arrangement.</u></p>	
<p>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.</p> <p><u>If the Company intends to apply for the suspension of public offering, it shall submit a special resolution to the shareholders' meeting.</u></p>	<p>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.</p>	<p>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.</p>
<p>Article 20 The Board of Directors exercises the following authorities:</p> <ol style="list-style-type: none"> 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 	<p>Article 20 The Board of Directors exercises the following authorities:</p> <ol style="list-style-type: none"> 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 	<p>Subparagraph 13 of this Article was added to meet the practical needs.</p>

Amendments	Current existing clauses	Description of amendments
<p>earnings appropriation proposals.</p> <p>7. Resolves The Company's corporate bond issuance.</p> <p>8. Decisions regarding buybacks of The Company's shares.</p> <p>9. Appoints The Company's managers and finance, accounting, risk management, legal & compliance, and internal audit executives.</p> <p>10. Approves the acquisition or disposal of major assets.</p> <p>11. Sets the dates for The Company's annual general meetings or extraordinary shareholders' meetings.</p> <p>12. Approves managers' performance and remuneration standards, and the remuneration to individual directors.</p> <p>13. <u>Other matters prescribed by law or authorized by the shareholders' meeting.</u></p>	<p>earnings appropriation proposals.</p> <p>7. Resolves The Company's corporate bond issuance.</p> <p>8. Decisions regarding buybacks of The Company's shares.</p> <p>9. Appoints The Company's managers and finance, accounting, risk management, legal & compliance, and internal audit executives.</p> <p>10. Approves the acquisition or disposal of major assets.</p> <p>11. Sets the dates for The Company's annual general meetings or extraordinary shareholders' meetings.</p> <p>12. Approves managers' performance and remuneration standards, and the remuneration to individual directors.</p>	
<p><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></p>		<p>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.</p>
<p>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</p>	<p>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</p>	<p>Redundant words in the Paragraph 1 of this Article were deleted to make it clear.</p>

Amendments	Current existing clauses	Description of amendments
<p>of the Company for the perpetuity of the Company. The preparation and distribution of meeting minutes can be made in electronic form.</p>	<p><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.</p>	
<p>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.</p>	<p>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</p>	<ol style="list-style-type: none"> 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
<p>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:</p> <ol style="list-style-type: none"> 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. 	<p>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:</p> <ol style="list-style-type: none"> 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. 	
<p>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.</p>	<p>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.</p>	<p>Revision history</p>

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
<p>Article 3 (Paragraph 1, 2 and 3 are omitted)</p> <p>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 thereof stated and they shall not be put forward via an extraordinary motion; 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></p> <p><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></p> <p>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</p>	<p>Article 3 (Paragraph 1, 2 and 3 are omitted)</p> <p>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.</p> <p>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</p>	<ol style="list-style-type: none"> 1. Paragraph 4 is amended in line with the amendment to Paragraph 5 of Article 172 of the Company Act. 2. Paragraph 5 of this Article is added in compliance with the letter referenced Jing-Shang-Zi No. 10702417500 dated August 6, 2018. 3. 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. 4. 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. 5. 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
<p>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.</p> <p>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)</p>	<p>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.</p> <p>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)</p>	
<p>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.</p> <p>(Paragraph 2 ~ 3 are omitted)</p> <p>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></p>	<p>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.</p> <p>(Paragraph 2 ~ 3 are omitted)</p> <p>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.</p>	<ol style="list-style-type: none"> 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
<p>Article 13 (Paragraph 1, 2, and 3 are omitted)</p> <p>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.</p> <p><u>(Deleted)</u></p> <p>(not amended below; omitted)</p>	<p>Article 13 (Paragraph 1, 2, and 3 are omitted)</p> <p>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.</p> <p><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></p> <p>(not amended below; omitted)</p>	<ol style="list-style-type: none"> 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.
<p>Article 15 (Paragraph 1, 2 are omitted)</p> <p>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.</p> <p><u>(Deleted)</u></p>	<p>Article 15 (Paragraph 1, 2 are omitted)</p> <p>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.</p> <p><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></p>	<p>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.</p>

