

Stock Code: 6023



# **Yuanta Futures Co., Ltd.**

2021 Shareholders' Meeting

## **Agenda**

May 28, 2021

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Yuanta Futures Co., Ltd.  
2021 Shareholders' 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. Other items
- IX. Extempore Motion
- X. Adjournment

Yuanta Futures Co., Ltd.  
2021 Shareholders' Meeting Agendas

1. Time: 9am (Friday), May 28, 2021
2. Venue: 13F., No.27, Sec. 1, Anhe Rd., Da'an Dist., Taipei City ,(The Chinese National Futures Association Meeting Room)
3. Commence Meeting
4. Chairman Takes the Chair
5. Chairman's Speech
6. Reporting matters
  - (1) Presenting the Company's 2020 Business Report.
  - (2) Audit Committee has the audit report for the Company's 2020 business report, financial statements, and statement of retained earnings presented for approval.
  - (3) Presenting the 2020 Employees' Remuneration Distribution.
7. Acknowledgments
  - (1) Acknowledging the Company's 2020 Business Report and Financial Statements.
  - (2) Acknowledging the Company's 2020 Earnings Distribution.
8. Discussions
  - (1) Partial amendments to the "Articles of Incorporation".
  - (2) Partial amendments to the "Rules of Procedure for Shareholders' Meetings".
  - (3) Partial amendments to the "Procedures for Election of Directors".
9. Election-related Issues

Please proceed with the election of the Company's directors (including independent directors) for the 11<sup>th</sup> term.
10. Other items

Please referendum the proposal to release the Company's newly-elected directors from the "Non-competition Restrictions for Directors" prescribed in Article 209 of the Company Act.
11. Extempore Motion
12. Adjournment

## I. Reporting matters

1. Subject: Presenting the Company's 2020 Business Report.  
Details: (1) Please refer to Attachment 1 for The Company's 2020 Business Report (pages 10~12 of this manual).  
(2) The report is ready for review.
2. Subject: Audit Committee has the audit report for the Company's 2020 business report, financial statements, and statement of retained earnings presented for approval.  
Details: (1) The Company's 2020 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 13 of this manual).  
(2) The report is ready for review.
3. Subject: Presenting the 2020 Employees' Remuneration Distribution.  
Details: (1) According to the Article 29 of the "Articles of Incorporation," 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 shares or cash.  
(2) With respect to the above provision, the 2020 income before tax prior to deducting the compensation for employees as audited by the certified public accountant was NT\$1,329,411,914. About 0.29% of which will be allocated as the 2020 compensation amounted to NT\$3,832,196 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 2020 operating expense that was no different from the expense recognized in 2020.  
(3) The report is ready for review.

## II. Acknowledgments

- I. Subject: Acknowledging the Company's 2020 Business Report and Financial Statements. (The proposal was submitted by the board of directors)  
Details: (1) The Company's 2020 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 41<sup>st</sup> Meeting of the 10<sup>th</sup> term board of directors (March 18, 2021). 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 10 ~ 12 and Pages 14 ~ 31 of this manual).  
(3) The agenda has been proposed for acknowledgment.  
Resolution:
2. Subject: Acknowledging the Company's 2020 Earnings Distribution. (The proposal was submitted by the board of directors)  
Details: (1) The 2020 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 41<sup>st</sup> Meeting of the 10<sup>th</sup> board of directors (March 18, 2021). The annual earnings distribution proposal was reviewed by the Audit Committee without any nonconformity identified and with a review report issued.  
(2) The unappropriated earnings of the company at the beginning of 2020 was

NT\$181,161,345 (the same currency applied hereinafter).

- (3) A 10% legal reserve should be appropriated in current period for an amount of NT\$111,466,662. Such amount is calculated in accordance with the provision stated in the Jin-Sun-Zi No. 10802432410 Letter of the MOEA, dated January 9, 2020, that is, the appropriation of legal reserve is based on the “net profit after tax plus the amount other than the net profit after tax that is included in the current unappropriated earnings.” An amount of NT\$1,114,666,617 is the appropriation basis for the year of 2020, which is the net profit after tax of 2020, NT\$1,070,099,341, deducting the defined benefit plan actuarial net loss of NT\$10,846,368 and adding the net profit of equity instrument measured at fair value through other comprehensive profit and loss for an amount of NT\$55,413,644.
- (4) The earnings available for distribution in the current period is NT\$970,341,432, which is mainly the unappropriated earnings at the beginning of the year, NT\$181,161,345, as stated in the preceding Paragraph (2), deducting the defined benefit plan actuarial net loss of NT\$10,846,368 in 2020 and adding the net profit of equity instrument measured at fair value through other comprehensive profit and loss for an amount of NT\$55,413,644; also, adding the net profit after tax of 2020, NT\$1,070,099,341, and deducting the legal reserve for an amount of NT\$111,466,662 as stated in the preceding Paragraph (3) and deducting the special reserve for an amount of NT\$214,019,868.
- (5) The company intends to distribute a cash dividend of NT\$811,933,606. The cash dividend per share is NT\$2.8 that is calculated according to the number of outstanding shares. The aforementioned earnings distribution is with the funds from the distributable earnings of the current year for an amount of NT\$789,180,087 plus the unappropriated earnings at the beginning of the year for an amount of NT\$22,753,519. Please refer to Attachment 4 for the earnings appropriation (page 32 of this manual).
- (6) The cash dividends distributed to each shareholder are calculated and rounded up to dollar; also, the total amount of odd share less than NT\$1 shall be transferred to the company’s Employee Welfare Committee with the postage and remittance fees paid by the shareholders.
- (7) For this earnings distribution proposal, if the company’s number of outstanding shares is changed due to the actual business operation, amendments to the law, or the command of the competent authority, the (2021) regular shareholders’ meeting is suggested to have the board of directors authorized to recalculate the cash dividend ratio based on the number of outstanding shares on the ex-dividend date.
- (8) Once the proposal is resolved by the shareholders’ meeting, the board of directors shall be authorized to schedule the ex-dividend date, the payment day, and other related matters. The dividend distribution is based on the shareholder’s shareholding ratio on the ex-dividend date.
- (9) The agenda has been proposed for acknowledgment.

Resolution:

### III. Discussions

1. Subject: Partial amendments to the “Articles of Incorporation”. (The proposal was submitted by the board of directors)  
Details: (1) For the purpose of improving the company’s dividend policy and protecting the shareholders’ equity, and also considering the company’s future operational needs and a sound financial structure, it is proposed to amend Subparagraph 1, Paragraph 4, Article 29 of the company’s “Articles of Incorporation” in order to define that the annual dividend to be distributed should be an amount not less than 50% of the earnings available for distribution.

- (2) Please refer to Attachment 5 for the “Articles of Incorporation” amendment outlines and the updated text enclosed. (page 33 ~ 34 this manual).
- (3) 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 to be handled in accordance with Jin-Guan-Zheng-Jiao-Zi No. 1090150567 Letter, dated January 21, 2021, of Financial Supervisory Commission and Zheng-Gui-Jian-Zi No. 11000519042 Letter, dated February 9, 2021, of TPEX.
  - (2) For the purpose of improving corporate governance and safeguarding shareholders’ equity, Article 3, 9, 13, and 14 of the company’s “Rules of Procedures for Shareholders’ Meeting” are amended by referring to the “Sample Template for ○○ Co., Ltd. Rules of Procedures for Shareholders’ Meeting.”
  - (3) Please refer to Attachment 6 (Page 35~38 of this manual) for the “Rules of Procedure for Shareholders’ Meetings” amendment outlines.
  - (4) Proposed for referendum.

Resolution:

3. Subject: Partial amendments to the “Procedures for Election of Directors”. (The proposal was submitted by the board of directors)

- Details:
- (1) It is to be handled in accordance with Jin-Guan-Zheng-Fa-Zi No. 1090338980 Letter, dated May 2, 2020, of Financial Supervisory Commission and Zheng-Gui-Jian-Zi No. 10900582661 Letter, dated June 12, 2020, of TPEX.
  - (2) For the purpose of simplifying the director nomination procedures, Article 1-1, 2, 3, 4, 9, and 10 of the company’s “Regulations Governing Election of Directors” are amended; also, Article 1-2, 2-1, and 8 are deleted, and the order of Article 11, 12, and 13 is reorganized with text revised accordingly by referring to the “Sample Template for ○○ Co., Ltd. Procedures for Election of Directors and Supervisors.”
  - (3) Please refer to Attachment 7 (Page 39~46 of this manual) for the “Procedures for Election of Directors” amendment outlines.
  - (4) Proposed for referendum.

Resolution:

#### IV. Elections

Subject: Please proceed with the election of the Company’s directors (including independent directors) for the 11<sup>th</sup> term. (The proposal was submitted by the board of directors)

- Details:
1. The term of office of the (10<sup>th</sup>) directors (including independent directors) of the company will expire on May 23, 2021; therefore, the election of directors shall be held at the (2021) regular shareholders’ meeting lawfully.
  2. The company has 7–11 directors (including 3 independent directors) selected in accordance with Article 19 of the company’s “Articles of Incorporation.” The company has 9 directors (including three independent directors) on the board currently. The company intends to maintain the same number of directors for the needs of business operation to serve the 11<sup>th</sup> term of office. The directors (including independent directors) of the 10<sup>th</sup> term will not be dismissed until the reelection at this regular shareholders’ meeting is completed. The 11<sup>th</sup> term of office is for a period from May 28, 2021 to May 27, 2024, a 3-year office term; also, the directors can be elected for a second term.
  3. Please refer to Appendix 5 (Page 61~65 of this manual) for the Procedures for Election of Directors.
  4. The director (including independent directors) candidates list is resolved by the board of directors on April 7, 2021 as follows:

Name of the candidates for directors	Number of shares held	Education Background	Work Experience
Representative of Yuanta Financial Holding Co., Ltd.: Tien-Fu Lin	Shareholding of Yuanta Financial Holdings: 192,167,005	Yu Da High School of Commerce and Home Economics	<ol style="list-style-type: none"> <li>1. Chairman of Yuanta Futures Co., Ltd.</li> <li>2. Independent director of TTY Biopharm Company Limited</li> <li>3. Director of Yuanta Financial Holding Co., Ltd.</li> <li>4. Vice Chairman of Yuanta Securities Finance Co., Ltd.</li> <li>5. President of Yuanta Securities Co., Ltd.</li> <li>6. Director and Executive Vice President of Yuanta Core Pacific Securities Co., Ltd.</li> <li>7. Director and President of Fuh Hwa Securities Investment Trust Co., Ltd.</li> <li>8. Chairman of Ding Fu Securities Co., Ltd.</li> </ol>
Representative of Yuanta Financial Holding Co., Ltd.: Hsiao-Ling Chou		MBA in Finance, National Taiwan University	<ol style="list-style-type: none"> <li>1. Vice Chairman of Yuanta Futures Co., Ltd.</li> <li>2. Director of Taiwan Futures Exchange</li> <li>3. Independent director of Luo Lih Fen Holdings Co., Ltd.</li> <li>4. Vice Chairman of Yuanta Futures Co., Ltd.</li> <li>5. Director and President of Polaris Futures Co., Ltd.</li> <li>6. Director and Vice President of Oversea-Chinese Banking Corporation Limited</li> <li>7. President of Brokerage Department, Polaris Securities Co., Ltd.</li> </ol>
Representative of Yuanta Financial Holding Co., Ltd.: Hsien-Tao Chiu		Business Administration Dept., Southwestern University	<ol style="list-style-type: none"> <li>1. Director of Yuanta Futures Co., Ltd.</li> <li>2. Director of Yuanta Financial Holding Co., Ltd.</li> <li>3. Director of Yuanta Commercial Banking Corporation</li> <li>4. Director of Yuanta Securities Co., Ltd.</li> <li>5. Chairman of Yue Ho Automobile Co., Ltd.</li> <li>6. Chairman of Taichung Commercial Bank Securities Co., Ltd.</li> <li>7. Managing Director of Yuanta</li> </ol>



