

China Bills Finance Corporation

Minutes of the 2019 Annual General Meeting

Time: 9:00 am on May 31st, 2019 (Friday)

Venue: B1, No. 85, Section 4, Roosevelt Road, Da'an District, Taipei City (Socrates Hall, GIS NTU Convention Center)

Shares represented by shareholders present in person or by proxy: 721,793,382 shares were represented by shareholders present in person and by proxy (including 680,828,023 shares represented by shareholders who exercised their voting rights electronically), accounting for 53.74% of the total number of 1,342,960,000 shares issued by the Company.

Directors present: The Annual General Meeting was attended by Chairman Cheng-Ching Wu, Chairman Chi-Ming Chien (concurrently serving as the Company's President), Independent Director Wen-Ya Wu (convener of the Remuneration Committee), Independent Director Chung-Ho Chen (convener of the Audit Committee), independent Director An-Wei Su, Director Cheng-Chuan Chang, Director Wen-Feng Chang, Director Yi-Feng Lin, Director Ssu-Tsung Cheng and Director Ming-Shen Cheng. Ten directors were present, exceeding half of the 11 seats in total.

Guests: Deloitte: CPA Yang Chengxiu

Lexcel Law Offices: Attorney Hsiao-Pang Yang

Chairman: Cheng-Ching Wu, Chairman of the Board

Minutes taker: Yen-Ting Chen

1. The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chair called the meeting to order.

2. Chairman's remarks: (Omitted)

3. Report items:

(a) The Company's 2018 Business Report

Shareholders were required to refer to the aforementioned report.

(b) The Audit Committee's review report of the 2018 Financial Statements

Shareholders were required to refer to the aforementioned report.

(c) Employees and Directors' Remuneration Distribution for 2018.

Shareholders were required to refer to the aforementioned report.

4. Adoption items:

Item (1) Proposed by the Board of Directors

Proposal: To approve the 2018 Business Report and Financial Statements

Explanation:

1. The Company's 2018 review report , including business reports, the directory of main property, and the audit report with unqualified opinions issued by Huang Ruizhan, Yang Chengxiu, Certified Public Accountants of Deloitte & Touche have been reviewed by the Audit Committee, which considers the motion proper and the review report is represented in accordance with Article 14-1 of the Securities Exchange Act and Article 219 of the Company Act.
2. The motion was approved at the 10th meeting of the 14th Board of Directors.

Voting results: The voting results for this proposal were as follows (including votes cast electronically):

Shares represented at the time of voting: 769,132,895

| Voting results | Percentage of shares represented by shareholders present |
|----------------------------|--|
| 750,524,978 votes in favor | 97.58 % |
| 344,315 votes against | 0.04 % |
| 0 invalid votes | 0.00 % |
| 18,263,602 abstained votes | 2.37 % |

This proposal was approved and adopted as submitted.

Item (2) Proposed by the Board of Directors

Proposal: To approve the proposal for distribution of 2018 earnings

Explanation:

1. The Company's earnings after tax for 2018 was NT\$1,335,419,013. In accordance with The Act Governing Bills Finance Business, 30% shall be set aside as legal reserve. With the undistributed earnings and retained earnings at the beginning of the period of NT\$6,260,434, the IFRS9 opening adjustment of NT\$31,092,133, and "other comprehensive income (losses) directly carried forward to retained earnings" of NT\$97,814,903, the total distributable surplus for the year was NT\$1,069,960,779. The proposed cash dividend per share was NT\$0.79 and the unappropriated earnings at the end of the period were NT\$9,022,379.
2. The earnings will be distributed in cash and the cash dividends are calculated up to NT\$1. Decimal points are rounded down and the uncounted shares in fractions of NT\$1 is included in other incomes.
3. The proposal for earning distribution is attached.
4. The proposal has been approved at the 10th meeting of the 14th Board of Directors. The Company's Audit Committee has reviewed the proposal and found no discrepancies. The review report has been issued in accordance Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. This proposal is intended to be discussed and approved by the shareholders' meeting. The Board of Directors will be authorized to determine matters relevant to dividend distribution, such as setting the cash dividend distribution record date.

Voting results: The voting results for this proposal were as follows (including votes cast electronically):

Shares represented at the time of voting: 769,132,895

| Voting results | Percentage of shares represented by shareholders present |
|----------------------------|--|
| 751,636,278 votes in favor | 97.72% |
| 436,015 votes against | 0.05% |
| 0 invalid votes | 0.00% |
| 17,060,602 abstained votes | 2.21% |

This proposal was approved and adopted as submitted.

5. Discussion items:

Item (1) Proposed by the Board of Directors

Proposal: Amendment of certain articles of the Company's "Procedures for Acquisition or Disposal of Assets"

Explanation:

1. In line with the latest provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" amended by the Financial Supervisory Commission on November 26, 2018, the Company has formulated the "Procedures for Asset Acquisition and Disposal" (hereinafter referred to as the "Procedures").
2. For the comparison table of the the Procedures before and after the amendment (including explanations) and the full text of the regulations.

Voting results: The voting results for this proposal were as follows(including votes cast electronically):

Shares represented at the time of voting: 769,166,363

| Voting results | Percentage of shares represented by shareholders present |
|----------------------------|--|
| 751,436,561 votes in favor | 97.69% |
| 545,284 votes against | 0.07% |
| 0 invalid votes | 0.00% |
| 17,184,518 abstained votes | 2.23 % |

This proposal was approved and adopted as submitted.

Item (2) Proposed by the Board of Directors

Proposal: To lift the prohibition on the non-compete clauses for the Directors and their representatives and the Company's Directors and representatives.

Explanation:

- A. According to Article 209 of the Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
- B. According to announcement letter No. 89206938 of the Ministry of Economic Affairs on April 24, 2000, should the corporate shareholders appoint representatives to be elected as a Director in accordance with Paragraph 2, Article 27 of the Company Act, the representative and corporate shareholder shall be bound by the non-compete clauses for directors in order to comply with Article 209 of the Company Act.
- C. The Company's corporate shareholder appointed Mr. Niel W.F. Chang as its representative as a representative on December 20, 2018, according to Paragraph 3, Article 27 of the Company Act. According to the above-mentioned article of the Company Act and the announcement letter of the Ministry of Economic affairs, this is hereby a request to lift the non-compete clauses of the following directors and the corporate shareholders they represent:

| Name of director | Current position |
|---|--|
| Representative of O-Bank Niel W.F. Chang | Senior Executive Vice President and Chief Financial Markets Officer of O- Bank |

Voting results: The voting results for this proposal were as follows(including votes cast electronically):

Shares represented at the time of voting: 769,166,363

| Voting results | Percentage of shares represented by shareholders present |
|----------------------------|--|
| 751,073,913 votes in favor | 97.64% |
| 919,497 votes against | 0.11% |
| 0 invalid vote | 0.00% |
| 17,172,953 abstained votes | 2.23% |

This proposal was approved and adopted as submitted.

8. Extempore motion: None

The shareholder account number 343380 asked how the interest rate in Taiwan is affected by the US interest rate inversion? How does it affect the Company's profitability? What are the Company's countermeasures?

The Shareholders had no further questions after the Chairman's reply.

9. Adjournment (9:58 a.m.)

Note: The minutes of this annual general meeting only specified the essence of the meeting. The audiovisual recording the content and proceedings of the meeting shall prevail.

China Bills Finance Corporation

2018 Business Report

I. 2018 Domestic and Foreign Economic Environment

I. International Economic Environment

The global economic growth momentum in 2018 was further enhanced. According to the latest forecast made by IHS Markit in February 2019, the global economy grew by 3.2% in 2018, which was lower than the 3.3% growth in 2017.

The current global economy is facing many risks and changes worth following up on, including the economic policy outlook in the United States, the impact of the US-China trade conflict, the localization and structural adjustment of the supply chain in Mainland China, Brexit, geopolitical risks, price changes in international crude oil and commodities, fluctuations in global financial and stock/FX markets, as well as trade protectionism. All these factors have an impact on the international economic outlook.