Appendix 1

Current and minimum number of shares held by Directors

1. The Company has a paid-up capital of NT\$2,499,762,880, issued in 249,976,288 ordinary shares.
2. According to the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” the minimum shareholding of the Company’s board directors is 12,000,000 shares. The Company has an Audit Committee established; therefore, there is no requirement on the minimum shareholding of the supervisors.
3. As at the book closure date of this annual general meeting (March 29, 2020), the shareholders registry showed total shares held by Directors at 169,897,136, of which have complied with Article 26 of The Securities and Exchange Act. The details are as follows:

Ex-transfer date on March 29, 2020

Title	Name	Number of shares held (shares)	Shareholding percentage (%)
Chairman	Yuanta Financial Holding Co., Ltd. Representative: Tien-Fu Lin	169,897,136	67.96%
Director	Yuanta Financial Holding Co., Ltd. Representative: Hsiao-Ling Chou		
Director	Yuanta Financial Holding Co., Ltd. Representative: Yueh-Tsang Li		
Director	Yuanta Financial Holding Co., Ltd. Representative: Hsien-Tao Chiu		
Director	Yuanta Financial Holding Co., Ltd. Representative: Zheng-hua Sun		
Director	Yuanta Financial Holding Co., Ltd. Representative: Mei-Ling Kuo		
Independent Director	Cho-Min YU	0	0
Independent Director	Nai-Kuan Huang	0	0
Total shares held by Directors Total		169,897,136	67.96%

Appendix 2

Information relating to shareholders' meeting agendas

I. Shareholders' meeting agendas

1. According to Article 172-1 of The Company Act, shareholders who own more than 1% of The Company's outstanding shares are entitled to submit one agenda for discussion during the annual general meeting. The submission must be made in writing and is limited to 300 words.
2. The Company has accepted shareholders' proposed agendas for this year's annual general meeting between March 20 ~ 30, 2020. This information has been published on the Market Observation Post System.
3. The Company received no proposals from existing shareholders during that period.

Appendix 3

Yuanta Futures Co., Ltd. The Company's Articles of Incorporation (Before amendments)

Chapter I General Principles

Article 1 This Company is named “元大期貨股份有限公司”, English as Yuanta Futures Co., Ltd., according to the Articles of Corporation of this Company.

Article 2 The Company's industry classifications are:

H401011 Futures Merchant.

H405011 Futures Consultation Services.

H304011 Security-investing Advices.

H407011 Futures Management.

H301011 Securities Brokerage.

H310011 Futures Introducing Broker.

H404011 Leverage Transaction Merchants.

Article 2-1 The Company's business activities are:

1. Securities brokerage.
2. Proprietary futures trading.
3. Futures consultation services.
4. Securities investment advice.
5. Futures management.
6. Proprietary trading of securities listed on Taiwan Stock Exchange.
7. Proprietary trading of securities within business premise.
8. Futures introducing agency.
9. Leverage Transaction Merchants.
10. Other business functions approved by the competent authority.

Article 3 The Company is headquartered in Taipei City, the Republic of China, and may have branches or offices set up elsewhere at home or abroad as necessary as resolved by the board of directors, subject to approval by the competent authority.

Article 4 Public announcements of the Company shall be duly made in accordance with Article 28 of The Company Act.

Chapter II Shareholding

Article 5 The Company's rated capital is NT\$2.5 billion, divided into 250 million shares at NT\$10 per share to issue shares in several trenches.

Article 6 The Company issues its shares in non-tangible forms, and shall register them to the Central Securities Depository.

Article 7 Shareholders must provide their names and residential or registered addresses, along

with their signature specimen cards, to The Company. This information shall be registered into the shareholders registry.

Article 8 (Deleted)

Article 9 The company's share administration practices shall comply with " Regulations Governing the Administration of Shareholder Services of Public Companies".

Article 10 The company's shareholders' registry will be closed within 60 days before the annual general meeting, within 30 days before the extraordinary shareholders' meeting, or within 5 days before the base date for distributing dividends or other entitlements.