			Commercial Bank Co., Ltd. 8. Director of Asia-Pacific Investment Trust
Representative of Yuanta Financial Holding Co., Ltd.: Yueh-Tsang Li		Department of Sociology, Toyo University	1. Director of Yuanta Futures Co., Ltd. 2. Director of Yuanta Financial Holding Co., Ltd. 3. Director of Yuanta Securities Co., Ltd. 4. Director of Yuanta Core Pacific Securities Co., Ltd. 5. Chairman of Yuantong Investment Co., Ltd. 6. Chairman of Tiffit Securities Co., Ltd. 7. Director of Yuan Kun Construction Co., Ltd.
Representative of Yuanta Financial Holding Co., Ltd.: Kuo-Tsun Hsu		MBA in Finance, National Taiwan University	1. Director and President of Yuanta Futures Co., Ltd. 2. Vice President of Polaris Futures Co., Ltd:
Representative of Yuanta Financial Holding Co., Ltd.: Mei-Ling Kuo		MBA, National Chengchi University	1. Director of Yuanta Futures Co., Ltd. 2. Chief Executive Officer, Digital financial Dept, Yuanta Financial Holdings Co., Ltd 3. Executive Vice President, Yuanta Securities 4. Director of Yuanta Securities Co., Ltd. 5. Executive Vice President of Capital Securities Corporation 6. Manager of Syscom Computer Engineering Company

Name of the candidates for independent directors:	Number of shares held	Education Background	Work Experience
Yu-Chun Wu	0	MBA, National Taipei University	<ol style="list-style-type: none"> <li>1. Independent Director of Yuanta Securities Co., Ltd.</li> <li>2. Independent Director of Taiwan Mask Corporation</li> <li>3. Director of Browave Corporation</li> <li>4. Independent Director of Chun Zu Machinery Industry Co., Ltd.</li> <li>5. Director of the Securities and Futures Bureau of the Financial Supervisory Commission R.O.C. (Taiwan)</li> <li>6. President of GreTai Securities Market</li> </ol>
Nai-Kuan Huang	0	PhD in Engineering, USC	<ol style="list-style-type: none"> <li>1. Independent Director of Yuanta Futures Co., Ltd.</li> <li>2. Director of Everlasting Digital ESG Co., Ltd.</li> <li>3. Director of RFIC Technology Corporation</li> <li>4. Vice President and Chief Information Officer of Taiwan Stock Exchange Corporation</li> <li>5. Chairman of Taiwan Ratings Corp.</li> <li>6. Sr. Executive Vice President and Public Welfare Supervisor, Taiwan Futures Exchange</li> <li>7. Chairman of TAIWAN-CA. Inc.</li> </ol>
Hui-Erh Yuan	0	<ol style="list-style-type: none"> <li>1. Master of Accounting, University of Central Missouri</li> <li>2. Master of Business Administration, University of Illinois, USA</li> </ol>	<ol style="list-style-type: none"> <li>1. Independent Director of Yuanta Futures Co., Ltd.</li> <li>2. Independent Director of Coaster International Co., Ltd. (British Cayman Islands)</li> <li>3. PWC Partnership Accountant</li> <li>4. Chairman of PricewaterhouseCoopers</li> <li>5. Director of the Taipei Certified Public Accountants Association of the Republic of China</li> <li>6. Director of Sheng Yen Education Foundation</li> <li>7. Supervisor of Dharma Drum Mountain Buddhist Foundation</li> </ol>

Results of the Election:

V. Other items

Subject: Please referendum the proposal to release the Company’s newly-elected directors from the “Non-competition Restrictions for Directors” prescribed in Article 209 of the Company Act. (The proposal was submitted by the board of directors)

- Details: 1. Pursuant to Article 209, Paragraph 1 of the Company Act “If a director is engaged in activities which are within the business scope of the company, either for his/her own sake or on behalf of others, the director should explain to the shareholders’ meeting the major contents of such activities and obtain approval accordingly.”」
2. For the newly elected directors (independent directors) who are subject to the non-compete clause of the Company Act Article 209, under the precondition of not-jeopardizing the interests of the Company, a proposal may be made in the shareholders’ meeting to have the said non-compete clause against the newly elected directors (independent directors) lifted.
3. The directors (independent directors) on the list of the non-compete clause lifted are as follows.

(1) The directors on the list of the non-compete clause lifted are as follows

Name		Adjunct to the company	Current additional positions
Director	Yuanta Financial Holding Co., Ltd. Representative: Hsien-Tao Chiu	Yuanta Securities Co., Ltd.	Director
Director	Yuanta Financial Holding Co., Ltd. Representative: Yueh-Tsang Li	Yuanta Securities Co., Ltd.	Director
Director	Yuanta Financial Holding Co., Ltd. Representative: Mei-Ling Kuo	Yuanta Securities Co., Ltd.	Manager

(2) The independent directors on the list of the non-compete clause lifted are as follows

Name		Adjunct to the company	Current additional positions
Independent Director	Yu-Chun Wu	Yuanta Securities Co., Ltd.	Independent Director

Resolution:

VI. Extempore Motion

VII. The meeting was adjourned

# Yuanta Futures Co., Ltd.

## 2020 Business Report

### I. Market Overview

The outbreak of the COVID-19 pandemic in 2020 affected the global situation severely and caused fluctuations to most futures commodities. In retrospect of the year, the FITX volatility was 24.92%, which was a significant increase from the 10.71% in 2019. As a result, the total trading volume of Taiwan Futures Exchange had gone up significantly to 341 million units compared with that of last year, a record high. Of which, the night trading volume reached 85.4 million units, accounting for 33% of the daily trading volume of the same commodity. A record high of more than 1 million units traded per day for 4 consecutive days from March 12 to March 17 was achieved. Apparently, the overall financial turmoil has greatly increased the demand for hedging. Furthermore, the active spot market transactions have driven the substantial growth of individual futures; therefore, the total stock options (including ETF options) in this year is 27.01 million units, representing a growth of 27% from the 21.22 million units in last year, which is an important factor for the trading volume in Taiwan's futures market to reach a record high. In terms of the new futures accounts opened, there are 85,984 accounts opened by natural persons with a total of 1.96 million accounts in service, representing an increase of 4.6% from that of last year, which helps the market grow.

Regarding the performance of futures, in terms of energy: Due to the impact of the COVID-19 pandemic, the international demand for crude oil dropped sharply causing the intermediate crude oil of West Texas (USA) to crash, bringing about an unprecedented negative oil price phenomenon. Recently, with the vaccine for COVID-19 having been successfully developed and the election of the new US President Biden, these two great pieces of news are a benefit of pandemic control and have caused the oil prices to rise continuously and to reach US\$50 per barrel. In terms of metal futures: The supply of metals was insufficient due to the outbreak of the pandemic, added with soaring logistics costs, causing the price of copper, nickel and zinc to go up by an average of more than 25% this year. The price of copper was once close to US\$8,000, a record high in 7 years. In terms of precious metals, the price of gold had once reached the record high due to the global stimulus policy, low interest rate, and expectation of inflation. The mid-term and long-term outlook is still positive. In addition, in terms of agricultural futures, affected by natural disasters and human errors in this year, the price of soybean, wheat, and corn is soaring, for example, soybean and corn futures are affected by factors, such as, abnormal drought in South America and imbalance of supply and demand of soybeans in the Sino-US trade war. So, an outstanding performance has been achieved in 2021 so far.

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 2020 our net profit after tax came to NT\$1,070 million, coming out first amidst all futures houses, with earnings per share (EPS) after tax coming to NT\$4.23 and post-tax ROE at 10.33%.

In terms of business performance, the market share of futures brokerage is 26.88%, and the market share of stock option brokerage is 16.30%. The said two market shares are significantly ahead of the industry, ranking first in the market.

In 2020, the company continued to integrate the department of law compliance, risk management, information, settlement, and auditing; established a solid line of control and defense across departments; comprehensively reviewed the company's internal policies and risk control measures; and strengthened relevant personnel's recognition and culture of risk control, anti-money laundering, and countering the financing of terrorism in order to substantiate the goal of customer risk management and stable operation effectively.

### II. Corporate governance

- (I) Participated in the “Corporate Governance Evaluation” held by the Taiwan Stock Exchange (TWSE) and Taipei Exchange (TPEX) and the Company had been ranked in the top-5% of the listed companies for 6 consecutive years. It was indeed a true recognition on the Company’s continuing commitment to protect the rights of shareholders and the pursuit of sustainable development of the Company based on the principle of ethical corporate management.
- (II) 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 15 meetings in 2020.
- (III) In order to implement the Fair Dealing Principle, the Company completed the Fair Dealing Committee Organization and Operation Rules and set up the Fair Dealing Committee on October 4, 2019. The general manager served as the chairman of the Committee with a dedicated unit set up to supervise the promotion and implementation of the Fair Dealing Principle, and also to implement various actions to optimize the fair dealing according to the resolutions and instructions of the board of directors in order to enhance the protection of consumers’ rights.

### III. Operating results

In 2020, 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:

- (I) In terms of financial performance, the Company’s 2020 net income was NT\$1,070 million, the highest of the futures brokerage; also, the net EPS was NT\$4.23 and ROE after tax was 10.33%.
- (II) In terms of business performance: the market share of futures brokerage was 26.88%, with a turnover of more than 74.81 million units, the market share of option brokerage was 16.30% with a turnover of more than 65.94 million units, and the market share of foreign futures was 25.57% with a turnover of 10.05 million units, which was a slight decline compared with the year of 2019, but was ranked first place in the market as well, and outperformed peers significantly.
- (III) 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, taking into account R & D capabilities and innovation, we adhere to our core value to become a benchmarking brand in Asia-Pacific’s financial market.