II. Domestic Economic Environment

The domestic economy is driven by the semiconductor industry's leading position in the process as well as the application of emerging technology. The export momentum continued to grow in 2018. However, the global economy expansion has shown signs of slowdown, which affected the growth momentum. Although employment and wages continue to improve, the stock market volatility affects consumer confidence. Investments in the semiconductor industry as well as green energy such as offshore wind power continue to be carried out. Coupled with the Forward-looking Infrastructure Development Program initiated by the government, the investment environment has become more friendly and investment amount has continued to expand. Moreover, with the oil price falling in the international market and the end of the tobacco tax effect, the pressure of rising domestic prices has been eased. The Directorate General of Budget, Accounting and Statistics of the Executive Yuan estimated in February 2019 that the economy grew by 2.63% in 2018.

II. Business Plan Implementation Results

The Company's transactions in bond business for 2018 is as follows:

I. The Bills' Primary Market

1. Underwriting of commercial paper

In 2018, the Company served as an underwriter for 9,516 commercial papers with

an increase of 476 commercial papers in comparison with 2017 (or 5.27%). The total amount was NT\$1,719,138 million with a NT\$56,022 million (or 3.37%) increase from 2017. As of the end of 2018, the outstanding balance of the commercial paper was NT\$214,861 million.

2. Guaranteed balance

As of the end of 2018, the balance of commercial paper guarantee amounted to NT\$104,435 million, representing an increase of NT\$4,693 million (or 4.71%) from the end of 2017.

3. Initial purchases of bills in New Taiwan Dollar (NTD)

In 2018, the sum for initial purchases of bills in NTD was NT\$245,902 million (see Table 1), representing a decrease of NT\$67,575 million (or -21.56%) from 2017.

Table 1. Consolidation unit for initial purchases of bills in NTD Unit: NT\$ million

| Item | 2018 | Proportion (%) | 2017 | Proportion (%) |
|------------------------------------|---------|----------------|---------|----------------|
| Commercial paper | 172 | 0.07 | 177 | 0.06 |
| Negotiable certificates of deposit | 245,730 | 99.93 | 313,300 | 99.94 |
| Total | 245,902 | 100.00 | 313,477 | 100.00 |

II. The Bills Secondary Market

In 2018, the total amount of transactions in bills secondary market traded in New Taiwan Dollar was NT\$4,138,693 million (see Table 2), a decrease of NT\$26,758 million (or -0.64%) from 2017.

Table 2. NTD Bills Secondary Market Trading - Trading Instrument Unit: NT\$ million

| Item | 2018 | Proportion (%) | 2017 | Proportion (%) |
|------------------------------------|-----------|----------------|-----------|----------------|
| Commercial paper | 4,047,393 | 97.79 | 3,924,477 | 94.22 |
| Negotiable certificate of deposits | 91,300 | 2.21 | 233,564 | 5.61 |
| Treasury bill | 0 | 0 | 7,410 | 0.17 |
| Total | 4,138,693 | 100.00 | 4,165,451 | 100.00 |

III. NTD Government Bond Market

The total government bond transactions for 2018 amounted to NT\$913,096 million (see Table 3), a decrease of NT\$154,945 million (or -14.51%) from 2017.

For the transaction type, the repo trade amount for 2018 was NT\$874,796 million, accounting for 95.81%, a decrease of NT\$99,795 million (or -10.24%) from 2017. The amount of outright purchases/sales in 2018 was NT\$ 38,300 million, accounting for 4.19%, a decrease of NT\$55,150 million (or -59.02%) from 2017.

Table 3. Government Bond Transactions - Transaction Type Unit: NT\$ Million

| Transaction type | 2018 | Proportion (%) | 2017 | Proportion (%) |
|------------------------|---------|----------------|-----------|----------------|
| Repo trade | 874,796 | 95.81 | 974,591 | 91.25 |
| Outright purchase/sale | 38,300 | 4.19 | 93,450 | 8.75 |
| Total | 913,096 | 100.00 | 1,068,041 | 100.00 |

IV. NTD Financial Bond Market

The total amount of financial bond transactions for 2018 was NT\$219,572 million (see Table 4), a decrease of NT\$13,447 million (or -5.77%) from 2017.

For transaction types, the repo trade transaction amount for 2018 was NT\$213,172 million, accounting for 97.09%, with a decrease of NT\$17,107 million (or -7.43%) from 2017. The amount of outright purchases/sales for 2018 was NT\$6,400 million, accounting for 2.91%, representing an increase of NT\$3,660 million (or 133.58%) from 2017.

Table 4. Financial bond transactions - Transaction Type Unit: NT\$ million

| Transaction type | 2018 | Proportion (%) | 2017 | Proportion (%) |
|------------------------|---------|----------------|---------|----------------|
| Repo trade | 213,172 | 97.09 | 230,279 | 98.82 |
| Outright purchase/sale | 6,400 | 2.91 | 2,740 | 1.18 |
| Total | 219,572 | 100.00 | 233,019 | 100.00 |

V. NTD Corporate Bond Market

Total corporate bond transactions for 2018 amounted to NT\$1,516,761 million (see Table 5), with a decrease of NT\$130,369 million (or -7.91%) from 2017.

For transaction types, the repo trade amount for 2018 was NT\$1,485,388 million, accounting for 97.93%, with a decrease of NT\$120,026 million (or -7.48%) from 2017. The amount for outright purchases/sales for 2018 was NT\$ 31,373 million, taking up 2.07%, representing a decrease of NT\$10,343 million (or -24.79%) from 2017.

Table 5: Corporate Bond Transaction - Transaction Type Unit: NT\$ million

| Transaction type | 2018 | Proportion (%) | 2017 | Proportion (%) |
|------------------------|-----------|----------------|-----------|----------------|
| Repo trade | 1,485,388 | 97.93 | 1,605,414 | 97.47 |
| Outright purchase/sale | 31,373 | 2.07 | 41,716 | 2.53 |
| Total | 1,516,761 | 100.00 | 1,647,130 | 100.00 |

VI. Foreign Currency Bond Market

Total foreign currency bonds trading amounted to US\$8,409 million (see Table 6 and 7) for 2018, representing an increase of US\$638 million (or 8.21%) from 2017.

For transaction types, the transaction amount of international repo bonds in 2018 was US\$264 million, accounting for 94.29% and representing an increase of US\$262 million (or 13,100.00%) from 2017. The transaction amount for outright purchases/sales was US\$16 million in 2018, accounting for 5.71% and representing a tie with 2017. The repo trade amount for foreign bonds was US\$7,845 million, accounting for 96.51% and representing an increase of US\$380 million (or 5.09%) from 2017. The transaction amount for outright purchases/sales of foreign bonds was US\$284 million in 2018, accounting for 3.49% and representing a decrease of US\$4 million (or -1.39%) compared with 2017.

Table 6. US Dollar International Bond Transaction - Transaction Type Unit: US\$ million

| Transaction type | 2018 | Proportion (%) | 2017 | Proportion (%) |
|------------------|------|----------------|------|----------------|
| Repo trade | 264 | 94.29 | 2 | 11.11 |

| | | | | |
|------------------------|-----|--------|----|--------|
| Outright purchase/sale | 16 | 5.71 | 16 | 88.89 |
| Total | 280 | 100.00 | 18 | 100.00 |

Table 7. US Dollar Foreign Bond Transactions (including U.S. Treasury securities) - Transaction Type

Unit: US\$ million

| Transaction type | 2018 | Proportion (%) | 2017 | Proportion (%) |
|------------------------|-------|----------------|-------|----------------|
| Repo trade | 7,845 | 96.51 | 7,465 | 96.29 |
| Outright purchase/sale | 284 | 3.49 | 288 | 3.71 |
| Total | 8,129 | 100.00 | 7,753 | 100.00 |

III. Financial Income and Expenditure and Profitability Analysis

In terms of revenue, the net revenues was NT\$1,977,208,000 in 2018, the net interest was NT\$971,688,000, the net commissions and fee revenues was NT\$873,548,000, the net gain on financial assets and liabilities measured at fair value through profit or loss amounted to NT\$51,257,000, the realized gain or losses on financial assets at fair value through other comprehensive income was NT\$57,259,000, and other non-interest net gain was NT\$23,456,000.

In 2018, the increase of cost of capital as well as the keen competition from the peers affected the interest rate spread for the bills and reduced profitability. The US-China trade war also caused confusion on the stock market trend, affecting the trading position performance. However, with the staff's effort, the main operations including commercial paper underwriting and guaranteed balance continued to grow.