Article 11 All other matters relating to share administration shall comply with The Company Act and other relevant regulations.

Chapter III General Meeting of shareholders

Article 20 The Company holds two types of shareholders' meetings:

1. The annual general meeting is held at least once a year, and within six months after the end of an accounting period unless otherwise permitted by The Company Act.
2. Extraordinary shareholders' meetings may be held whenever necessary, subject to compliance with the relevant laws.

Article 13 The convention of an annual general meeting must be communicated to shareholders with detailed date, venue, and agendas at least 30 days, and 15 days for extraordinary shareholders' meetings, in advance. The Company may distribute the above mentioned notices to shareholders holding less than one thousand shares by way of public announcements instead.

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 where shareholders cannot exercise their voting rights.

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". The above mentioned proxy form must be delivered at least 5 days before the shareholders' meeting. If duplicate forms are received, the one submitted earlier shall prevail. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous proxy arrangement.

Article 16 Unless otherwise specified in The Company Act, shareholders' meetings are convened by the Board of Directors. Shareholders' meetings shall be chaired by the Chairmen. If the Chairman is unable to perform his/her duties due to leave of absence or any reasons, the Vice Chairman will take the Chairman's place in the meeting. If the Vice Chairman is also absent, the Chairman may appoint one of the directors to act on behalf. If no one is appointed, the remaining directors will appoint one among themselves to perform the Chairman's duties on behalf.

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.

Article 18 Shareholders' meeting resolutions must be compiled into detailed minutes, signed by the meeting chairman, and distributed to every shareholder within 20 days after the meeting. The distribution can be made by way of public announcement. 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. Shareholders' attendance sheets and proxy forms shall be retained as required by the relevant regulations. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.

Chapter IV The Board of Directors, Directors and Managers

Article 19 The Company may have a total of 7~11 Directors (including 3 Independent Directors); they are elected by shareholders to serve a term of three years, which can be renewed if elected at the end of the term. The amount of shares held by Directors must comply with all relevant securities regulations.

The Company shall appoint the above mentioned Independent Directors by way of candidate nomination according to Article 14-2 and 183 of The Securities and Exchange Act.

The Directors (including independent directors) elections were held in accordance with a nomination system. Shareholders who are with over 1% shareholding and the board of directors may propose the list of nominees for directors for the review of the board of directors and with the qualified candidates presented in the shareholders' meeting to be elected by the shareholders.

The nomination and announcement of Director candidates shall comply with The Company Act, the Securities and Exchange Act, and other relevant regulations.

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 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.

Article 20-1 The Company shall assemble a Remuneration Committee, for which the Board of Directors is authorized to create its foundation rules according to the relevant regulations.

Article 21 The Chairman of the Board of Directors shall be appointed with the presence of more than two thirds of all directors, and the supports from more than half of all present directors. The Chairman represents the company in all dealings. If necessary, a Vice Chairman can be appointed through the same procedure. If the Chairman is unable to perform his/her duties due to leave of absence or any reasons, the Vice Chairman will take the Chairman's place. If the Vice Chairman is also absent, the Chairman may appoint one of the directors to act on behalf. If no one is appointed, the remaining directors will appoint one among themselves to perform the Chairman's duties on behalf.

Board of Directors meetings are convened by the Chairman. However, the first meeting of a newly-elected board shall be convened by the director receiving the highest number of votes during the shareholders' meeting. The first meetings among newly-elected boards shall take place within 15 days after the election.

The convention of a Board of Directors meeting must be advised to all Directors with detailed agenda at least 7 days in advance. However, meetings can be held in shorter notices in case of emergency.

The notice of convening the board meeting can be made electronically or by fax with the consent of the counterparty.

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. This document shall also be included as part of the company's key files and kept properly over the company's existence.

The preparation and distribution of meeting minutes can be made in electronic form.

Article 23 If a Director is unable to attend the Board of Directors meeting in person, another director can be appointed as proxy, subject to compliance with Article 205 of The Company Act. The proxy arrangement must be supported by a proxy form. If the Board of Directors meeting proceeds by way of video conferencing, those who participate in the meeting using video conferencing are considered to have attended the meeting in person.