Credits and honors in 2020:

1. Awarded with the honor of the 6<sup>th</sup> corporate governance “OTC company top five-percent performance.”
2. FOW futures and stock options professional magazine “Futures Merchant of the Year.”
3. No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
4. Ranked 7<sup>th</sup> place in the Little Giant List of the “Excellence in Corporate Social Responsibility Award” – the one and only futures merchant on the list.
5. Awarded with the “Best Brokerage House of the year” by The Asset magazine.
6. The Asset Magazine awarded the “ESG Corporate Awards Gold Medal.”
7. Awarded with first place in the category of futures commission merchant trade volume of the 6<sup>th</sup> “Futures Diamond Award” held by Taiwan Futures Exchange.
8. Awarded with the 16<sup>th</sup> National Brand Yushan Award – Most Popular Brand, Outstanding Business Leader, Best Product Category – Consultant Smart Product, Best Product Category – Bull and Bear Rights, Best Product Category – Price Difference Contract, a total of 5 awards.

- (IV) The Company’s 2020 income and expense and profitability analysis as follows:

(Unit NTD thousand)

Item	2020	2019	Difference	Variation
Operating gains	3,877,625	2,918,325	959,300	32.87%
Earnings before tax	1,325,580	1,410,012	-84,432	-5.99%
Current period net profit	1,070,099	1,135,799	-65,700	-5.78%
Net worth (NT\$100mn)	118.59	88.56	30.03	33.91%
After-tax EPS (NTD)	4.23	4.89	-0.66	-13.50%
Return on shareholders' equity	10.33%	13.30%	-2.97%	-22.33%

#### IV. Research and development

The Research Department of the company will uphold the spirit demonstrated in 2020 to refine the research report. The content is presented in interlaced graphics and text to improve the legibility and diversity of the report. In addition, in response to the trend of integrating futures and industry, the Research Department has invested more resources in the industrial legal person project briefing, which includes the industrial legal person's demand for strategic hedging and various forward-looking analyses; also, the company intends to provide more services in response to the needs of various industries.

As a leading futures company, in addition to strictly controlling customer transaction risks, in order to more accurately grasp the overview of customer transactions, the company continues to use the accumulated risk management technology and expertise to develop financial technology products and services, to closely integrate resources, and to develop new types of business.

#### V. Future operating plans and development strategies

In the prospects of 2021, the company will secure the leading position in the futures industry continuously base on the business strategy of "innovation and sustainability, cross-border navigation." In terms of innovation, we will strengthen the risk control mechanism, and strengthen the digital financial experience at the same time; optimize the account opening process, and develop the subscription economy that allows traders to have a more convenient, stable, and fast trading environment. In terms of sustainable operation, the company is committed to the development of green products and the promotion of green research report, and makes "customer reassuring, shareholder relaxing, and employee happy" as the goal of corporate governance. A cross-border operation is to serve the real economy, meet the risk hedging and transaction needs of the majority of industrial legal person customers. Furthermore, the Company develops a cross-border B2B brokerage business, leads the industry, expands the momentum of business growth, and works towards the ranks of international futures merchants in 2021.

In 2021, the operating plans of Yuanta Futures are highlighted below:

- (I) Strive to develop domestic and foreign futures and stock option brokerage market share and increase gross margin.
- (II) Develop domestic and foreign corporate brokerage business.
- (III) Take advantage of the competitive advantages to strengthen the brand image of Yuanta Stock Options.
- (IV) Continue the financial digital technology development and optimize risk control effectiveness.
- (V) Substantiate the responsibility for corporate sustainability and create a benchmark for sustainable operations.

Chairman:

President:

Accounting Supervisor:

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

For the Company's 2020 consolidated financial statements, financial statements and the 2020 business report and statement of retained earnings presented by the board of directors, in which, the financial statements were audited by CPA Chiao-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 2021 Shareholders' Meeting of Yuanta Futures Co., Ltd.

The Audit Committee of Yuanta Futures Co., Ltd.  
Convener Cho-Min Yu

March 18, 2021

## Attachment 3

### Auditor's Report

(2021) Cai-Shen-Bao-Zi No. 20003672

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, 2020 and 2019 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, 2020 and 2019, 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 Statements 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. 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 2020 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 2020 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 (2) 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, 2020, the book value of unlisted and non-OTC shares of "financial assets measured at fair value through other comprehensive income" was NT\$1,514,539 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 2020.

### **The responsive auditing process**

For the key audit item above, we used the work of evaluation experts to assist in the evaluation of the reasonableness of the evaluation information, 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 2020 and 2019 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 Statements 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 2020 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 18, 2021

Yuanta Futures Co., Ltd. and its subsidiaries  
Consolidated Balance Sheet  
December 31, 2020 and 2019

Unit: NTD thousand

Assets	Additional notes	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
<b>Current assets</b>						
111100	Cash and cash equivalents	6(1) and 7	\$ 7,189,210	8	\$ 5,224,945	7
112000	Financial assets at fair value through profit or loss- current	6(2), 7 and 11	935,945	1	316,294	1
113200	Financial assets at fair value through other comprehensive income- current	6 (5)	655,432	1	581,447	1
114070	Customers' margin accounts	6(3) and 7	84,071,446	87	64,708,416	87
114100	Securities Based Lending (SBL)		169,187	-	45,844	-
114130	Accounts receivable		199,609	-	55,995	-
114140	Accounts receivable - related parties	7	3,569	-	2,377	-
114150	Prepayments		9,919	-	7,356	-
114170	Other receivable		20,324	-	31,441	-
114180	Other receivables - related parties	7	6,711	-	12,412	-
114300	Special account for leverage bond contract transaction customer margin	7	294,448	-	258,250	-
114600	Current Income Tax Asset		341	-	341	-
119000	Other current assets		29,815	-	18	-
110000	<b>Total of Current Assets</b>		<u>93,585,956</u>	<u>97</u>	<u>71,245,136</u>	<u>96</u>
<b>Non-Current assets</b>						
123200	Financial assets at fair value through other comprehensive income- non-current	6 (5)	1,618,523	2	1,518,539	2
125000	Property and equipment	6 (9)	618,532	1	597,740	1
125800	Right-of-use assets	6 (10)	213,221	-	67,790	-
127000	Intangible assets	6 (11)	42,169	-	41,049	-
128000	Deferred income tax assets	6 (30)	43,647	-	25,074	-
129010	Business guaranty bond	6(7), 7 and 8	145,516	-	145,799	-
129020	Settlement / clearance fund	6 (8)	548,092	-	535,686	1
129030	Refundable deposits	7	44,148	-	38,487	-
129130	Prepayment for equipment purchase		73,982	-	66,503	-
129990	Other non-current assets- Other		8,417	-	2,086	-
120000	<b>Total of Non-Current Assets</b>		<u>3,356,247</u>	<u>3</u>	<u>3,038,753</u>	<u>4</u>
906001	<b>Total assets</b>		<u>\$ 96,942,203</u>	<u>100</u>	<u>\$ 74,283,889</u>	<u>100</u>

(Continued on next page)

Yuanta Futures Co., Ltd. and its subsidiaries  
Consolidated Balance Sheet  
December 31, 2020 and 2019

Unit: NTD thousand

Liabilities and equity	Additional notes	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
212000	Financial liabilities at fair value through profit or loss- current	6(2) and 11	\$ 220,993	-	\$ 72,099	-
214080	Futures traders' equity	6(3) and 7	83,763,813	87	64,525,451	87
214100	Rights & interest for leverage bond contract transaction traders		243,573	-	225,185	-
214130	Accounts payable		157,911	-	104,614	-
214140	Accounts payable - related parties	7	23,586	-	14,505	-
214160	Agency Receipts		9,614	-	6,322	-
214170	Other payable		247,707	1	252,319	1
214180	Other payables - related parties	7	225	-	1,296	-
214600	Current Income Tax Liability		93,913	-	72,463	-
216000	Lease liabilities-current	7	50,089	-	36,089	-
219000	Other current liabilities	6 (12)	20,538	-	15,718	-
210000	<b>Total of current liabilities</b>		<u>84,831,962</u>	<u>88</u>	<u>65,326,061</u>	<u>88</u>
<b>Non-current liabilities</b>						
226000	Lease liabilities-non-current	7	169,772	-	31,884	-
229000	Other non-current liabilities	6 (13)	81,907	-	69,807	-
220000	<b>Total of non-current liabilities</b>		<u>251,679</u>	<u>-</u>	<u>101,691</u>	<u>-</u>
906003	<b>Total liabilities</b>		<u>85,083,641</u>	<u>88</u>	<u>65,427,752</u>	<u>88</u>
<b>Attributable to owners of the parent company</b>						
Share capital						
301010	Ordinary shares capital	6 (15)	2,899,763	3	2,322,763	3
Capital reserve						
302000	Capital reserve	6 (16)	3,070,484	3	940,976	1
Retained earnings						
304010	Legal earnings reserve	6 (18)	1,021,010	1	907,430	1
304020	Special earnings reserve	6 (17) (18)	2,294,034	2	2,074,901	3
304040	Undistributed earnings	6 (18)	1,295,828	1	1,313,798	2
Other equity						
305000	Other equity	6 (19)	1,277,443	2	1,296,269	2
906004	<b>Total equity</b>		<u>11,858,562</u>	<u>12</u>	<u>8,856,137</u>	<u>12</u>
906002	<b>Total liabilities and equity</b>		<u>\$ 96,942,203</u>	<u>100</u>	<u>\$ 74,283,889</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: Kuo-Tsun Hsu

Accounting Supervisor: Hui-Ching Lu

Yuanta Futures Co., Ltd. and its subsidiaries  
Consolidated comprehensive income statements  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand  
(except EPS in NTD)