In terms of deposits, the reversal for 2018 was NT\$131,603,000. Due to credit repayment and the revolving guarantee responsibility, the operating expenses were NT\$478,583,000. Under the strict control on expenses, the actual expenditure was lower than its budget.

In terms of profitability, the income before income tax for 2018 was NT\$1,630,228,000. The net income was NT\$1,335,419,000. The net profit was NT\$0.99 per share, and the budget achievement rate was 101%. In addition, as a result of the implementation of the NO. 9 International Financial Reporting Standards, the available-for-sale equity product is expressed as "equity instruments measured by fair value through other comprehensive income." After adding NT\$93,133,000 to the above-mentioned gain-on-disposal of commodity, the budget achievement rate was 104%.

IV. Business Analysis

The Company's risk management policy is based on the risk tolerance approved by the Board of Directors, aiming to achieve the best interests for the shareholders. In order to maintain the safety, liquidity and profitability of financial assets and liabilities, the "Business Review Committee", "Investment Review Committee" and "Financial Assets and Liabilities Management Committee" have been established to measure and monitor risks related to credit, market and liquidity.

As of December 31st, 2018, the non-performing loans ratio of the Company's overall credit assets was 0. The quality of financial assets was good, and the business management is robust. The capital adequacy ratio was 12.88%.

On July 17th, 2018, Fitch International Credit Rating Co., Ltd. Taiwan Branch confirmed the Company's annual credit rating as follows: Domestic long-term rating "A+(twn)" and Domestic short-term rating "F1(twn)." All rating outlooks are deemed as "stable."

V. Research and Development

In line with financial innovation (fintech) taking over the financial industry, various financial innovations have been launched in recent years. The Company also actively plans financial innovations in the industry to develop a platform for bills trading, as well as looking into the possibility of direct loans from an individual to another on a network platform through commercial paper (CP2CP), hoping to provide innovative financial services that cater to customer needs.

In terms of employees' education and training, the Company not only regularly invites scholars and experts to give specific lectures to the colleagues, but also hires industry professionals to teach finance courses.

In addition, the Company also encourages its employees to obtain financial licenses and participate in various courses offered by organisations such as the Taiwan Academy of Banking and Finance in order to increase the professional quality and efficiency of the employees. As of the end of 2018, the Company has a total of 148 employees. On average, each person received 19 training sessions (40 hours), representing a total of 2,882 trainees and 5,963 training hours.

In-Charge of the Company: Cheng-Ching Wu

Manager: Chih-Ming Chien

Accounting Supervisor: Po-Chun Chen

Audit Committee's Audit Report

The 2018 annual financial statement, resolved by the Board of Directors and reviewed by the Audit Committee, has been audited and certified by Yang Chengxiu and Huang Ruizhan, Certified Public Accountants from Deloitte & Touche. An unqualified opinion verification report has been co-signed by both CPAs and issued. The Board of Directors also compiled the Company's 2018 annual business report, directory of main property, and earning distribution table. All were reviewed, approved, and considered by the Audit Committee that there were no discrepancies. I hereby report pursuant to Article 14-4 of the Securities and Exchange Act mutatis mutandis to Article 219 of the Company Act.

To

2019 Annual Shareholder's Meeting of China Bills Finance Corporation

Audit Committee, China Bills Finance Corporation

Convener: Chung-Ho Chen (signature)

February 27, 2019

China Bills Finance Corporation

Directory of Main Property

December 31, 2018 Unit: New Taiwan Dollar

| Type | Cost | Recognized depreciable amount | Book Value |
|--------------------------------------|---------|-------------------------------|------------|
| Land | 83,337 | 0 | 83,337 |
| Housing and Construction | 94,088 | 48,517 | 45,571 |
| Machinery and computer equipment | 49,701 | 36,281 | 13,420 |
| Traffic and transportation equipment | 10,375 | 6,810 | 3,565 |
| Miscellaneous Equipment | 17,820 | 14,736 | 3,084 |
| Improvement of lease equity | 6,825 | 5,594 | 1,231 |
| Total | 262,146 | 111,938 | 150,208 |

In-Charge of the Company: Cheng-Ching Wu

Manager: Chih-Ming Chien

Accounting Supervisor: Po-Chun Chen

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
China Bills Finance Corporation

Opinion

We have audited the accompanying financial statements of China Bills Finance Corporation (the Company), which comprise the balance sheets as of December 31, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Reserve for Losses on Guarantee

Description:

As of December 31, 2018, the Company's estimated reserve for losses on guarantee for the Company's financial guarantee contracts entered into with credit clients was \$1,310,077 thousand. In accordance with the requirements of IFRS 9, "Financial Instruments", the Company recognized the reserve for guarantee liabilities based on the assessed and estimated occurrence of expected losses on financial guarantee contracts. In addition, the reserve for guarantee liabilities was calculated and classified in accordance with

the “Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-Performing Credit, Non-Accrual Loans, and Bad Debts” (Regulations Governing the Procedures for Bad Debts) and related regulations. The aforementioned assessments of the possibility of occurrences of guarantee obligation from financial guarantee contracts and of possible losses involve subjective judgment, estimates (e.g. Probability of default and Loss given default), classification of credit assets and provision according to “Regulations Governing the Procedures for Bad Debts”, which will directly affect related accrued amounts. Thus, the assessment of the estimated impairment of financial guarantee contracts is deemed to be a key audit matter.

Please refer to Notes 4, 5, 20 and 38 (f) for relevant information and accounting policy for financial guarantee contracts.

The procedures we performed in the audit of the impairment of financial guarantee contracts are summarized as follows:

1. We understood the internal controls about the estimated impairment of reserve for guarantee liabilities of financial guarantee contracts and we tested the effectiveness of the operation of the controls.
2. We tested the accuracy of the loss reserves evaluation report of credit assets:
 - We obtained the loss reserves evaluation report of credit assets on the balance sheet date and we verified the accuracy of credit amount.
 - We understood and tested the assumption of expected losses on the balance sheet date and major parameters (probability of default and loss given default) which reflects actual situation.
 - We calculated the adequacy and accuracy of loss amount.
3. We tested the classification and provision which complied with the laws:
 - We evaluated the completeness of the balance of commercial paper exposed to guarantee liabilities relative to the provision for loss on guarantee as shown on the loss reserves evaluation report.
 - We reviewed the management’s calculation of the value of collateral of specific impairment of credit assets and we also checked the collateral was categorized properly on the loss reserves evaluation report.
 - We recalculated the amount of reserve for guarantee liabilities shown on the provision for loss reserves evaluation report to confirm the mathematical accuracy of provision for loss reserves.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jui-Chan Huang and Chen-Hsiu Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2019

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

CHINA BILLS FINANCE CORPORATION

BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

| ASSETS | 2018 | | 2017 | |
|--|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % |
| CASH AND CASH EQUIVALENTS (Notes 4 and 6) | \$ 261,832 | - | \$ 307,501 | - |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 7, 33 and 34) | 97,455,257 | 49 | 111,377,286 | 51 |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 8, 9 and 34) | 98,395,152 | 49 | - | - |
| SECURITIES PURCHASED UNDER RESALE AGREEMENTS (Notes 4, 10 and 33) | 991,363 | 1 | 5,682,864 | 3 |
| RECEIVABLES, NET (Notes 4, 5 and 11) | 1,291,700 | 1 | 1,249,639 | 1 |
| CURRENT TAX ASSETS (Note 4) | 286,330 | - | 246,136 | - |
| AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 4 and 12) | - | - | 98,011,594 | 44 |
| OTHER FINANCIAL ASSETS, NET (Notes 4, 13 and 34) | 548,988 | - | 173,478 | - |
| PROPERTY AND EQUIPMENT, NET (Notes 4 and 14) | 150,208 | - | 155,116 | - |
| DEFERRED TAX ASSETS (Note 4 and 31) | 101,386 | - | 109,557 | - |
| OTHER ASSETS, NET (Notes 4, 15 and 34) | 48,815 | - | 3,099,233 | 1 |
| TOTAL | \$ 199,531,031 | 100 | \$ 220,412,404 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CALL LOANS FROM BANKS AND OVERDRAFTS ON BANKS (Note 16) | \$ 26,544,504 | 13 | \$ 18,137,720 | 8 |
| FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 7) | 5,885 | - | 8,624 | - |
| SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 17 and 33) | 147,046,457 | 74 | 173,976,038 | 79 |
| ACCOUNTS PAYABLE (Note 18) | 451,695 | - | 475,561 | - |
| COMMERCIAL PAPER ISSUED, NET (Note 19) | 499,881 | - | 2,999,557 | 2 |
| PROVISIONS (Notes 4, 5 and 20) | 1,396,246 | 1 | 1,524,181 | 1 |
| DEFERRED TAX LIABILITIES (Note 4 and 31) | 4,898 | - | 93 | - |
| OTHER LIABILITIES | 282,972 | - | 265,698 | - |
| Total liabilities | 176,232,538 | 88 | 197,387,472 | 90 |
| EQUITY (Notes 4 and 22) | | | | |
| Ordinary share capital | 13,429,600 | 7 | 13,429,600 | 6 |
| Capital surplus | 4,113 | - | 2,474 | - |
| Retained earnings | | | | |
| Legal reserve | 7,280,862 | 4 | 6,875,543 | 3 |
| Special reserve | 769,120 | - | 769,120 | - |
| Unappropriated earnings | 1,470,586 | 1 | 1,365,082 | 1 |
| Total retained earnings | 9,520,568 | 5 | 9,009,745 | 4 |
| Other equity | 344,212 | - | 583,113 | - |
| Total equity | 23,298,493 | 12 | 23,024,932 | 10 |
| TOTAL | \$ 199,531,031 | 100 | \$ 220,412,404 | 100 |