Article 24 (Deleted)

Article 25 The Company has the "Audit Committee" composed by all the independent directors in accordance with Article 14.4 of the Securities and Exchange Act.

The size, terms, responsibilities, authorities, and meeting rules relating to the Audit Committee shall comply with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and be governed under a separate set of Audit Committee Foundation Rules.

Article 26 The Company employs one President and several managers; the appointment,

dismissal, and remuneration of whom shall comply with Article 29 of The Company Act.

The President and managers must carry out corporate operations according to the Board of Directors' resolutions and the relevant laws.

Article 27 As a guideline, salaries to the Chairman and Vice Chairman shall be set between 50% to 200% of the President's salary. The actual sum is subject to the Board of Directors' approval.

Other remunerations and benefits to the Chairman and the Vice Chairman shall be granted according to The Company's relevant policies or in reference to industry peers. The Board of Directors is authorized to determine the level of compensation for Chairman's/Vice Chairman's resignation based on their participation and contribution to The Company, and in reference to industry peers.

The Board of Directors is authorized to determine Independent Directors' remuneration in reference to industry peers. However, they are not entitled to earnings distributions under Article 29.

Article 27-1 The Company may acquire liability insurance for board directors in accordance with the resolutions reached by the Board of Directors.

Chapter Five Accounting

Article 28 The Company's fiscal year is from January 1 to December 31. The Board of Directors shall have the following statements prepared at the end of the fiscal year and presented in the shareholders' meeting for acceptance in accordance with the governing procedures:

1. Business Report
2. Financial statements.
3. Earnings distribution or loss reimbursement proposal.

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 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 amount distributed as dividends must not be lower than 50% of distributable earnings.
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.

Chapter VI Additional Rules

- Article 30 The Board of Directors is authorized to determine The Company's foundation rules and levels of authority.
- Article 31 Any matters that are not addressed in the Articles of Incorporation shall be governed by The Company Act and the relevant regulations.
- 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.

Appendix 4

Yuanta Futures Co., Ltd.

Shareholders' Meeting Rules (Before amendments)

The amendment was resolved in the shareholder's meeting on June 7, 2005

The amendment was resolved in the shareholder's meeting on March 22, 2007

The amendment was resolved in the shareholder's meeting on June 2, 2009

The amendment was resolved in the shareholder's meeting on October 6, 2011

The amendment was resolved in the shareholder's meeting on October 6, 2011

The amendment was resolved in the shareholder's meeting on May 23, 2012

It was resolved for re-set in the shareholder's meeting on May 17, 2013

The amendment was resolved in the shareholder's meeting on May 21, 2015

Article 1 For the purpose of establishing the Company's shareholder's meeting governance system, developing monitoring functions, and enhancing the management mechanism, the Rules are stipulated in accordance with Article 5 of the Company's "Corporate Governance Best-Practice Principles" for compliance.

Article 2 The Company's "Shareholders' Meeting Rules' Meetings," unless otherwise provided by the law and regulations or Articles of Incorporation, should be processed in accordance with the Rules.

Article 3 The Company's shareholders' meetings, unless otherwise provided by the law and regulations, should be convened by the Board of Directors.

The preparation and upload of the Company's notice of shareholders' meeting and Agenda Handbook is processed in accordance with the Company Act, Securities and Exchange Act, Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbook of Public Companies, and the regulations published by the competent authorities.

The notice and announcement of convening the board meeting can be made electronically with the consent of the counterparty.

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 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" 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 in writing to the Company's General Shareholders' Meeting. However, it is limited to one proposal and the more than one proposals presented 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.

The shareholder's proposal is limited to 300 words' otherwise it will not be included for

discussion. The proposing shareholders must attend the shareholders' meeting in person or by proxy to participate in the proposal discussion.

The Company shall have the processing result presented in the shareholders' meeting before the meeting convening date and have the proposals in compliance with this clause included in the notice of meeting. The board of directors is to give the reason why the shareholder's proposal is not included for discussion in shareholders' meeting.