Item	Additional notes	2020		2019		
		Amount	%	Amount	%	
<b>Revenue</b>						
401000	Brokerage commission	6(20) and 7	\$ 3,636,279	94	\$ 2,737,896	94
410000	Operating gain on sale of securities	6 (2) (21)	35,220	1	9,646	-
421300	Dividend income	6(2) and 7	2,087	-	4,768	-
421500	Net profit of securities trade measured at the fair value through profit or loss	6 (2)	1,897	-	8,272	-
421600	SBL and reverse sell margin-trading-short - net loss	6 (2)	( 3,862)	- (	12,813)	-
421610	Net Losses on Measurement at Fair Value through Profit or Loss for Securities Held for Operations	6 (2)	( 19,447)	1 (	16,273)	-
424200	security commission earned	7	7,972	-	3,419	-
424300	Settlement and clearance fees	6(22) and 7	73,190	2	67,101	2
424400	Net gains in the derivative financial instruments	6 (2) (23)	142,039	4	95,757	3
424900	Consultancy fee income	7	13,487	-	11,766	1
425100	Exclusion of net loss of financial assets measured at cost after amortization	6 (6)	-	- (	8)	-
428000	Other operating revenue (loss)	7	( 11,237)	-	8,794	-
400000	<b>Total revenues</b>		<u>3,877,625</u>	<u>100</u>	<u>2,918,325</u>	<u>100</u>
<b>Expense</b>						
501000	Brokerage commission expenses	6 (24)	( 745,408)	( 19)	( 485,615)	( 17)
502000	Proprietary trade service commission expenses	6 (24)	( 6,368)	- (	4,725)	-
521200	Financial costs	7	( 20,951)	( 1)	( 81,451)	( 3)
425300	Expected credit reversal benefit (impairment loss)		( 34,492)	( 1)	2,780	-
524100	Futures commission expenses	6(25) and 7	( 745,895)	( 19)	( 632,586)	( 22)
524300	Clearance and settlement service expenses	6 (26)	( 561,880)	( 14)	( 380,488)	( 13)
528000	Other operating expenses		( 3,468)	- (	1,204)	-
531000	Employee Benefit expenses	6 (28)	( 718,088)	( 19)	( 679,184)	( 23)
532000	Depreciation and amortization expenses	6 (27)	( 115,205)	( 3)	( 89,016)	( 3)
533000	Other operating expenses	6(27) and 7	( 452,629)	( 12)	( 423,749)	( 14)
500000	<b>Total Expense</b>		<u>( 3,404,384)</u>	<u>( 88)</u>	<u>( 2,775,238)</u>	<u>( 95)</u>
<b>Operating profit</b>						
602000	Other profits and losses	6(2) (29) and 7	852,339	22	1,266,925	43
902001	<b>Earnings before tax</b>		1,325,580	34	1,410,012	48
701000	Income tax expense	6 (30)	( 255,481)	( 7)	( 274,213)	( 9)
902005	<b>Current period net profit</b>		<u>\$ 1,070,099</u>	<u>27</u>	<u>\$ 1,135,799</u>	<u>39</u>

(Continued on next page)

Yuanta Futures Co., Ltd. and its subsidiaries  
Consolidated comprehensive income statements  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand  
(except EPS in NTD)

Item	Additional notes	2020		2019	
		Amount	%	Amount	%
<b>Other comprehensive income</b>					
<b>Items that are not reclassified as profit and loss:</b>					
805510	Defined benefit plan revaluation amount and volume	6 (13)			
		(\$ 13,558)	-	\$ 4,511	-
805540	Unrealized valuation gains of equity instruments investments in financial assets measured at FVTOCI	6 (5) (19)			
		80,198	2	166,209	6
805599	Income tax related to accounts not being reclassified	6 (30)			
		2,712	-	( 902)	-
<b>Accounts to be reclassified to profit or loss subsequently:</b>					
805610	Exchange differences arising from translating the financial statements of foreign operations	6 (19)			
		( 43,610)	( 1)	( 19,657)	( 1)
805000	<b>Other comprehensive income (post-tax profit or loss)</b>				
		\$ 25,742	1	\$ 150,161	5
902006	<b>Total comprehensive income for the period</b>				
		\$ 1,095,841	28	\$ 1,285,960	44
Profit attributable to:					
	Owners of parent				
		\$ 1,070,099	27	\$ 1,135,799	39
Total comprehensive income attributable to					
	Owners of parent				
		\$ 1,095,841	28	\$ 1,285,960	44
Earnings per ordinary share					
	Basic and diluted earnings per share	6 (31)			
		\$	4.23	\$	4.89

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: Kuo-Tsun Hsu

Accounting Supervisor: Hui-Ching Lu

Yuanta Futures Co., Ltd. and its subsidiaries  
Consolidated statement of changes in equity  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

	Attributable to owners of the parent company									
	Capital reserve			Retained earnings			Other equity			
	Additional notes	Ordinary shares capital	Capital reserves - share premium	Capital reserves - gains on consolidation	Legal earnings reserve	Special earnings reserve	Undistributed earnings	Exchange differences arising from translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total equity
<u>2019</u>										
Balance at January 1, 2019		\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 807,426	\$ 1,875,370	\$ 1,093,521	(\$ 1,718 )	\$ 1,182,211	\$ 8,220,550
2019 net profit		-	-	-	-	-	1,135,799	-	-	1,135,799
Other comprehensive income for 2019	6 (5) (19)	-	-	-	-	-	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										
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) (19)	-	-	-	-	-	30,776	-	( 30,776 )	-
Balance at 31 December, 2019		\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 907,430	\$ 2,074,901	\$ 1,313,791	(\$ 21,375 )	\$ 1,317,644	\$ 8,856,137
<u>2020</u>										
Balance at January 1, 2020		\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 907,430	\$ 2,074,901	\$ 1,313,791	(\$ 21,375 )	\$ 1,317,644	\$ 8,856,137
2020 net profit		-	-	-	-	-	1,070,099	-	-	1,070,099
Other comprehensive income for 2020	6 (5) (19)	-	-	-	-	-	( 10,846 )	( 43,610 )	80,198	25,742
Total comprehensive income for the period		-	-	-	-	-	1,059,253	( 43,610 )	80,198	1,095,841
Dividend allocation and distribution for 2019										
Legal earnings reserve		-	-	-	113,580	-	( 113,580 )	-	-	-
Special earnings reserve		-	-	-	-	219,133	( 219,133 )	-	-	-
Cash dividend to shareholders		-	-	-	-	-	( 799,924 )	-	-	( 799,924 )
Cash issue	6 (15)	577,000	2,085,472	-	-	-	-	-	-	2,662,472
Share-Based Payment	6 (14)	-	44,036	-	-	-	-	-	-	44,036
Disposal of equity instruments measured at FVTOCI	6 (5) (19)	-	-	-	-	-	55,414	-	( 55,414 )	-
Balance at December 31, 2020		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,021,010	\$ 2,294,034	\$ 1,295,821	(\$ 64,985 )	\$ 1,342,428	\$ 11,858,562

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: Kuo-Tsun Hsu

Accounting Supervisor: Hui-Ching Lu

Yuanta Futures Co., Ltd. and its subsidiaries  
Consolidated cash flow statement  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

	Additional notes	2020	2019
<u>Cash flow from operating activities</u>			
Pre-tax profit for the current period		\$ 1,325,580	\$ 1,410,012
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6 (9) (10) (27)	102,845	78,971
Amortization	6 (11) (27)	12,360	10,045
Interest income	6 (29)	( 720,365 )	( 1,088,639 )
Interest expenses		20,951	81,451
Dividend income		( 90,851 )	( 119,144 )
Expected credit impairment (reversal benefit) loss		34,492	( 2,780 )
Losses (gains) from disposal of property or equipment	6 (9)	259	( 92 )
Profit and loss on disposal of financial assets measured at cost after amortization		-	8
Cost of share-based payment service	6 (14)	44,036	-
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		( 617,059 )	( 71,619 )
Customers' margin accounts		( 19,452,418 )	( 167,800 )
Futures trading margin receivable		( 34,492 )	3,749
Securities Based Lending (SBL)		( 123,343 )	( 45,844 )
Accounts receivable		( 143,614 )	( 53,035 )
Accounts receivable - related parties		( 1,192 )	1,656
Prepayments		( 2,759 )	( 1,013 )
Other receivable		976	( 1,084 )
Other receivables - related parties		( 260 )	73
Special account for leverage bond contract transaction customer margin		( 36,198 )	( 131,400 )
Other current assets		( 30,901 )	5
Other non-current assets- Other		( 6,331 )	( 1,655 )
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss- current		148,913	52,010
Futures traders' equity		19,303,279	192,692
Rights & interest for leverage bond contract transaction traders		18,388	121,450
Accounts payable		53,297	( 19,381 )
Accounts payable - related parties		9,081	( 4,488 )
Agency Receipts		3,292	( 857 )
Other payable		( 107 )	41,633
Other payables - related parties		( 969 )	385
Other current liabilities		4,884	( 8,464 )
Other non-current liabilities		( 1,457 )	( 13,395 )
Cash inflow (outflow) from operating activities		( 179,683 )	263,450
Interest received		736,743	1,089,162
Interest paid		( 25,192 )	( 76,686 )
Dividends received		90,350	118,644
Income tax paid		( 249,893 )	( 349,558 )
Net cash inflow from operating activities		<u>372,325</u>	<u>1,045,012</u>
<u>Cash flow from investing activities</u>			
Acquisition of financial assets measured at FVTOCI		( 1,120,976 )	( 1,529,345 )
Value of disposal of financial assets measured at FVTOCI	6 (5)	1,027,205	1,155,112
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)	( 37,161 )	( 29,789 )
Disposal of real estate and equipment	6 (9)	210	382
Increase in intangible assets	6 (11)	( 2,447 )	( 1,748 )
Decrease in business guaranty bond		-	87
Increase in settlement fund		( 12,406 )	( 42,898 )
Increase in guarantee deposits paid		( 5,850 )	( 164 )
Increase in installment on equipment		( 63,728 )	( 59,520 )
Net cash outflow from investing activities		<u>( 215,153 )</u>	<u>( 415,946 )</u>
<u>Cash flow from financing activities</u>			
Payment of principal of lease liabilities		( 35,312 )	( 26,449 )
Cash dividend distribution	6 (18)	( 799,924 )	( 650,373 )
Cash issue	6 (15)	2,662,472	-
Net cash inflow (outflow) from financing activities		<u>1,827,236</u>	<u>( 676,822 )</u>
Impact of change in exchange rate on cash and cash equivalent		( 20,143 )	( 18,861 )
Increase (decrease) in cash and cash equivalents for the current period		1,964,265	( 66,617 )
Opening balance of cash and cash equivalents		5,224,945	5,291,562
Closing balance of cash and cash equivalents		<u>\$ 7,189,210</u>	<u>\$ 5,224,945</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: Kuo-Tsun Hsu

Accounting Supervisor: Hui-Ching Lu



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, 2020 and 2019 and the related individual comprehensive income statement, individual statement of changes in 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, 2020 and 2019, 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 “Financial Supervisory Commission and the 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. 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 2020 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 2020 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, 2020, 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\$1,514,827 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 2020.