The accompanying notes are an integral part of the financial statements.

CHINA BILLS FINANCE CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2018 | | 2017 | |
|---|------------------|-------------|------------------|-------------|
| | Amount | % | Amount | % |
| NET INTEREST | | | | |
| Interest revenues (Notes 4 and 23) | \$ 1,920,107 | 97 | \$ 1,980,066 | 94 |
| Deduct: Interest expenses (Notes 4, 23 and 33) | <u>(948,419)</u> | <u>(48)</u> | <u>(821,148)</u> | <u>(39)</u> |
| Net interest | 971,688 | 49 | 1,158,918 | 55 |
| NET REVENUES OTHER THAN INTEREST | | | | |
| Commissions and fee revenues, net (Notes 4 and 24) | 873,548 | 44 | 887,351 | 42 |
| Gains on financial assets and liabilities at fair value through profit or loss (Notes 4, 7, 25 and 33) | 51,257 | 3 | 101,707 | 5 |
| Realized gain or loss on available-for-sale financial assets (Notes 4 and 26) | - | - | (3,785) | - |
| Realized gains or losses on financial assets at fair value through other comprehensive income (Notes 4 and 27) | 57,259 | 3 | - | - |
| Foreign exchange gains or losses, net (Note 4 and 28) | 14,498 | 1 | (59,955) | (3) |
| Unrealized gains or losses on investments in debt instruments at fair value through comprehensive income (Notes 4, 5 and 9) | 6,699 | - | - | - |
| Impairment loss recognize on financial assets measured at cost, net (Note 4) | - | - | (4,448) | - |
| Other non-interest gains, net (Note 4) | <u>2,259</u> | <u>-</u> | <u>15,158</u> | <u>1</u> |
| TOTAL NET REVENUES | <u>1,977,208</u> | <u>100</u> | <u>2,094,946</u> | <u>100</u> |
| PROVISIONS (Notes 4 and 20) | <u>131,603</u> | <u>7</u> | <u>7,283</u> | <u>1</u> |
| OPERATING EXPENSES (Notes 29, 30 and 33) | | | | |
| Personnel expenses | (336,068) | (17) | (340,570) | (16) |
| Depreciation and amortization | (8,426) | - | (8,697) | (1) |
| Others | <u>(134,089)</u> | <u>(7)</u> | <u>(126,759)</u> | <u>(6)</u> |
| Total operating expenses | <u>(478,583)</u> | <u>(24)</u> | <u>(476,026)</u> | <u>(23)</u> |
| INCOME BEFORE INCOME TAX | 1,630,228 | 83 | 1,626,203 | 78 |
| INCOME TAX EXPENSE (Notes 4 and 31) | <u>(294,809)</u> | <u>(15)</u> | <u>(275,139)</u> | <u>(13)</u> |
| NET INCOME FOR THE YEAR | <u>1,335,419</u> | <u>68</u> | <u>1,351,064</u> | <u>65</u> |

(Continued)

CHINA BILLS FINANCE CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2018 | | 2017 | |
|---|---------------------|-------------|---------------------|-----------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Notes 4 and 20) | \$ 2,301 | - | \$ 6,516 | - |
| Unrealized gains or losses on investments in equity instruments designated as at fair value through other comprehensive income (Notes 4 and 22) | 35,964 | 2 | - | - |
| Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4, 22 and 31) | <u>2,381</u> | <u>-</u> | <u>(1,108)</u> | <u>-</u> |
| | <u>40,646</u> | <u>2</u> | <u>5,408</u> | <u>-</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Unrealized gains on available-for-sale financial assets (Notes 4 and 22) | - | - | 349,899 | 17 |
| Unrealized gains or losses on investments in debt instruments at fair value through other comprehensive income (Notes 4 and 22) | (294,462) | (15) | - | - |
| Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 31) | <u>17,309</u> | <u>1</u> | <u>9,589</u> | <u>-</u> |
| Items that will be reclassified subsequently to profit or loss for period, net of income tax | <u>(277,153)</u> | <u>(14)</u> | <u>359,488</u> | <u>17</u> |
| Other comprehensive income (loss) for the year, net of income tax | <u>(236,507)</u> | <u>(12)</u> | <u>364,896</u> | <u>17</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 1,098,912</u> | <u>56</u> | <u>\$ 1,715,960</u> | <u>82</u> |
| EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 32) | | | | |
| Basic | <u>\$ 0.99</u> | | <u>\$ 1.01</u> | |
| Diluted | <u>\$ 0.99</u> | | <u>\$ 1.01</u> | |

The accompanying notes are an integral part of the financial statements.

(Concluded)

CHINA BILLS FINANCE CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

| | Share Capital (Notes 4 and 22) | Retained Earnings (Notes 4 and 22) | | | Capital Surplus (Notes 4 and 22) | Other Equity | | | Total Equity |
|---|-----------------------------------|------------------------------------|-----------------|----------------------------|-------------------------------------|---|---|------------|---------------|
| | | Legal Reserve | Special Reserve | Unappropriated Earnings | | Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 4 and 22) | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Comprehensive Income | | |
| BALANCE AT JANUARY 1, 2017 | \$ 13,429,600 | \$ 6,388,388 | \$ 769,120 | \$ 1,623,851 | \$ 2,474 | \$ 223,625 | \$ - | \$ - | \$ 22,437,058 |
| Legal reserve | - | 487,155 | - | (487,155) | - | - | - | - | - |
| Cash dividends distributed | - | - | - | (1,128,086) | - | - | - | - | (1,128,086) |
| Net income for the year ended December 31, 2017 | - | - | - | 1,351,064 | - | - | - | - | 1,351,064 |
| Other comprehensive income for the year ended December 31, 2017 | - | - | - | 5,408 | - | - | - | - | 364,896 |
| Effect of retrospective application and retrospective restatement | - | - | - | 31,091 | - | - | - | 678,534 | 126,512 |
| Total comprehensive income for the year ended December 31, 2017 | - | - | - | 1,387,563 | - | (223,625) | - | 678,534 | 1,842,472 |
| BALANCE AT DECEMBER 31, 2017 | 13,429,600 | 6,875,543 | 769,120 | 1,396,173 | 2,474 | - | 678,534 | 23,151,444 | |
| Legal reserve | - | 405,319 | - | (405,319) | - | - | - | - | - |
| Cash dividends distributed | - | - | - | (953,502) | - | - | - | - | (953,502) |
| Donation from shareholders | - | - | - | - | 1,639 | - | - | - | 1,639 |
| Net income for the year ended December 31, 2018 | - | - | - | 1,335,419 | - | - | - | - | 1,335,419 |
| Other comprehensive income for the year ended December 31, 2018 | - | - | - | 4,682 | - | - | (241,189) | (241,189) | (236,507) |
| Total comprehensive income for the year ended December 31, 2018 | - | - | - | 1,340,101 | - | - | (241,189) | (241,189) | 1,098,912 |
| Disposals of investments in equity instruments designated as at fair value through other comprehensive income | - | - | - | 93,133 | - | - | - | (93,133) | - |
| BALANCE AT DECEMBER 31, 2018 | \$ 13,429,600 | \$ 7,280,862 | \$ 769,120 | \$ 1,470,586 | \$ 4,113 | \$ - | \$ 344,212 | \$ - | \$ 23,298,493 |

The accompanying notes are an integral part of the financial statements.