Article 4 Shareholders may issue a proxy printed by the Company with the scope of authorization defined to attend the shareholders' meeting.

It is one shareholder one proxy and limited to one commission that should be delivered to the Company 5 days before the shareholders' meeting date. The matter of proxy received in duplication is handled in accordance with the "first arrival" principle. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous proxy arrangement.

If the shareholders wish to exercise the balloting right by attending the meeting in person or voting in writing or by electronic means after the proxy is received by the Company, the shareholders shall have the Company informed in writing two days prior to the shareholders' meeting date to revoke the proxy. The balloting right exercised by the representative shall prevail if the proxy is not revoked before the deadline.

Article 5 The shareholders' meeting must be held at a location that is suitable and convenient for shareholders to attend. The meeting must not commence anytime earlier than 9AM or later than 3PM. Independent Directors' opinions must be fully taken into consideration when deciding the time and venue of the meeting.

Article 6 The Company shall have the admission time, admission place, and other related matters set forth in the notice of meeting.

The shareholders' meeting admission time referred to above should be at least thirty minutes before the meeting in session; it should be clearly indicated at the admission place and with the adequate and qualified personnel to handle it.

The shareholders or their representatives (hereinafter referred to as the "shareholders") shall attend the shareholders' meeting with the evidence of the attendance card, attendance register, or other attendance documents. The Company may not demand the attending shareholders to present any additional identification documents; the proxy solicitors should bring proof of identity with them for examination.

The company will provide an attendance log to record shareholders' attendance; alternatively, shareholders may present their attendance cards to signify their presence.

The Company shall have the Agenda Handbook, annual reports, attendance card, statement slip, ballots, and other meeting materials delivered to the shareholders presented; also, the ballot will be distributed to the directors for the election of directors, if any.

The number of representative attending the shareholders' meeting on behalf of the institutional shareholders, both the government and legal person, is not limited to one person. The number of legal person entrusted to attend the shareholders' meeting is limited to one person.

Article 7 If the shareholders' meeting is convened by the board of directors, the chairman of the board is to preside the meeting. If the chairman of the board is on leave of absence or for some reason cannot perform duty, the representative of the Chairman is appointed in accordance with the Company Act.

The director who is the representative of the chairman to preside the meeting referred to above must have already served the term for more than six months and understand the Company's finance and business conditions. The rule referred to above does apply if the chairman is a representative of the legal director.

The Chairman shall personally preside the Shareholders' meeting that is convened by the Board of Directors; also, a majority of the Board of Directors and at least one member of each functional committee should attend the meeting with the attendance recorded in the minutes of meeting.

If the shareholders' meeting is convened by any authorized party other than the Board of Directors, the convener will act as the meeting chairman. If there are two or more conveners, they shall appoint one among themselves to chair the meeting.

The Company may summon its lawyers, certified public accountants, and any relevant personnel to the shareholders' meeting.

Article 8 The Company shall have the admission of the shareholders, the meeting in session, and the voting and vote counting process recorded and filmed uninterruptedly.

The audio and video data referred to above should be reserved for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.

Article 9 The attendance of the shareholders' meeting is counted by the shareholding. The attendees' shareholding is calculated in accordance with the attendance register submitted and the balloting rights exercised in writing or by electronic means.

The chairman should announce the commencement of the meeting as soon as it is due. However, if the attendees represented less than half of all outstanding shares, the meeting chairman may announce to postpone the meeting up to two times, for a period totaling no more than one hour. The Chairman may announce the meeting is adjourned if there remain insufficient shareholders who represent one thirds of shareholding to attend the meeting after two meetings postponed.

A pseudo-resolution could be reached in accordance with Article 175 Section 1 of the Company Act if there remain insufficient attendees to attend the meeting after two meetings postponed that represents more than one thirds of shareholding. The shareholders should be notified about the pseudo-resolution reached and the shareholders' meeting will be convened again within one month.

If the number of shares represented during the meeting accumulates to more than half of all outstanding shares, the chairman may re-propose the temporary resolutions for final voting according to Article 174 of The Company Act.