#### **The responsive auditing process**

For the key audit item above, we used the work of evaluation experts to assist in the evaluation of the reasonableness of the evaluation information, assumptions 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China; 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 2020 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

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 18, 2021

Yuanta Futures Co., Ltd.  
Individual Balance Sheet  
December 31, 2020 and 2019

Unit: NTD thousand

	Assets	Additional notes	December 31, 2020		December 31, 2019	
			Amount	%	Amount	%
<b>Current assets</b>						
111100	Cash and cash equivalents	6(1) and 7	\$ 6,195,959	6	\$ 4,057,360	6
112000	Financial assets at fair value through profit or loss- current	6(2), 7 and 11	860,190	1	252,693	-
113200	Financial assets at fair value through other comprehensive income- current	6 (5)	655,432	1	581,447	1
114070	Customers' margin accounts	6(3) and 7	82,809,012	87	63,603,276	87
114100	Securities Based Lending (SBL)		169,187	-	45,844	-
114130	Accounts receivable		199,609	-	55,995	-
114140	Accounts receivable - related parties	7	3,569	-	2,377	-
114150	Prepayments		5,234	-	5,721	-
114170	Other receivable		18,975	-	30,197	-
114180	Other receivables - related parties	7	3,876	-	4,464	-
114300	Special account for leverage bond contract transaction customer margin	7	294,448	-	258,250	-
114600	Current Income Tax Asset		341	-	341	-
119000	Other current assets		23	-	18	-
110000	<b>Total of Current Assets</b>		<u>91,215,855</u>	<u>95</u>	<u>68,897,983</u>	<u>94</u>
<b>Non-Current assets</b>						
123200	Financial assets at fair value through other comprehensive income- non-current	6 (5)	1,618,523	2	1,518,539	2
124100	Investments accounted for by the equity method	6 (6)	1,207,101	1	1,275,264	2
125000	Property and equipment	6 (9)	607,595	1	581,807	1
125800	Right-of-use assets	6(10) and 7	190,744	-	31,497	-
127000	Intangible assets	6 (11)	42,137	-	40,752	-
128000	Deferred income tax assets	6 (30)	43,647	-	25,074	-
129010	Business guaranty bond	6(7) and 7	140,000	-	140,000	-
129020	Settlement / clearance fund	6 (8)	548,092	1	535,686	1
129030	Refundable deposits	7	40,456	-	34,474	-
129130	Prepayment for equipment purchase		73,982	-	66,503	-
129990	Other non-current assets- Other		8,417	-	2,086	-
120000	<b>Total of Non-Current Assets</b>		<u>4,520,694</u>	<u>5</u>	<u>4,251,682</u>	<u>6</u>
906001	<b>Total assets</b>		<u>\$ 95,736,549</u>	<u>100</u>	<u>\$ 73,149,665</u>	<u>100</u>

(Continued on next page)

Yuanta Futures Co., Ltd.  
Individual Balance Sheet  
December 31, 2020 and 2019

Unit: NTD thousand

Liabilities and equity	Additional notes	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
212000	Financial liabilities at fair value through profit or loss- current	6(2) and 11	\$ 220,672	-	\$ 71,277	-
214080	Futures traders' equity	6(3) and 7	82,588,649	87	63,440,289	87
214100	Rights & interest for leverage bond contract transaction traders		243,573	1	225,185	-
214130	Accounts payable		157,911	-	104,614	-
214140	Accounts payable - related parties	7	23,586	-	14,505	-
214160	Agency Receipts		9,614	-	6,277	-
214170	Other payable		241,049	-	242,566	1
214180	Other payables - related parties	7	225	-	1,296	-
214600	Current Income Tax Liability		93,913	-	72,463	-
216000	Lease liabilities-current	7	37,795	-	23,246	-
219000	Other current liabilities	6 (12)	19,584	-	13,601	-
210000	<b>Total of current liabilities</b>		<u>83,636,571</u>	<u>88</u>	<u>64,215,319</u>	<u>88</u>
<b>Non-current liabilities</b>						
226000	Lease liabilities-non-current	7	159,509	-	8,402	-
229000	Other non-current liabilities		81,907	-	69,807	-
	<b>Total of non-current liabilities</b>		<u>241,416</u>	<u>-</u>	<u>78,209</u>	<u>-</u>
906003	<b>Total liabilities</b>		<u>83,877,987</u>	<u>88</u>	<u>64,293,528</u>	<u>88</u>
Share capital						
301010	Ordinary shares capital	6 (15)	2,899,763	3	2,322,763	3
Capital reserve						
302000	Capital reserve	6 (16)	3,070,484	3	940,976	1
Retained earnings						
304010	Legal earnings reserve	6 (18)	1,021,010	1	907,430	1
304020	Special earnings reserve	6 (17) (18)	2,294,034	3	2,074,901	3
304040	Undistributed earnings	6 (18)	1,295,828	1	1,313,798	2
Other equity						
305000	Other equity	6 (19)	1,277,443	1	1,296,269	2
906004	<b>Total equity</b>		<u>11,858,562</u>	<u>12</u>	<u>8,856,137</u>	<u>12</u>
906002	<b>Total liabilities and equity</b>		<u>\$ 95,736,549</u>	<u>100</u>	<u>\$ 73,149,665</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: Kuo-Tsun Hsu

Accounting Supervisor: Hui-Ching Lu

Yuanta Futures Co., Ltd.  
Individual comprehensive income statements  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand  
(except EPS in NTD)

Item	Additional notes	2020		2019		
		Amount	%	Amount	%	
<b>Revenue</b>						
401000	Brokerage commission	6(20) and 7	\$ 3,484,081	94	\$ 2,567,263	94
410000	Operating gain on sale of securities	6 (2) (21)	35,200	1	9,646	-
421300	Dividend income	6(2) and 7	2,087	-	4,768	-
421500	Net profit of securities trade measured at the fair value through profit or loss	6 (2)	1,897	-	8,272	-
421600	SBL and reverse sell margin-trading-short - net loss	6 (2)	( 3,862)	-	( 12,813)	-
421610	Net Losses on Measurement at Fair Value through Profit or Loss for Securities Held for Operations	6 (2)	( 19,447)	-	( 16,273)	( 1)
424200	security commission earned	7	7,972	-	3,419	-
424300	Settlement and clearance fees	6(22) and 7	73,190	2	67,101	3
424400	Net gains in the derivative financial instruments	6 (2) (23)	126,068	3	94,091	4
424900	Consultancy fee income	7	13,487	-	11,766	-
428000	Other operating revenue	7	853	-	1,391	-
400000	Total revenues		<u>3,721,526</u>	<u>100</u>	<u>2,738,631</u>	<u>100</u>
<b>Expense</b>						
501000	Brokerage commission expenses	6 (24)	( 745,408)	( 20)	( 485,615)	( 17)
502000	Proprietary trade service commission expenses	6 (24)	( 6,252)	-	( 4,562)	-
521200	Financial costs	7	( 18,615)	( 1)	( 80,754)	( 3)
425300	Expected credit reversal benefit (impairment loss)		( 34,492)	( 1)	2,727	-
524100	Futures commission expenses	6(25) and 7	( 641,943)	( 17)	( 517,071)	( 19)
524300	Clearance and settlement service expenses	6 (26)	( 561,880)	( 15)	( 380,488)	( 14)
528000	Other operating expenses		( 3,468)	-	( 1,204)	-
531000	Employee Benefit expenses	6 (27) (28)	( 662,662)	( 18)	( 622,918)	( 23)
532000	Depreciation and amortization expenses	6 (27)	( 95,531)	( 3)	( 78,378)	( 3)
533000	Other operating expenses	6(27) and 7	( 425,980)	( 11)	( 382,802)	( 14)
500000	Total Expense		<u>( 3,196,231)</u>	<u>( 86)</u>	<u>( 2,551,065)</u>	<u>( 93)</u>
	Operating profit		525,295	14	187,566	7
601100	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for under equity method	6 (6)	( 24,553)	-	14,421	-
602000	Other profits and losses	6 (2) (29) And 7	824,838	22	1,208,025	44
902001	<b>Earnings before tax</b>		<u>1,325,580</u>	<u>36</u>	<u>1,410,012</u>	<u>51</u>
701000	Income tax expense	6 (30)	( 255,481)	( 7)	( 274,213)	( 10)
902005	<b>Current period net profit</b>		<u>\$ 1,070,099</u>	<u>29</u>	<u>\$ 1,135,799</u>	<u>41</u>

(Continued on next page)

Yuanta Futures Co., Ltd.  
Individual comprehensive income statements  
January 1 to December 31, 2020 and 2019

Unit: NTD thousand  
(except EPS in NTD)

Item	Additional notes	2020		2019	
		Amount	%	Amount	%
<b>Other comprehensive income</b>					
<b>Items that are not reclassified as profit and loss:</b>					
805510	Defined benefit plan revaluation amount and volume	6 (13)			
		(\$ 13,558)	( 1)	\$ 4,511	-
805540	Unrealized valuation gains of equity instruments investments in financial assets measured at FVTOCI	6 (5) (19)			
		80,198	2	166,209	6
805599	Income tax related to accounts not being reclassified	6 (19)			
		2,712	- (	902)	-
<b>Accounts to be reclassified to profit or loss subsequently:</b>					
805610	Exchange differences arising from translating the financial statements of foreign operations	6 (19)			
		( 43,610)	( 1)	( 19,657)	-
<b>Other comprehensive income (post-tax profit or loss)</b>					
		25,742	-	150,161	6
<b>Total comprehensive income for the period</b>					
		\$ 1,095,841	29	\$ 1,285,960	47
Basic and diluted earnings per share					
			4.23		4.89

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: Kuo-Tsun Hsu

Accounting Supervisor: Hui-Ching Lu

Yuanta Futures Co., Ltd.  
Individual statement of changes in equity  
January 1 to December 31, 2020 and 2019

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	
<u>2019</u>										
Balance at January 1, 2019		\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 807,426	\$ 1,875,370	\$ 1,093,522	(\$ 1,718 )	\$ 1,182,211	\$ 8,220,550
2019 net profit		-	-	-	-	-	1,135,799	-	-	1,135,799
Other comprehensive income for 2019	6 (5) (19)	-	-	-	-	-	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										
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) (19)	-	-	-	-	-	30,776	-	( 30,776 )	-
Balance at 31 December, 2019		\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 907,430	\$ 2,074,901	\$ 1,313,798	(\$ 21,375 )	\$ 1,317,644	\$ 8,856,137
<u>2020</u>										
Balance at January 1, 2020		\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 907,430	\$ 2,074,901	\$ 1,313,798	(\$ 21,375 )	\$ 1,317,644	\$ 8,856,137
2020 net profit		-	-	-	-	-	1,070,099	-	-	1,070,099
Other comprehensive income for 2020	6 (5) (19)	-	-	-	-	-	( 10,846 )	( 43,610 )	80,198	25,742
Total comprehensive income for the period		-	-	-	-	-	1,059,253	( 43,610 )	80,198	1,095,841
Dividend allocation and distribution for 2019										
Legal earnings reserve		-	-	-	113,580	-	( 113,580 )	-	-	-
Special earnings reserve		-	-	-	-	219,133	( 219,133 )	-	-	-
Cash dividend to shareholders		-	-	-	-	-	( 799,924 )	-	-	( 799,924 )
Cash issue	6 (15)	577,000	2,085,472	-	-	-	-	-	-	2,662,472
Share-Based Payment	6 (14)	-	44,036	-	-	-	-	-	-	44,036
Disposal of equity instruments measured at FVTOCI	6 (5) (19)	-	-	-	-	-	55,414	-	( 55,414 )	-
Balance at December 31, 2020		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,021,010	\$ 2,294,034	\$ 1,295,828	(\$ 64,985 )	\$ 1,342,428	\$ 11,858,562