CHINA BILLS FINANCE CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

| | 2018 | 2017 |
|--|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 1,630,228 | \$ 1,626,203 |
| Adjustments for: | | |
| Reversal of provisions and bad debt expense | (126,099) | - |
| Valuation of financial assets and liabilities at fair value through profit or loss | (27,896) | 21,235 |
| Depreciation expenses | 6,215 | 6,768 |
| Amortization expenses | 2,211 | 1,929 |
| Interest expenses | 948,419 | 821,148 |
| Interest revenues | (1,920,107) | (1,980,066) |
| (Gain) loss on disposal of property and equipment | 203 | (74) |
| Impairment loss recognized on financial assets measured at cost, net | - | 4,448 |
| Changes in operating assets and liabilities | | |
| Decrease (increase) in financial assets at fair value through profit or loss | 16,347,186 | (3,434,881) |
| Increase in financial assets at fair value through other comprehensive income | (196,577) | - |
| Decrease (increase) in securities purchased under resale agreements | 4,691,501 | (5,482,772) |
| (Increase) decrease in interest and bond receivables | (116,431) | 42,984 |
| Increase in available-for-sale financial assets | - | (7,013,434) |
| Increase in other financial assets | (19,304) | (2) |
| Increase in other assets | (754) | (80) |
| (Decrease) increase in securities sold under repurchase agreements | (26,929,581) | 12,763,006 |
| Decrease in accounts payable | (27,500) | (223,896) |
| Decrease in provision for employee benefits | (6,234) | - |
| Increase in other liabilities | 17,274 | 152,892 |
| Interest received | 1,994,477 | 1,963,988 |
| Interest paid | (942,822) | (811,314) |
| Income tax paid | (319,646) | (413,116) |
| Net cash used in operating activities | <u>(4,995,237)</u> | <u>(1,955,034)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for property and equipment | (1,998) | (4,550) |
| Proceeds from disposal of property and equipment | 488 | 383 |
| Decrease (increase) in refundable deposits | 89 | (1,775,644) |
| Increase in other assets | (2,293) | (2,088) |
| Net cash used in investing activities | <u>(3,714)</u> | <u>(1,781,899)</u> |

(Continued)

CHINA BILLS FINANCE CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

| | 2018 | 2017 |
|---|-------------------|--------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in call loans from banks and overdrafts on banks | \$ 8,406,784 | \$ 3,314,930 |
| Increase (decrease) in commercial paper payable | (2,500,000) | 500,000 |
| Dividends paid | <u>(953,502)</u> | <u>(1,128,086)</u> |
| Net cash generated from financing activities | <u>4,953,282</u> | <u>2,686,844</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (45,669) | (1,050,089) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>307,501</u> | <u>1,357,590</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 261,832</u> | <u>\$ 307,501</u> |

The accompanying notes are an integral part of the financial statements.

(Concluded)

China Bills Finance Corporation

2018 Earning Distribution Table

| | Amount (NT\$) | Description |
|--|---------------|---|
| Unappropriated retained earnings at beginning of year | 6,260,434 | The decrease in liabilities was mainly due to the decrease in provisions for pension funds and the gain on disposal of stocks measured at fair value from other comprehensive income. |
| Plus: IFRS 9 opening adjustment | 31,092,133 | |
| Plus: Other comprehensive income (losses) directly carried forward to retained earnings | 97,814,903 | |
| Unappropriated retained earnings after adjustment | 135,167,470 | According to Article 34 of the Financial Management Law of the Securities and Exchange Fund, 30% will be allocated. |
| Plus: 2018 after-tax net profits | 1,335,419,013 | |
| Less: Appropriation of 30% legal reserve | 400,625,704 | |
| Distributable earnings | 1,069,960,779 | |
| Less: Shareholders' dividends (NT\$ 0.79 per share) | 1,060,938,400 | |
| unappropriated retained earnings at end of year | 9,022,379 | |
| <p>Note: A. Shareholders' dividend was NT\$ 0.79 per share, which is calculated based on 1,342,960 thousand shares outstanding in circulation.</p> <p>B. The earnings will be distributed in cash and the cash dividends are calculated up to NT\$ 1. Decimal points are rounded down and the uncounted shares in fractions of NT\$ 1 is included in other incomes.</p> <p>C. Priority allocation of 2018 annual surpluses</p> | | |

In-Charge of the Company: Cheng-Ching Wu

Manager: Chih-Ming Chien

Accounting Supervisor: Po-Chun Chen

Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
|---|---|---|
| <p>Article 2 The assets referred to in the Procedures refer to the securities investment (including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.), memberships, intangible assets (including patents, copyrights, trademarks, franchise rights, etc.), claims (including receivables, overdue receivables), derivatives, assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law, real property (including land, houses and buildings, investment property, and rights to use land), equipment and other major assets.</p> <p>The acquisition referred to in the preceding paragraph includes the acquisition, construction, grant and improvement expansion and the acquisition of the pledge or mortgage according to law. The disposal includes sale, scrap and donation.</p> <p>The assets acquired or disposed of in the first paragraph shall be handled in accordance with the following paragraphs. However, if the relevant laws and regulations are amended, they shall be adjusted in accordance with the provisions of the amendment:</p> <p>I. The investment in real property for self-use and its right-of-use assets shall not exceed 30% of the Company's net worth at the</p> | <p>Article 2 The assets referred to in the Procedures refer to the securities investment (including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.), memberships, intangible assets (including patents, copyrights, trademarks, franchise rights, etc.), claims (including receivables, overdue receivables), derivatives, assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law, real property (including land, houses and buildings, investment property, and rights to use land), equipment and other major assets.</p> <p>The acquisition referred to in the preceding paragraph includes the acquisition, construction, grant and improvement expansion and the acquisition of the pledge or mortgage according to law. The disposal includes sale, scrap and donation.</p> <p>The assets obtained or disposed of in the first paragraph shall be handled in accordance with the following paragraphs. However, if the relevant laws and regulations are amended, they shall be adjusted in accordance with the provisions of the amendment:</p> <p>I. The investment in real property for self-use shall not exceed 30% of the Company's net worth at the time such investment is</p> | <p>I. In accordance with the applicable International Financial Reporting Standards (IFRS) No.16 Leases, the right-of-use asset is newly added.</p> <p>II. Amended in accordance with Article 3 and Article 7 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (hereinafter referred to as the "Regulations.")</p> |

| | | |
|--|--|--|
| <p>time such investment is made.</p> <p>The investment in real property other than for self-use or its right-of-use assets is limited to the following:</p> <p>(I) The principal part of the real property or the right-of-use assets of the place of business is for self-use.</p> <p>(II) Pre-purchased for self-use needs in the short term.</p> <p>(III) The principal part of the original real property or its right-of-use assets for reconstruction is for self-use.</p> <p>However, the cumulative amount shall not exceed 10% of the net worth, and the total amount of the total investment in the use of the real property and its right-of-use assets shall not exceed 30% of Company's worth at the time such investment is made.</p> <p>II. ...(Omitted).</p> | <p>made.</p> <p>The investment in real property other than for self-use is limited to the following:</p> <p>(I) The principal part of the property of the place of business is for self-use.</p> <p>(II) Pre-purchased for self-use needs in the short term.</p> <p>(III) The principal part of the original property for reconstruction is for self-use.</p> <p>However, the cumulative amount shall not exceed 10% of the Company's net worth, and the total investment amount in the use of the real property shall not exceed 30% of the Company's worth at the time such investment is made.</p> <p>II. ...(Omitted).</p> | |
|--|--|--|

Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
|--|---|--|
| <p>Article 3 The procedures for acquisition or disposal of assets are as follows:</p> <p>I. Application and Authorization Level</p> <p>(I) In addition to complying with the provisions of Subparagraphs 2 through 6 of Paragraph 3, Article 2, the acquisition of the amount of NT\$20 million or more shall be reported to the Board of Directors for approval. For acquisitions below NT\$20 million, the Company's "Instructions for the Internal Authorization of the Repair Works and Purchase of Property" shall be followed.</p> <p>(II) The level same applies to the application and authorization of disposal.</p> <p>II. Appraisal</p> <p>(I) The acquisition and disposal of real property, equipment or its right-of-use assets, in addition to transactions with domestic government agencies, construction on local land, construction on leased land, or the acquisition or disposal of equipment for business use or its right-of-use assets, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, a professional appraisal agency should be entrusted to issue an appraisal report before the factual date. If the transaction amount reaches NT\$1 billion or more, more than two professional appraisal agencies should be asked to</p> | <p>Article 3 The procedures for acquisition or disposal of assets are as follows:</p> <p>I. Application and Authorization Level</p> <p>(I) In addition to complying with the provisions of Subparagraphs 2 through 6 of Paragraph 3, Article 2, the acquisition of the amount of NT\$20 million or more shall be reported to the Board of Directors for approval. For acquisitions below NT\$20 million, the Company's "Instructions for the Internal Authorization of the Repair Works and Purchase of Property" shall be followed.</p> <p>(II) The level same applies to the application and authorization of disposal.</p> <p>II. Appraisal</p> <p>(I) The acquisition and disposal of real property or equipment, in addition to transactions with government agencies, construction on local land, construction on leased land, or the acquisition or disposal of equipment for business use or its right-of-use assets, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, a professional appraisal agency should be entrusted to issue an appraisal report before the factual date. If the transaction amount reaches NT\$1 billion or more, more than two professional appraisal agencies should be asked to provide appraisal reports in</p> | <p>I. The government agencies that are defined in Subparagraph 2 (1) of Subparagraph 2, Subparagraph 1, Subparagraph 1, refers to the government agency of the central and local governments. This is mainly due to the consideration of the transaction with the central and local government authorities. This is mainly due to the fact that the transaction or bidding of the local government is conducted and the transaction is conducted by the local government authorities. The Company has also stipulated the characteristics of the tender and the price negotiation mechanism. The purpose is to clearly specify the Company's policy for the acquisition of the relevant regulations and the relevant regulations and pricing mechanism. The purpose is to clearly specify the amount of the professional authority's opinions.</p> <p>II. In accordance with the applicable International Financial Reporting Standards (IFRS) No.16 Leases, the right-of-use asset is included in the Article.</p> <p>III. The amendment is made to Subparagraph 1 (1) of Subparagraph 1 (1) of Subparagraph 1, Subparagraph 1.</p> <p>IV. Adjustment of the supporting conditions.</p> |

| | | |
|---|--|---|
| <p>provide appraisal reports in compliance with the following regulations:</p> <p>1. The type of appraised value should in principle be the market value. If it is a specific market value, a specified market value or a special value, the report should indicate whether it meets the requirements of Article 2 of the “Regulations on Real Estate Appraisal.” Where due to special circumstances it is necessary to give a specific market value, a specified market value or a special value as the reference basis for the transaction, the transaction shall be submitted for approval by the board of directors in advance. The same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. An appraisal report should separately estimate the results under market value, specific market value, a specified market value, or a special value.</p> | <p>compliance with the following regulations:</p> <p>1. The type of appraised value should in principle be the market value. If it is a specific market value, a specified market value or a special value, the report should indicate whether it meets the requirements of Article 2 of the “Regulations on Real Estate Appraisal.” Where due to special circumstances it is necessary to give a specific market value, a specified market value or a special value as the reference basis for the transaction, the transaction shall be submitted for approval by the board of directors in advance. The same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. An appraisal report should separately estimate the results under market value, specific market value, a specified market value, or a special value.</p> | <p>V. The amendment is made according to Articles 5, 9 and 11 of the Regulations.</p> |
|---|--|---|

Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
|--|---|-------------|
| <p>Moreover, the conditions of a specific market value, a specified market value or a special value and whether they meet the requirements should be listed along with the reason and rationality of the difference from the market value. Whether the specific market value, specified market value, or special value can serve as a reference for the transaction price shall also be clearly stated.</p> <p>2.... (Omitted).</p> <p>3.... (Omitted).</p> <p>4.... (Omitted).</p> <p>5.... (Omitted).</p> <p>6. The appraisal report obtained by the Company or the opinion of a CPA, lawyer or securities underwriter, the professional appraiser agency and its appraisers, CPAs, lawyers or securities underwriters and parties to the transaction shall meet the following requirements:</p> <p>(1) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service</p> | <p>Moreover, the conditions of a specific market value, a specified market value or a special value and whether they meet the requirements should be listed along with the reason and rationality of the difference from the market value. Whether the specific market value, specified market value, or special value can serve as a reference for the transaction price shall also be clearly stated.</p> <p>2.... (Omitted).</p> <p>3.... (Omitted).</p> <p>4.... (Omitted).</p> <p>5.... (Omitted).</p> <p>6. The appraisal report obtained by the Company or the opinion of an accountant, lawyer or securities underwriter, the professional appraiser and its appraisers, accountants, lawyers or securities underwriters and parties to the transaction shall not be related parties.</p> | |

| | | |
|--|--|--|
| <p>of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>(2) May not be a related party or de facto related party of any party to the transaction.</p> <p>(3) If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> | | |
|--|--|--|

Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
|--|---|-------------|
| <p>7. A professional appraiser is a property appraiser or an appraiser who is legally engaged in the valuation of real property or other fixed assets.</p> <p>(II) ... (Omitted).</p> <p>(III) If the Company obtains or disposes of or intangible assets or its right-of-use assets that reaches 20% of the Company's paid-up capital or NT\$300 million or more, the reasonableness of the transaction price shall be subject to the the accountant's opinion prior to the factual date. The accountant shall process the matter according to the provisions of the Statements of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.</p> <p>(IV) ... (Omitted).</p> <p>(V) ... (Omitted).</p> <p>(VI) The calculation of the transaction amounts referred to in the preceding four Subparagraphs of this Item shall be done in accordance with Article 17, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. In accordance with the Procedures, items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>III. ... (Omitted below).</p> | <p>7. A professional appraiser is a real property appraiser or an appraiser who is legally engaged in the appraisal of real property or other fixed assets.</p> <p>(II) ... (Omitted).</p> <p>(III) If the Company obtains or disposes of membership or intangible assets that reaches 20% of the Company's paid-up capital or NT\$300 million or more, the reasonableness of the transaction price shall be subject to the the accountant's opinion prior to the factual date. The accountant shall process the matter according to the provisions of the Statements of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.</p> <p>(IV) ... (Omitted).</p> <p>(V) ... (Omitted).</p> <p>(VI) The calculation of the transaction amounts referred to in the preceding four Subparagraphs of this Item shall be done in accordance with Article 21, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. In accordance with the Procedures, items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>III. ... Omitted below.</p> | |