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.

The provision referred to above is applicable even when the shareholders' meeting is convened other than by the board of directors.

The Chairman may not announce the meeting is adjourned until a resolution is reached for the two procedures (including motions) referred to above. If the Chairman has announced the meeting adjourned in violation of the procedures, the other board directors shall promptly assist the shareholders presented with a majority of balloting rights to elect

a chairman to continue the meeting in accordance with the legal procedures.

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

Article 11 Shareholders who wish to speak during the meeting must produce a Speak Request Form detailing the topics and the shareholder's name and account number (or the attendance ID serial). The order of shareholders' comments will be determined by the meeting chairman.

Shareholders who submit Speak Request Forms without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the Speak Request Form, the actual comments shall prevail.

Each shareholder may not speak on the same proposal more than twice and not more than 5 minutes each time unless otherwise permitted by the Chairman. However, the Chairman may stop the shareholder from speaking if the speech is in violation of regulations or outside the scope of the proposal.

While a shareholder is speaking, other shareholders cannot speak simultaneously or interfere in any way without the consent of the meeting chairman and the person speaking. The meeting chairman shall restrain any violators.

For corporate shareholders who have appointed two or more representatives to attend the shareholders' meeting, only one representative may speak per agenda.

The Chairman may have the speech of the shareholder responded in person or by the designated personnel.

Article 12 The balloting of the shareholders' meeting is based on the shareholding represented.

For the resolutions of the shareholders' meeting reached, the shareholding of the shareholders without balloting right is excluded from the count of the outstanding shares.

Shareholders cannot vote, or appoint proxies to vote, on any agendas that present conflicting interests, if doing so may compromise The Company's interests.

The shareholding of the shareholders without balloting right referred to above is not included in the balloting rights of the shareholders presented.

Except for the trust enterprise or the securities brokerages approved by the securities competent authorities, the balloting rights of the representative who is commissioned by two or more shareholders shall not exceed 3% of the balloting rights representing the total outstanding shares and the portion in excess does not count.

Article 13 Shareholders are entitled to one balloting right per share except for those restricted without any voting right granted or those without any voting according to Article 179 Paragraph 2 of the Company Act.

Voting rights can be exercised in writing or through the electronic method. Instructions for exercising voting rights in writing or through the electronic form must be clearly stated on the shareholders' meeting advice. Shareholders who have voted in writing or using the electronic method are considered to have attended the shareholders' meeting in person. However, in respect of the motion and the amendment of the original proposal in the shareholders' meeting it is deemed as a waiver; therefore, the Company is advised to avoid proposing motion or the amendment of the original proposal.

The uses of written and electronic votes mentioned above must be delivered to The Company at least 2 days before the shareholders' meeting. If there are duplicate

submissions, the earlier submission shall prevail. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous vote.

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 at least 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.

Unless otherwise provided in the Company Act and the Company's Articles of Incorporation, the proposal is passed in the meeting by the shareholders represented a majority of the balloting rights. The Chairman or the designated personnel are to announce the total number of balloting rights of the shareholders presented at the time of balloting. The result of the votes of approval, objection, or waiver casted by shareholders will be posted on the MOPS (Market Observation Post System) at the end of the shareholders' meeting.

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.

For the proposal with an amendment or alternative put to vote, the Chairman is to have it prioritized for balloting with the original bill enclosed. If any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

The meeting chairman will appoint a ballot examiner and a ballot counter for each agenda. However, the ballot examiner must be a Director.

The vote counting process of the shareholder's balloting or election should be held openly at the meeting venue. The balloting result should be announced immediately at the meeting, including statistical weights, and it should be documented for record.

Article 14 The election of directors in the shareholders' meeting must be processed in accordance with the Company's election procedures and the election result must be announced immediately, including the list of the elected directors and the election weights.

The ballots of the election referred to above should be sealed, signed, and reserved by the controller of ballot for safekeeping for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.