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: Kuo-Tsun Hsu

Accounting Supervisor: Hui-Ching Lu



Yuanta Futures Co., Ltd.  
Individual Cash Flow Statement  
January 1 to December 31, 2020 and 2019

	Additional notes	2020	Unit: NTD thousand 2019
<u>Cash flow from operating activities</u>			
Pre-tax profit for the current period		\$ 1,325,580	\$ 1,410,012
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6 (9) (10) (27)	83,434	68,614
Amortization	6 (11) (27)	12,097	9,764
Interest income	6 (29)	( 694,306 )	( 1,027,270 )
Interest expenses		18,615	80,754
Share of profit of associates and joint ventures accounted for under equity method	6 (6)	24,553	( 14,421 )
Losses (gains) from disposal of property or equipment	6 (9)	259	( 92 )
Dividend income		( 90,094 )	( 117,934 )
Expected credit impairment (reversal benefit) loss		34,492	( 2,727 )
Cost of share-based payment service	6 (14)	44,036	-
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		( 607,497 )	( 97,855 )
Customers' margin accounts		( 19,205,736 )	( 234,681 )
Futures trading margin receivable		( 34,492 )	3,749
Securities Based Lending (SBL)		( 123,343 )	( 45,844 )
Accounts receivable		( 143,614 )	( 53,035 )
Accounts receivable - related parties		( 1,192 )	1,656
Prepayments		487	( 448 )
Other receivable		1,193	( 1,213 )
Special account for leverage bond contract transaction customer margin		( 36,198 )	( 131,400 )
Other current assets		( 5 )	5
Other non-current assets- Other		( 6,331 )	( 1,655 )
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss- current		149,395	51,944
Futures traders' equity		19,148,360	276,528
Rights & interest for leverage bond contract transaction traders		18,388	121,450
Accounts payable		53,297	( 19,381 )
Accounts payable - related parties		9,081	( 4,488 )
Agency Receipts		3,337	( 815 )
Other payable		2,622	45,132
Other payables - related parties		( 969 )	371
Other current liabilities		5,983	( 10,581 )
Other non-current liabilities		( 1,457 )	( 13,395 )
Cash inflow (outflow) from operating activities		( 10,025 )	292,744
Interest received		705,424	1,026,929
Interest paid		( 22,856 )	( 75,990 )
Dividends received		89,593	117,434
Income tax paid		( 249,893 )	( 349,558 )
Net cash inflow from operating activities		<u>512,243</u>	<u>1,011,559</u>
<u>Cash flow from investing activities</u>			
Acquisition of financial assets measured at FVTOCI		( 1,120,976 )	( 1,529,345 )
Value of disposal of financial assets measured at FVTOCI	6 (5)	1,027,205	1,155,112
Purchase of property and equipment	6 (9)	( 35,036 )	( 29,385 )
Disposal of real estate and equipment	6 (9)	210	382
Increase in intangible assets	6 (11)	( 2,447 )	( 1,748 )
Increase in settlement fund		( 12,406 )	( 42,898 )
(Increase) decrease in deposits paid		( 5,982 )	19
Increase in installment on equipment		( 63,728 )	( 59,520 )
Net cash outflow from investing activities		<u>( 213,160 )</u>	<u>( 507,383 )</u>
<u>Cash flow from financing activities</u>			
Payment of principal of lease liabilities		( 23,032 )	( 23,050 )
Cash dividend distribution	6 (18)	( 799,924 )	( 650,373 )
Cash issue	6 (15)	2,662,472	-
Net cash inflow (outflow) from financing activities		<u>1,839,516</u>	<u>( 673,423 )</u>
Increase (decrease) in cash and cash equivalents for the current period		2,138,599	( 169,247 )
Opening balance of cash and cash equivalents		4,057,360	4,226,607
Closing balance of cash and cash equivalents		<u>\$ 6,195,959</u>	<u>\$ 4,057,360</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: Kuo-Tsun Hsu

Accounting Supervisor: Hui-Ching Lu

**Attachment 4**

Yuanta Futures Co., Ltd.  
The 2020 Statement of Retained Earnings

Unit: NTD

Item	Amount
Opening undistributed earnings	\$ 181,161,345
Less: net actuarial losses of defined benefit plan after tax in 2020	(10,846,368)
Add: 2020 net gain of equipment instruments measured at FVTOCI	55,413,644
Add: 2020 after-tax net profit	1,070,099,341
Less: Appropriation of 10% legal reserve (Note)	(111,466,662)
Less: Appropriation of 20% special reserve	(214,019,868)
<b>Distributable earnings</b>	<b>\$ 970,341,432</b>
Distribution	
Cash dividend (a cash dividend of NT\$2.8 per share)	(811,933,606)
Stock dividends	0
<b>Closing undistributed earnings</b>	<b>\$ 158,407,826</b>

## Details:

Note: According to the requirement of the Jin-Sun-Zi No. 10802432410 Letter of the MOEA, dated January 9, 2020, the appropriation of legal reserve is based on the “net income plus the amount other than the net income that is included in the current unappropriated earnings” for an amount of NT\$1,114,666,617.

Chairman:

President:

Accounting Supervisor:

Attachment 5

**Yuanta Futures Co., Ltd.**  
**Amendments to the Articles of Incorporation**

Amendments	Current existing clauses	Description of amendments
<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 and special earnings 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 (0.01%) 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</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 and special earnings 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 (0.01%) 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</p>	<p>For the purpose of improving the company's dividend policy and safeguarding the shareholders' equity, and also considering the company's future operational needs and a sound financial structure, Subparagraph 1, Paragraph 4 of this Article is amended in order to define that the annual dividend to be distributed should be an amount not less than 50% of the earnings available for distribution.</p>

Amendments	Current existing clauses	Description of amendments
<p>rules are as follows:</p> <ol style="list-style-type: none"> <li>1. The annual dividend to be distributed should be an amount not less than 50% of the earnings available for distribution.</li> <li>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.</li> </ol>	<p>rules are as follows:</p> <ol style="list-style-type: none"> <li>1. The total amount of dividends for distribution in each year shall be distributed in part or in whole according to the earnings available for distribution in the current year.</li> <li>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.</li> </ol>	
<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 28th amendment was completed on May 27, 2020, <u>the 29th amendment was completed on, 2021 and implemented with the resolutions reached in the shareholders' meeting, same as the amendment.</u></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; the 28th amendment was completed on May 27, 2020 and implemented with the resolutions reached in the shareholders' meeting, same as the amendment.</p>	<p>Revision history</p>

**Yuanta Futures Co., Ltd.**  
**The “Rules of Procedure for Shareholders’ Meetings” amendment outlines**

Amendments	Current existing clauses	Description of amendments
<p>Article 3 (Paragraph 1 to 3 not amended, omitted)  Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the cease of public offering, approval of competing with the company by directors, profit distributed in the form of new shares, additional paid-in capital distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Paragraph 1 of Article 185 of the Company Act, <u>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 detailed in the meeting notice instead of being proposed in motions.  (Paragraph 5 not amended, omitted)  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 one, such proposals shall</p>	<p>Article 3 (Paragraph 1 to 3 not amended, omitted)  For the election or dismissal of directors, change of Articles of Incorporation, 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, company dissolution, merger or division, or items in Paragraph 1 of Article 185 of the Company Act, the reason shall be listed with the main contents thereof stated and they shall not be put forward via an extraordinary motion; <u>the main contents may be referred to on the website designated by the securities authority or by the Company, and the website address shall be specified in the notice.</u></p> <p>(Paragraph 5 not amended, omitted)  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 one, such proposals shall not be included in the agenda.</p>	<ol style="list-style-type: none"> <li>1. Paragraph 4 of this Article is amended by referring to Paragraph 4, Article 3 of the Sample Template for “○○ Co., Ltd. Rules of Procedures for Shareholders’ Meeting,” including adding the matters stated in 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” that should be detailed in the meeting notice instead of being proposed in motions; also, the last paragraph of the Article should be deleted.</li> <li>2. Paragraph 6 of this Article is amended in accordance with Paragraph 5, Article 172-1 of the Company Act and Jin-Sun-Zi No. 10700105410 Letter of MOEA, and refers to Paragraph 6, Article 3 of the Sample Template for “○○ Co., Ltd. Rules of Procedures for Shareholders’ Meeting.”</li> <li>3. Text revision.</li> </ol>

Amendments	Current existing clauses	Description of amendments
<p>not be included in the agenda. The board of directors may not have the proposals presented by shareholders that fall in the scope of Article 172-1, Paragraph 4 of the Company Act included for discussion. <u>A shareholder proposal proposed for urging the company to promote public interests or fulfill its social responsibilities should be handled in accordance with the provision of Article 172-1 of the Company Act, is limited to one item only, and no more than one item will be included in the meeting agenda.</u></p> <p>(Paragraph 7 not amended, omitted)</p> <p>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.</p> <p>(not amended below; omitted)</p>	<p><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></p> <p>The board of directors may not have the proposals presented by shareholders that fall in the scope of Article 172-1, Paragraph 4 of the Company Act included for discussion.</p> <p>(Paragraph 7 not amended, omitted)</p> <p>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.</p> <p>(not amended below; omitted)</p>	

Amendments	Current existing clauses	Description of amendments
<p>Article 9 (Paragraph 1 not amended, omitted)  The chair shall call the meeting to order at the scheduled meeting time <u>and shall announce the shares without voting rights and the shares presented by the attending shareholders at the same time.</u>  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 third of shareholding to attend the meeting after two meetings postponed.  (not amended below; omitted)</p>	<p>Article 9 (Paragraph 1 not amended, omitted)  The chair shall call the meeting to order at the scheduled meeting time. 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 third of shareholding to attend the meeting after two meetings postponed.</p> <p>(not amended below; omitted)</p>	<p>For the purpose of improving corporate governance and safeguarding shareholders' equity, Paragraph 2 of this Article is amended by referring to Paragraph 2, Article 9 of the Sample Template for "○○ Co., Ltd. Rules of Procedures for Shareholders' Meeting."</p>
<p>Article 13(Paragraph 1 not amended, omitted)  When this Corporation holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by <u>correspondence or electronic means</u>, the method of exercise shall be specified in the shareholders' meeting notice. Shareholders who have voted in writing or using the electronic method are considered to have attended the shareholders' meeting in person. However, in</p>	<p>Article 13(Paragraph 1 not amended, omitted)  Voting rights can be exercised in writing or through the <u>electronic</u> 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;</p>	<p>In response to the company's adopting electronic voting, Paragraph 2 of this Article is amended by referring to Paragraph 2, Article 13 of the "Sample Template for ○○ Co., Ltd. Rules of Procedures for Shareholders' Meeting."</p>