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| <p>Article 4 The acquisition or disposal of assets is subject to the approval of the board of directors in accordance with the Procedures or other laws and regulations. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.</p> <p>In the event that the acquisition or disposal of an asset transaction is reported to the board of directors for discussion in accordance with the provisions of the preceding paragraph, the opinions of each independent director shall be fully considered. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes.</p> | <p>Article 4 The acquisition or disposal of assets is subject to the approval of the board of directors in accordance with the Procedures or other laws and regulations. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.</p> <p>In the event that the acquisition or disposal of an asset transaction is reported to the board of directors for discussion in accordance with the provisions of the preceding paragraph, the opinions of each independent director shall be fully considered. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes.</p> | <p>Adjustment of the supporting articles.</p> |
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Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
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| <p>Major assets or derivatives transactions shall be approved by more than half of all members of the Audit Committee and submitted to the Board of Directors for resolution. The provisions of Subparagraphs 3 and 4 of Article 24 shall apply.</p> | <p>Major assets or derivatives transactions shall be approved by more than half of all members of the Audit Committee and submitted to the Board of Directors for resolution. The provisions of Subparagraphs 3 and 4 of Article 28 shall apply.</p> | |
| <p>Article 5 If the Company obtains or disposes of the real property or its right-of-use assets from the related parties, or acquires or disposes of the real property or other assets other than the assets of the related party, and the transaction amount reaches 20% of the company's paid-in capital, 10% of the total assets or more than NT\$300 million, in addition to domestic government bonds trading, bonds under repurchase and resale agreements, subscription or redemption the money market funds issued by the domestic securities investment trust business, the following information should be approved by half of all members of the Audit Committee and submitted to the Board of Directors for resolution. The transaction contract and payment can only be proceed if Paragraphs 3 and 4 of Article 24 apply.</p> <p>I. The purpose, necessity and anticipated benefits of the acquisition or disposal of assets.</p> <p>II. The reason for selecting the related party as the transaction counterparty.</p> <p>III. To acquire real property or right-of-use assets thereof from a related party, information for evaluating</p> | <p>Article 5 If the Company obtains or disposes of the real property or its right-of-use assets from the related parties, or acquires or disposes of the real property or other assets other than the assets of the related party, and the transaction amount reaches 20% of the company's paid-in capital, 10% of the total assets or more than NT\$300 million, in addition to domestic government bonds trading, bonds with repurchase/resale agreements, subscription or redemption the money market funds issued by the domestic securities investment trust business, the following information should be approved by half of all members of the Audit Committee and submitted to the Board of Directors for resolution. The transaction contract and payment can only be proceed if Paragraphs 3 and 4 of Article 24 apply.</p> <p>I. The purpose, necessity and anticipated benefits of the acquisition or disposal of assets.</p> <p>II. The reason for selecting the related party as the transaction counterparty.</p> <p>III. To acquire real property thereof from a related party, information for assessing the reasonableness of the</p> | <p>I. Government bonds in the first item refer to domestic government bonds. Information regarding the domestic central and local government bonds is clear and easy to inquire. Hence, the Company's policy allows the Board resolution and Audit Committee approval to be exempted. Foreign government bonds have different credit ratings. Therefore, the exemption in this Article does not apply. The Procedures stipulate clearly that the exemption only applies to domestic government bonds.</p> <p>II. In accordance with the applicable International Financial Reporting Standards (IFRS) No.16 Leases, the right-of-use asset is included in the Article.</p> <p>III. Adjustment of the supporting articles.</p> <p>IV. Amendment to Article 15 of the Procedures is taken into consideration.</p> |

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| <p>the reasonableness of the predetermined trading conditions shall be in accordance with Articles 6 and 7.</p> <p>IV. ... (Omitted). V. ... (Omitted). VI. ... (Omitted). VII. ... (Omitted).</p> <p>The calculation of the transaction amount of the preceding paragraph shall be based on the Article 17, Paragraph 2, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. The Procedures stipulate that the part that has been approved by more than half of the members on the Audit Committee and submitted to the Board of Directors for resolution need not be counted toward the transaction amount. ... (Omitted below).</p> | <p>predetermined trading conditions shall be in accordance with Articles 6 and 7.</p> <p>IV. ... (Omitted). V. ... (Omitted). VI. ... (Omitted). VII. ... (Omitted).</p> <p>The calculation of the transaction amount of the preceding paragraph shall be based on the Article 21, Paragraph 2, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. The Procedures stipulate that the part that has been approved by more than half of the members on the Audit Committee and submitted to the Board of Directors for resolution need not be counted toward the transaction amount. ... (Omitted below).</p> | |
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Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
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| <p>Article 6 Where the Company acquires real property or right-of-use assets thereof from a related party, the reasonableness of transaction cost shall be evaluated as follows:</p> <p>I. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property. This may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately</p> | <p>Article 6 Where the Company acquires real property thereof from a related party, the reasonableness of transaction cost shall be evaluated as follows:</p> <p>I. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with any of the</p> | <p>I. In accordance with the applicable International Financial Reporting Standards (IFRS) No.16 Leases, the right-of-use asset is included in the Article.</p> <p>II. When considering the Company's parent company, subsidiaries, or subsidiaries that the Company directly or indirectly holds 100% of the issued shares, the overall planning of the Group is to be consolidated. The Company may coordinate the overall lease before subletting. Moreover, the risk of non-conventional transactions for the previous transaction is relatively low. Therefore, in accordance with the amendment Article 16 of the Procedures, the Subparagraph 4, Item 4 has been added to exclude such transactions from being governed by the provisions of this Article for the reasonableness of the transaction costs (the price at which the related party acquires or leases the real property).</p> <p>III. The amendment is made to the text of the third and fourth items in order to comply with the legal procedures.</p> <p>IV. 4. Amendment to Article 16 of the Procedures.</p> |

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| <p>appraised in accordance with any of the methods listed in the preceding paragraph.</p> <p>Where the Company acquires real property or right-of-use assets thereof from a related party, and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the matter shall be handled in accordance with the provisions of the preceding article. The first three provisions shall not apply:</p> <ol style="list-style-type: none"> I. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. II. More than 5 years will have elapsed from the time the related party signed the contract to acquire the real property or right-of-use assets thereof to the signing date for the current transaction. | <p>methods listed in the preceding paragraph.</p> <p>Where the Company acquires real property thereof from a related party, and appraises the cost of the real property thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> I. The related party acquired the real property thereof through inheritance or as a gift. II. More than 5 years will have elapsed from the time the related party signed the contract to acquire the real property thereof to the signing date for the current transaction. III. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on leased land. | |
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Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
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| <p>III. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on leased land.</p> <p>IV. <u>The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p> | | |
| <p>Article 7 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 8. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>I. Where the related party acquired undeveloped land or leased land for development, it may submit a proof of compliance with one of the following conditions:</p> <p>(I) ... (Omitted). (II) Completed transactions by unrelated parties within the</p> | <p>Article 7 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 8. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>I. Where the related party acquired undeveloped land or leased land for development, it may submit a proof of compliance with one of the following conditions:</p> <p>(I) ... (Omitted). (II) Completed transactions by unrelated parties within the</p> | <p>I. In accordance with the practical operation of real property leasing such as factory buildings, the terms for acquiring property right-of-use assets from related parties have been relaxed. Lease transactions from unrelated parties in neighboring regions within a year is used as a reference for calculating and estimating the reasonableness of transaction prices. The leasing circumstances in the original item 1-(3) of the first subparagraph is consolidated into item (2).</p> <p>II. In accordance with the applicable International Financial Reporting Standards (IFRS) No.16 Leases, the right-of-use asset is included in the Article.</p> <p>III. Amendment to Article 17 of the Procedures.</p> |

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| <p>preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(III) Leasing cases by unrelated parties within the preceding year involving other floors of the same property, where the transaction terms are similar after calculation of reasonable price discrepancies in floor in accordance with standard real property leasing practices.</p> <p>II. Where the Company acquiring real property or obtaining real property right-of-use assets through leasing or from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> | <p>preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(III) <u>Leasing cases by unrelated parties within the preceding year involving other floors of the same property, where the transaction terms are similar after calculation of reasonable price discrepancies in floor in accordance with standard real property leasing practices.</u></p> <p>II. Where the Company has purchased real property from a related party, the terms and size of property of the completed transaction of other non-related parties within a year in the neighboring area are comparable.</p> | |
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Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
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| <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> | <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> | |
| <p>Article 8 Where the Company acquires real property or right-of-use assets thereof from a related party, and when the results of the Company's appraisal conducted in accordance with Article 6 and first 2 Paragraphs of Article 7 are uniformly lower than the transaction price, the matter shall be handled as follows:</p> <p>I. A special reserve shall be set aside in accordance with Article 41-1 of the Securities and Exchange Act against the difference between the property or right-of-use assets transaction price and the appraised cost, and may not be distributed or used for capital increase. Where the Company adopts the equity method in an investment, a special reserve shall be set aside in proportion to the</p> | <p>Article 8 Where the Company acquires real property thereof from a related party, and when the results of the Company's appraisal conducted in accordance with Article 6 and Article 7 are uniformly lower than the transaction price, the matter shall be handled as follows:</p> <p>I. A special reserve shall be set aside in accordance with Article 41-1 of the Securities and Exchange Act against the difference between the property or right-of-use assets transaction price and the appraised cost, and may not be distributed or used for capital increase. Where the Company adopts the equity method in an investment, a special reserve shall be set aside in proportion to the</p> | <p>I. In accordance with the applicable International Financial Reporting Standards (IFRS) No.16 Leases, the right-of-use asset is included in the Article.</p> <p>II. The text of the first item (Preface) and Subparagraph 3 have been amended in order to comply with the legal procedures.</p> <p>III. The amendment is made in accordance with Article 18 of the Procedures.</p> |