Article 15 The resolutions reached in the shareholders' meeting must be documented in the minutes of meeting for the signature or seal of the Chairman. The minutes of meeting must be distributed to the shareholders in 20 days. The preparation and distribution of the minutes of shareholders' meeting can be processed electronically.

The Company's minutes of shareholders' meeting referred to above can be distributed by posting it on the MOPS.

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.

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.

Article 16 The Company must have the statistics of the number of shares by soliciting and by proxy prepared in the prescribed format and has it disclosed openly at the meeting venue on the meeting date.

If the resolutions reached in the shareholders' meetings involving material information regulated by law and regulations and the ROC GTSM, the Company shall within the prescribed time have the material information uploaded to the MOPS.

Article 17 The service personnel for the shareholders' meeting shall wear identification badges or armbands.

The meeting chairman may instruct picketers or security staffs to help maintain order in the meeting. While maintaining order in the meeting, all picketers or security staffs must wear arm badges which identify their roles as "Staff".

If the meeting venue is equipped with speakerphones, the Chairman may stop the shareholders who do not use the device provided by the Company from speaking.

The Chairman may command the marshals or security guards to escort the shareholders to leave the meeting venue if they are in violation of the rules of procedure, disobey the Chairman, and interfere with the meeting proceeding.

Article 18 The Chairman at his/her discretion may announce the meeting in recess; also, may announce to have the meeting suspended due to force majeure and announce the time for the meeting to resume.

If the venue of shareholders' meeting is not available before the end of the procedures (including motions), the shareholders' meeting may resolved to find another venue to continue the meeting.

A resolution of having the meeting postponed or continued can be reached within 5 days in the shareholders' meeting in accordance with Article 182 of the Company Act.

Article 19 These rules will be implemented after being approved in the shareholders' meeting, same as the amendment.

Yuanta Futures Co., Ltd.

Procedures for Election of Directors

Resolved in the shareholders' meeting on June 7, 2005.

Amended and resolved in the shareholders' meeting on March 22, 2007

Amended and resolved in the shareholders' meeting on June 2, 2009.

Amended and resolved in the shareholders' meeting on May 23, 2012

Amended and resolved in the shareholders' meeting on May 20, 2014

Amended and resolved in the shareholders' meeting on May 20, 2014

Article 1 The election, re-election, and supplement election of the Company's directors, unless otherwise provided by law or the Articles of Incorporation, should be processed in accordance with the "Procedures for Election of Directors." Article 1-1 The qualification and appointment of the Company's independent directors should be processed in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

Article 1-2 (Deleted)

Article 2 The election of the Company's directors (including independent directors) should be held with the considerations of the overall configuration of the Board and the diversification of the Board members; also, diversified guidelines should be formulated in accordance with the operation, business patterns, and development needs, which should include but not limited to the standards with the following two aspects:

1. Basic conditions and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: Professional background (such as, law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

Board members should possess the necessary knowledge, skills, and literacy for performing duties, which include:

1. Operating judgment
2. Accounting and financial analysis
3. Management capability
4. Crisis management capabilities
5. Industry knowledge
6. International market viewpoint
7. Leadership
8. Decision-making ability

The majority of the board directors may not be with a relationship of spouse or second cousin.

The Board of Directors shall base on the results of the performance evaluation to consider the adjustment of the Board members.

The directors (including independent directors) of the Company should be elected in accordance with the nomination system and procedure defined in Article 192-1 of the Company Act. While reviewing the qualification, experience and education, and conducts defined in the Company Act Article 30 of the candidates for directors (including independent directors), the Company may not demand any additional supporting documents of qualification from the candidates; also, the review results should be presented to the shareholders for reference in order to elect competent directors (including independent directors).

If the dismissal of any director for any reason causes the board with less than five directors in service, an election of directors should be held in the most recent shareholders' meeting. However, if the vacancy of board director is one thirds of the chairs designated, the Company shall have an extraordinary shareholders' meeting held within 60 days from the date of the event occurred.