Amendments	Current existing clauses	Description of amendments
<p>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. (not amended below; omitted)</p>	<p>therefore, the Company is advised to avoid proposing motion or the amendment of the original proposal.</p> <p>(not amended below; omitted)</p>	
<p>Article 14 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment <u>rules</u> adopted by the company, and the voting results shall be announced on-site immediately, including the names of those elected as directors <u>and the numbers of votes with which they were elected.</u> (not amended below; omitted)</p>	<p>Article 14 The election of directors in the shareholders' meeting must be processed in accordance with the Company's election <u>procedures</u> and the election result must be announced immediately, including the list of the elected directors and the election weights.</p> <p>(not amended below; omitted)</p>	<ol style="list-style-type: none"> <li>1. Part of the text was revised according to the needs of practice.</li> <li>2. For the purpose of improving corporate governance and safeguarding shareholders' equity, Paragraph 1 of this Article is amended by referring to Paragraph 1, Article 14 of the Sample Template for "○○ Co., Ltd. Rules of Procedures for Shareholders' Meeting."</li> </ol>



**Yuanta Futures Co., Ltd.**  
**The “Procedures for Election of Directors” amendment outlines**

Amendments	Current existing clauses	Description of amendments
<p>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”, <u>“Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”</u>, and the regulations.</p>	<p>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”, and the regulations.</p>	<p>This Article is amended for clarification by referring to Paragraph 2, Article 4 of the “Sample Template for ○○ Co., Ltd. Procedures for Election of Directors and Supervisors.”</p>
	<p><u>Article 1-2</u>  (Deleted)</p>	<p>This article is deleted entirely. The originally reserved Article No. is hereby deleted.</p>
<p>Article 2  (Paragraph 1 to 4 not amended, omitted)  The election of the Company’s directors (including independent directors) should be processed in accordance with the candidate nomination system and procedure defined in Article 192-1 of the Company Act.</p> <p>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</p>	<p>Article 2  (Paragraph 1 to 4 not amended, omitted)  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 <u>and stated in the “Articles of Incorporation”</u>. <u>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).</u></p> <p>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.</p>	<ol style="list-style-type: none"> <li>1. In response to the amendment of Article 192-1 of the Company Act to have the director nomination operating procedure simplified, Paragraph 5 of this Article is amended by referring to Paragraph 1, Article 5 of the “Sample Template for ○○ Co., Ltd. Procedures for Election of Directors and Supervisors.”</li> <li>2. In response to the requirement of the Jin-Guan-Jen-Far-Zi No. 1070345233 Letter, dated December 19, 2018 that required TWSE/TPEX listed companies to have independent directors appointed, Paragraph 7 of this Article is amended by referring to Paragraph 3, Article 5 of the “Sample Template for ○○ Co., Ltd. Procedures for Election of</li> </ol>

Amendments	Current existing clauses	Description of amendments
<p>date of the event occurred.</p> <p>When the number of independent directors falls below that required under the proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders' meeting to fill the vacancy. When all the independent directors are dismissed, a extraordinary shareholders' meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>	<p>When the number of independent directors falls below that required under the proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, <u>or Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, or Standards for Determining Unsuitability for TPEX Listing under Article 10, Paragraph 1 of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX</u>, a by-election shall be held at the next shareholders' meeting to fill the vacancy. When all the independent directors are dismissed, a extraordinary shareholders' meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>	<p>Directors and Supervisors.”</p> <p>3. The text is revised accordingly.</p>
	<p><u>Article 2-1</u></p> <p><u>During the two years before being elected or during the term of office, an independent director may not have been or be any of the following:</u></p> <ol style="list-style-type: none"> <li><u>1. Employed by the company or any of its affiliated companies.</u></li> <li><u>2. Director or supervisor of the Company or its affiliates. Except for the independent directors that are appointed by the Company or the parent company and subsidiaries in accordance with this Law or the local law.</u></li> <li><u>3. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</u></li> <li><u>4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.</u></li> <li><u>5. Director, supervisor, or employee of the company's corporate shareholder holding more than 5% of the company's outstanding capital; a director, supervisor, or</u></li> </ol>	<p>It is clearly defined in Article 1-1 of the “Regulations” that the qualifications and selection methods of the company’s independent directors shall be handled in accordance with the “Regulations Governing Election of Independent Directors and Compliance Matters for Public Companies” and the Regulations, which have sufficiently covered the content of this Article; therefore, in order to make the provisions simple and clear, this Article is hereby deleted.</p>

Amendments	Current existing clauses	Description of amendments
	<p><u>employee to any of the top 5 corporate shareholders.</u></p> <p><u>6. Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.</u></p> <p><u>7. Advisors and experts providing commercial, legal, financial, or accounting services or consultations to the company or any of its affiliates; business owner, partner, director, supervisor, or manager of any sole-proprietorship, partnership, company, or institution , and their spouses are listed herein. This restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or to the Business Mergers and Acquisitions Act.</u></p> <p><u>The requirement of the preceding paragraph in relation to “during the two years before being elected” does not apply where an independent director has served as an independent director of the company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the company, as stated in Subparagraph 2 or 6 of the preceding paragraph, but is currently no longer in that position.</u></p> <p><u>The term “specified company or institution” as used in Paragraph 1, Subparagraph 6, means a company or institution that has one of the following relationships with the company:</u></p> <ol style="list-style-type: none"> <li><u>1. It holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company;</u></li> <li><u>2. It holds shares, together with those held by any of its directors, supervisors, and shareholders</u></li> </ol>	

Amendments	Current existing clauses	Description of amendments
	<p><u>holding more than 10 percent of the total number of shares, in an aggregate total of 30 percent or more of the total number of issued shares of, and there is a record of financial or business transactions between them. The shareholdings of any of the aforesaid persons include the shares held by the spouse or any minor child of the person or by the person under others' names.</u></p> <p><u>3. It and its group companies are the source of 30 percent or more of the operating revenue of the Company.</u></p> <p><u>4. It and its group companies are the source of 50 percent or more of the total volume or total purchase amount of principal raw materials (those that account for 30 percent or more of total procurement costs, and are indispensable and key raw materials in product manufacturing) or principal products (those accounting for 30 percent or more of total operating revenue) of the Company.</u></p> <p><u>For the purposes of paragraph 1 and the preceding paragraph, the terms “parent”, “subsidiary”, and “group” shall have the meanings as determined under International Financial Reporting Standards 10.</u></p> <p><u>No independent director may concurrently serve as an independent director of more than three other public companies.</u></p> <p><u>If an independent director candidate has already served as an independent director of the Company for three consecutive terms or more, the company shall publicly disclose, together with the review results, the reasons why the candidate is nominated again for the independent directorship, and present the reasons to the shareholders at the time of the election at the shareholders' meeting.</u></p> <p><u>If an independent director elected at a shareholders' meeting, or appointed by a financial holding company, the government, or a corporate shareholder under Article 7 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public</u></p>	

Amendments	Current existing clauses	Description of amendments
	<p><u>Companies”, he or she is required to be dismissed during the term of office for reason of a violation of Article 2 or 3, and shall be prohibited to change the status of the person from independent director to non-independent director. A non-independent director elected at a shareholders' meeting, or appointed by a financial holding company, the government, or a corporate shareholder under Article 7 of”Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, likewise may not be arbitrarily changed from a non-independent director to an independent director during the term of office.</u></p>	
<p>Article 3 The cumulative voting system <u>shall</u> be adopted for the election of the company’s directors. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. 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.</p>	<p>Article 3 The Company’s election of directors should be handled in accordance with the <u>single name</u> 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.</p>	<p>In line with practical operations, this Article is amended by referring to Article 6 of the “Sample Template for ○○ Co., Ltd. Procedures for Election of Directors and Supervisors.”</p>
<p>Article 4 The number of directors will be as specified in the <u>Company's</u> articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.</p>	<p>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 <u>and the electoral votes</u> from top down. If there are two <u>or more</u> 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. <u>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</u></p>	<ol style="list-style-type: none"> <li>1. Paragraph 1 of this Article is amended by referring to Article 8 of the “Sample Template for ○○ Co., Ltd. Procedures for Election of Directors and Supervisors.”</li> <li>2. Paragraph 2 and Paragraph 3 of this Article are deleted by referring to the amendments to the Company Act and Securities and Exchange Act.</li> </ol>

Amendments	Current existing clauses	Description of amendments
	<p><u>received the highest votes in the original election.</u></p> <p><u>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.</u></p>	
	<p><u>Article 8</u></p> <p><u>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 shareholder and their representatives. If there is more than one representative appointed, the name of all the representatives must be listed separately.</u></p>	<p>In line with the Jin-Guan-Jen-Jao-Zi No. 1080311451 Order issued by the Financial Supervisory Commission on April 25, 2019, the selection of the directors of TWSE/TPEX listed companies should be with a candidate nomination system adopted since the year of 2021; also, shareholders shall select directors from the director candidates list. Shareholders will be able to learn about the name, education, and career of each candidate from the director candidate list before the shareholders’ meeting is held. Therefore, the shareholder account number or ID card number used for identifying the candidate’s identity has become unnecessary. This Article is deleted by referring to the “Sample Template for ○○ Co., Ltd. Procedures for Election of Directors and Supervisors.”</p>
<p>Article 8</p> <p>Ballots are invalid in any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The ballot was not prepared by a <u>person with the right to convene.</u></li> <li>2. Blank ballots that are casted in the ballot box.</li> <li>3. Unidentifiable ballot due to illegible or incomplete</li> </ol>	<p>Article 9</p> <p>Ballots are invalid in any of the following circumstances:</p> <ol style="list-style-type: none"> <li>(1) Votes that do not comply with the <u>“Rules for the Election of Directors and Supervisors.”</u></li> <li>(2) Blank ballots that are casted in the ballot box</li> <li>(3) Unidentifiable ballot due to</li> </ol>	<ol style="list-style-type: none"> <li>1. The order of Articles and the symbols of each Subparagraph are adjusted in response to the deletion of Article 8.</li> <li>2. A shareholder may follow the provision of Article 173 of the Company Act to</li> </ol>