If the number of independent directors does not meet the requirements of the proviso in Article 14-2, Subparagraph 1 of Securities Exchange Act, the relevant provisions of Taiwan Stock Exchange "Corporation Rules Governing Review of Listings, or the Standards for Determining Unsuitability for GTSM Listing under Article 10, Subparagraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM" Subparagraph 8, an election of directors should be held in the most recent shareholders' meeting. When all independent directors were dismissed, the Company shall have an extraordinary shareholders' meeting held within 60 days from the date of the event occurred.

Article 3 The Company's election of directors should be handled in accordance with the single name cumulative suffrage system. The voter's name can be replaced with the attendance card number printed on the ballot. Unless otherwise provided by law, each stock share contains the suffrage equivalent to the number of directors to be elected, which can be distributed to one or more than one candidate.

Article 4 The Company's directors are elected as independent directors and non-independent directors in that order in accordance with the number of chairs designated in the Articles of Incorporation and the electoral votes from top down. If there are two or more candidates received the same votes of suffrage resulting more candidates elected than the chairs designated, the candidates who received the same votes of suffrage are to take a draw for a solution; also, the Chairman is to take a draw on behalf of the absentees.

The individual who has been elected as a director and supervisor at the same time may determine discretionally to assume either one of the positions but not both, and the vacancy is to be filled by the un-elected candidate who has received the highest votes in the original election.

When the elected director is found nonconforming to the requirements of Article 26-3 Subparagraph 3 and Subparagraph 4 of the Securities Exchange Act, the election of the director should be concluded in accordance with Article 26-3 Subparagraph 5 of the Securities Exchange Act.

Article 5 The Board of Directors shall prepare ballots for a number equivalent to the chairs of directors designated and the ballots should be numbered in accordance with the attendance certificate number with the vote of suffrage detailed before distributing them to shareholders in the shareholders' meeting. No ballot will be prepared if shareholders have votes casted in an electronic form.

Article 6 The Chairman is to have two ballot inspectors and several tellers designated at the

beginning of the election for surveillance and vote counting; however, ballot inspectors must be a shareholder of the Company.

- Article 7 Ballot boxes should be prepared for the election of directors by the board of directors; also, the ballot boxes are to be inspected by the ballot inspectors in public before voting. The results of the vote should be announced in the meeting immediately.
- Article 8 If the candidates are shareholders, the voters must detail the account name and shareholder account number of the candidate in the “candidate” column on the ballot. If the candidates are not shareholders, the name and ID Card number of the candidates must be detailed. If the candidate is a government agency or institution shareholder, the candidate column on the ballot must be detailed with the name of the government agency or institution shareholder, or it can be the name of the government agency or institution legal person and their representatives. If there is more than one representative appointed, the name of all the representatives must be listed separately.
- Article 9 Ballots are invalid in any of the following circumstances:
- (1) Votes that do not comply with the “Procedures for Election of Directors.”
 - (2) Blank ballots that are casted in the ballot box
 - (3) Unidentifiable ballot due to illegible or incomplete corrections
 - (4) The shareholder’s account name and number of the candidate who is a shareholder differs from the Shareholder Registry, or, the name and ID Card number of the candidate who is not a shareholder is found with nonconformity.
 - (5) There are more than two candidates indicated on one ballot.
 - (6) Ballot contains not only the candidate’s name, (account name), shareholder account number or ID Card number but also other unauthorized information.
 - (7) The name of the candidate is same as other shareholder but failed to state the candidate’s shareholder account number or ID Card number for identification.
 - (8) Failed to comply with Article 8.
- Article 10 The ballot inspectors are to monitor the vote count and the Chairman is to announce the results of the vote in the meeting immediately, including the list of the elected directors and the respective number of voting rights.
- The ballots of the election referred to above should be sealed, signed, and reserved by the ballot inspector for safekeeping for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned ballots must be retained until the end of the litigation.
- Article 11 The Company is to issue a certificate of election to each elected director and the elected director is to fill out the “Letter of Consent” for registration and inauguration.
- Article 12 The matters that are not addressed in the “Procedures for Election of Directors” should be processed in accordance with the Company Act and Articles of Incorporation.
- Article 13 These procedures will be implemented after being approved in the shareholders’ meeting, same as the amendment.