Amendments	Current existing clauses	Description of amendments
<p>corrections</p> <p>4. The candidate whose name is entered in the ballot does not conform to the director candidate list.</p> <p>5. Other words or marks are entered in addition to the number of <u>voting rights</u> allotted.</p>	<p>illegible or incomplete corrections</p> <p>(4) The shareholder's account name and number of the candidate who is a shareholder differs from the Shareholder Registry, or, <u>the name and ID Card number of the candidate who is not a shareholder</u> is found with nonconformity.</p> <p>(5) <u>There are more than two candidates indicated on one ballot.</u></p> <p>(6) Ballot contains not only the <u>candidate's name, (account name), shareholder account number or ID Card number</u> but also other unauthorized information.</p> <p>(7) <u>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.</u></p> <p>(8) <u>Failed to comply with Article 8.</u></p>	<p>convene a shareholder meeting on his/their own after obtaining an approval from the competent authority under certain circumstances (such as, when the board of directors fails to give a notice for convening a shareholder meeting). Subparagraph (I) of this Article is amended by referring to Subparagraph 1, Article 10 of the "Sample Template for ○○ Co., Ltd. Procedures for Election of Directors and Supervisors."</p> <p>3. In addition, in line with the Jin-Guan-Jen-Jao-Zi No. 1080311451 Order issued by the Financial Supervisory Commission on April 25, 2019, the selection of the directors of TWSE/TPEX listed companies should be with a candidate nomination system adopted since the year of 2021; also, shareholders shall select directors from the director candidates list. Subparagraph (IV) and Subparagraph (VI) of this Article are amended by referring to Subparagraph 4 and Subparagraph 5, Article 10 of the "Sample Template for ○○ Co., Ltd. Procedures for Election of Directors and Supervisors." Also, the amended Subparagraph (6) is reclassified as Subparagraph 5. The</p>

Amendments	Current existing clauses	Description of amendments
		<p>original Subparagraph (5), (7), and (8) are deleted.</p> <p>4. The text is revised accordingly.</p>
<p>Article <u>9</u> The voting rights shall be calculated under the monitoring of the vote counting personnel; also, the <u>result of voting</u> shall be announced by the chairman on site immediately after the end of the poll, including the list of elected directors and <u>non-elected directors and their respective weights received</u>. (Paragraph 2 not amended, omitted)</p>	<p>Article <u>10</u> The ballot inspectors are to monitor the vote count and the chairman is to announce the <u>results of the vote</u> in the meeting immediately, including the list of the elected directors and the respective number of voting rights. (Paragraph 2 not amended, omitted)</p>	<p>一、 Adjust the order of Articles.</p> <p>二、 For the purpose of improving corporate governance and safeguarding shareholders' equity, Paragraph 1 of this Article is amended by referring to Paragraph 1, Article 14 of the "Sample Template for ○○ Co., Ltd. Rules of Procedures for Shareholders' Meeting."</p>
<p>Article <u>10</u> (Omitted)</p>	<p>Article <u>11</u> (Omitted)</p>	<p>Adjust the order of Articles.</p>
<p>Article <u>11</u> (Omitted)</p>	<p>Article <u>12</u> (Omitted)</p>	<p>Adjust the order of Articles.</p>
<p>Article <u>12</u> These procedures will be implemented after being approved in the shareholders' meeting, same as the amendment.</p>	<p>Article <u>13</u> These procedures will be implemented after being approved in the shareholders' meeting, same as the amendment.</p>	<p>Adjust the order of the Article and revise the text as appropriate.</p>



## Appendix 1

### Current and minimum number of shares held by Directors

1. The Company has a paid-up capital of \$2,899,762,880, issued in 289,976,288 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 shareholders’ meeting (March 30, 2021), the shareholders registry showed total shares held by Directors at 192,167,005, of which have complied with Article 26 of The Securities and Exchange Act. The details are as follows:

Ex-transfer date on March 30, 2021

Title	Name	Number of shares held (shares)	Shareholding percentage (%)
Chairman	Yuanta Financial Holding Co., Ltd. Representative: Tien-Fu Lin	192,167,005	66.26%
Vice Chairman	Yuanta Financial Holding Co., Ltd. Representative: Hsiao-Ling Chou		
Director	Yuanta Financial Holding Co., Ltd. Representative: Hsien-Tao Chiu		
Director	Yuanta Financial Holding Co., Ltd. Representative: Yueh-Tsang Li		
Director	Yuanta Financial Holding Co., Ltd. Representative: Kuo-Tsun Hsu		
Director	Yuanta Financial Holding Co., Ltd. Representative: Mei-Ling Kuo		
Independent Director	Cho-Min Yu	0	0%
Independent Director	Nai-Kuan Huang	0	0%
Independent Director	Hui-Erh Yuan	0	0%
<b>Total Directors' shareholding</b>		192,167,005	66.26%

## **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 shareholders' 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 shareholders' meeting between March 19 to 29, 2021. 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 1 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 Company Act.
- Section 2 The Company's industry classifications are:
- H401011 Futures Commission Merchants.
  - H405011 Futures Advisory Enterprises.
  - H304011 Securities Investment Advisor.
  - H407011 Managed Futures Enterprises.
  - H301011 Securities Dealer.
  - H310011 Securities Trading Assistance.
  - H404011 Leverage Transaction Merchant.
- 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 centralized securities exchange market.
  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 the Company Act and relevant laws of the authority.
- Chapter 2 Shareholding**
- Article 5 The Company's rated capital is NT\$3.5 billion, divided into 350 million shares at NT\$10 per share and the board of directors is authorized to issue shares in several tranches.
- Article 6 The Company issues its shares in non-tangible forms, and shall register them to the

Centralized 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 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.
- 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 shareholders' 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 3 Shareholders' Meeting**

- Article 20 The Company holds two types of shareholders' meetings:
1. The shareholders' 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 a shareholders' 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 registered shares by way of public announcements instead.
- 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 and other laws and regulations.
- 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 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.

If the Company intends to apply for the suspension of public offering, it shall submit a special resolution to the shareholders' meeting.

Article 18 Shareholders' meeting resolutions must be compiled into detailed minutes, signed or sealed 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 during the Company's existence. 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 4 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 the shareholders' meeting with capacity 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. Appoint or dismiss 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 shareholders' meetings or extraordinary shareholders' meetings.
12. Approves managers' performance and remuneration standards, and the remuneration to directors.
13. Other matters prescribed by law or authorized by the shareholders' meeting.

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 20-2 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.

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. Kept as essential document files of the Company for the perpetuity of the Company.

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 5 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 and special earnings 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 (0.01%) 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 shares 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 total amount of dividends for distribution in each year shall be distributed in part or in whole according to the earnings available for distribution in the current year.
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 6 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; the 28th amendment was completed on May 27, 2020 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  
The amendment was resolved in the shareholder's meeting on May 27, 2020

- 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", 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.

For the election or dismissal of directors, change of Articles of Incorporation, 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, company dissolution, merger or division, or items in Paragraph 1 of Article 185 of the Company Act, 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.

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.

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 one, such proposals shall not be included in the agenda. 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. The board of directors may not have the proposals presented by shareholders that fall in the scope of Article 172-1 Paragraph 4 of the

Company Act included for discussion.

The company shall, prior to the book-close date for the general shareholders' meeting, publicly announce the acceptance of shareholder's proposals, written or electronic acceptance method, acceptance venue and acceptance period; the acceptance period shall be no 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 third of shareholding to attend the meeting after two meetings postponed.

A pseudo-resolution could be reached in accordance with Article 174 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 shall be

determined by the board of directors, and all relevant proposals shall be voted. The meeting shall be conducted in accordance with the scheduled agenda, which shall not be changed without the resolution of 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 discussion and start the voting, and arrange sufficient time for voting.

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 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.

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 of the meeting shall record the date, venue, name of the chairman, method of resolution, essentials of the meeting process and voting results (including the number of voting rights). When there is an election of directors, the number of votes received by each elected director shall be disclosed and shall be kept permanently during the company's existence.

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 "Picketeer".

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 picketers 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.

## Appendix Five

### **Yuanta Futures Co., Ltd. Procedures for Election of Directors (Before amendments)**

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 24, 2018

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" and "Procedures for Election of Directors."

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 and stated in the “Articles of Incorporation”. 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.

When an independent director is dismissed for any reason, resulting in a number of directors lower than that required as outlined in Securities and Exchange Act Article 14-2, Paragraph 1, or Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, or Standards for Determining Unsuitability for TPEX Listing under Article 10, Paragraph 1 of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX, a by-election for independent director shall be held at the next following shareholders’ meeting. When all independent directors have been dismissed, the company shall convene an extraordinary shareholders’ meeting to hold a by-election within 60 days from the date on which the situation arose.

Article 2-1 During the two years before being elected or during the term of office, an independent director may not have been or be any of the following:

1. Employed by the company or any of its affiliated companies.
2. Director or supervisor of the Company or its affiliates. Except for the independent directors that are appointed by the Company or the parent company and subsidiaries in accordance with this Law or the local law.
3. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Director, supervisor, or employee of the company's corporate shareholder holding more than 5% of the company's outstanding capital; a director, supervisor, or employee to any of the top 5 corporate shareholders.
6. Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.
7. Advisors and experts providing commercial, legal, financial, or accounting services or consultations to the company or any of its affiliates; business owner, partner, director, supervisor, or manager of any sole-proprietorship, partnership, company, or institution, and their spouses are listed herein. This restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers



pursuant to the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or to the Business Mergers and Acquisitions Act.

The requirement of the preceding paragraph in relation to “during the two years before being elected” does not apply where an independent director has served as an independent director of the company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the company, as stated in subparagraph 2 or 6 of the preceding paragraph, but is currently no longer in that position.

The term “specified company or institution” as used in paragraph 1, subparagraph 6, means a company or institution that has one of the following relationships with the company:

1. It holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company;
2. It holds shares, together with those held by any of its directors, supervisors, and shareholders holding more than 10 percent of the total number of shares, in an aggregate total of 30 percent or more of the total number of issued shares of, and there is a record of financial or business transactions between them. The shareholdings of any of the aforesaid persons include the shares held by the spouse or any minor child of the person or by the person under others' names.
3. It and its group companies are the source of 30 percent or more of the operating revenue of the Company.
4. It and its group companies are the source of 50 percent or more of the total volume or total purchase amount of principal raw materials (those that account for 30 percent or more of total procurement costs, and are indispensable and key raw materials in product manufacturing) or principal products (those accounting for 30 percent or more of total operating revenue) of the Company.

For the purposes of paragraph 1 and the preceding paragraph, the terms “parent”, “subsidiary”, and “group” shall have the meanings as determined under International Financial Reporting Standards 10.

No independent director may concurrently serve as an independent director of more than three other public companies.

If an independent director candidate has already served as an independent director of the Company for three consecutive terms, the company shall publicly disclose, together with the review results, the reasons why the candidate is nominated again for the independent directorship, and present the reasons to the shareholders at the time of the election at the shareholders' meeting.

If an independent director elected at a shareholders' meeting, or appointed by a financial holding company, the government, or a corporate shareholder under Article 7 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, he or she is required to be dismissed during the term of office for reason of a violation of Article 2 or 3, and shall be prohibited to change the status of the person from independent director to non-independent director. A non-independent director elected at a shareholders' meeting, or appointed by a financial holding company, the government, or a corporate shareholder under Article 7 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”,

likewise may not be arbitrarily changed from a non-independent director to an independent director during the term of office

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 Paragraph 3 and Paragraph 4 of the Securities and Exchange Act, the election of the director should be concluded in accordance with Article 26-3 Paragraph 5 of the Securities and 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 shareholder 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 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 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 "Rules for the Election of Directors and Supervisors" 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.