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| <p>shareholding ratio in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act.</p> <p>II. The independent directors on the Audit Committee shall be arranged in accordance with Article 218 of the Company Act.</p> <p>III. The status of the two preceding paragraphs shall be reported to the Board of Directors. The details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>The Company shall appropriate a special reserve in accordance with the provisions of the preceding paragraph, and the assets purchased or leased at a high price shall be recognized as a loss, disposed of or terminated the lease or shall be properly compensated or reinstated. If no evidence shall be deemed unreasonable, and the competent authority has given its approval, the special reserve can be used.</p> <p><u>Where the Company acquires real property or right-of-use assets thereof from a related party, it shall also follow the preceding 2 paragraphs if there is other evidence indicating that the transaction is an irregular transaction.</u></p> | <p>shareholding ratio in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act.</p> <p>II. The independent directors on the Audit Committee shall be arranged in accordance with Article 218 of the Company Act.</p> <p>III. The status of the first and second subparagraphs shall be reported to the Board of Directors. The details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>The Company shall appropriate a special reserve in accordance with the provisions of the preceding paragraph, and the assets purchased at a high price shall be recognized as a loss, disposed of or terminated the lease or shall be properly compensated or reinstated. If no evidence shall be deemed unreasonable, and the competent authority has given its approval, the special reserve can be used.</p> | |
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Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
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| <p><u>Article 9 (Deleted)</u></p> | <p><u>Article 9</u> <u>The Company shall pay attention to the following vital risk management and audit matters, as well as incorporating the Company's regulations governing derivative trading:</u> <u>I. Principles and guidelines of transaction: The types of derivatives trading that are allowed, the management or hedging strategies, the division of responsibility, the points for performance evaluation, the sum of derivative trading contracts, and the limits on the maximum total and individual contract loss.</u> <u>II. Risk management measures.</u> <u>III. Internal audit system</u> <u>IV. Regular evaluation methods and irregularity handling.</u></p> | <p>In compliance with the amendment of Article 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" has added "When banks, insurance companies, bill finance companies, securities firms, futures commission merchants, leverage transaction merchants, or other financial enterprises whose operation requires special approval, conduct derivatives trading business or engage in derivatives trading, they shall do so in accordance with the provisions of the other laws and regulations that govern their sectors, and are exempt from the provisions of Chapter II, Section IV herein", this Article has been deleted accordingly.</p> |
| <p><u>Article 10 (Deleted)</u></p> | <p><u>Article 10</u> <u>The Company engaging in derivatives trading shall adopt the following risk management measures:</u> <u>I. Risk management shall address credit, market, liquidity, cash flow, operational and legal risks.</u> <u>II. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</u> <u>III. Risk measurement, monitoring, and control personnel shall be assigned to a different</u></p> | <p>In compliance with the amendment of Article 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" has added "When banks, insurance companies, bill finance companies, securities firms, futures commission merchants, leverage transaction merchants, or other financial enterprises whose operation requires special approval, conduct derivatives trading business or engage in derivatives trading, they shall do so in accordance with the provisions of the other laws and regulations that govern their sectors, and are exempt from the provisions of</p> |

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| | <p><u>department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.</u></p> <p>IV. <u>Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</u></p> <p>V. <u>Other important risk management measures.</u></p> | <p>Chapter II, Section IV herein", this Article has been deleted accordingly.</p> |
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Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
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| <p><u>Article 11 (Deleted)</u></p> | <p><u>Article 11</u> <u>The Board shall monitor and manage the Company's derivatives trading with the following principles:</u> <u>I. The designated senior management personnel shall follow up on the monitoring and control of derivatives trading at all times.</u> <u>II. Regularly evaluate whether the performance of derivatives trading meets the established operational strategies and whether the risks are within the Company's tolerable scope.</u> <u>Senior management personnel authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:</u> <u>I. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by the competent authority and the Company's procedures for engaging in derivatives trading.</u> <u>II. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has</u></p> | <p>In compliance with the amendment of Article 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" has added "When banks, insurance companies, bill finance companies, securities firms, futures commission merchants, leverage transaction merchants, or other financial enterprises whose operation requires special approval, conduct derivatives trading business or engage in derivatives trading, they shall do so in accordance with the provisions of the other laws and regulations that govern their sectors, and are exempt from the provisions of Chapter II, Section IV herein", this Article has been deleted accordingly.</p> |

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| | <p><u>independent directors, an independent director shall be present at the meeting and express an opinion.</u></p> <p><u>The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</u></p> | |
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Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
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| <u>Article 12 (Deleted)</u> | <p><u>Article 12</u> <u>The Company shall establish a memorandum book for derivatives trading. The types, amount, date of approval of the Board of Directors, and matters that should be carefully evaluated according to Article 10-4, Article 11-1-2 and 11-2-1 shall be kept in the memorandum book in detail for reference.</u> <u>The Company's internal audit personnel shall periodically review the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.</u></p> | In compliance with the amendment of Article 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" has added "When banks, insurance companies, bill finance companies, securities firms, futures commission merchants, leverage transaction merchants, or other financial enterprises whose operation requires special approval, conduct derivatives trading business or engage in derivatives trading, they shall do so in accordance with the provisions of the other laws and regulations that govern their sectors, and are exempt from the provisions of Chapter II, Section IV herein", this Article has been deleted accordingly. |
| Article 9 ... (Omitted) | Article 13 ... (Omitted) | The numbering has been amended. |
| Article 14 ... (Omitted) | Article 14 ... (Omitted) | The numbering has been amended. |
| Article 11 The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent. The Company and other companies participating in the | Article 15 The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent. The Company and other companies participating in the | <p>I. The numbering has been amended.</p> <p>II. The text of the last item has been amended in order to comply with legal procedures.</p> <p>III. The amendment is made to Article 25 of the Procedures.</p> |

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| <p>transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare the following information in a complete written record and retain it for 5 years for reference:</p> <p>I. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> | <p>transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare the following information in a complete written record and retain it for 5 years for reference:</p> <p>I. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> | |
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Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
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| <p>II. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>III. Important documents and minutes: Including merger, demerger, acquisition, or share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings..</p> <p>The Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the competent authority for future reference.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to comply with Paragraph 3 and first 2 Subparagraphs of Paragraph 4.</p> | <p>II. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>III. Important documents and minutes: Including merger, demerger, acquisition, or share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings..</p> <p>The Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the competent authority for future reference.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to comply with Paragraph 3 and Paragraph 4.</p> | |
| <p>Article 12 ... (Omitted)</p> | <p>Article 16 ... (Omitted)</p> | <p>The numbering has been amended.</p> |
| <p>Article 13 ... (Omitted)</p> | <p>Article 17 ... (Omitted)</p> | <p>The numbering has been amended.</p> |

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| Article 14 ... (Omitted) | Article 18 ... (Omitted) | The numbering has been amended. |
| Article 15 ... (Omitted) | Article 19 ... (Omitted) | The numbering has been amended. |
| Article 16 Where any of non-public companies participating in merger, demerger, acquisition, or transfer of shares shall sign an agreement with the Company and proceed according to Articles 11, 12 and 15. | Article 20 Where any of non-public companies participating in merger, demerger, acquisition, or transfer of shares shall sign an agreement with the Company and proceed according to Articles 15, 16 and 19. | The numbering has been amended. |

Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
|---|---|---|
| <p>Article 17 Where the Company acquires or disposes of assets, relevant information shall be declared on the competent authority's designated website within 2 days commencing immediately from the date of occurrence of the event:</p> <p>I. Acquisition or disposal of real property or right-of-use assets from a related party, or acquires or disposes of the property or other assets other than the assets of the related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the total assets or NT\$300 million or more. However, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. Merger, demerger, acquisition, or transfer of shares.</p> <p>III. Where equipment or right-of-use assets thereof for business use are acquired or disposed of; furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$1 billion or more.</p> <p>IV. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to land, engaging others to</p> | <p>Article 21 Where the Company acquires or disposes of assets, relevant information shall be declared on the competent authority's designated website within 2 days commencing immediately from the date of occurrence of the event:</p> <p>I. Acquisition or disposal of real property from a related party, or other assets that are acquired or disposed of by the Company, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets, or NT\$ 300 million. However, this does not apply to domestic government bonds trading, bonds with repurchase/resale agreements, subscription or redemption the money market funds issued by the domestic securities investment trust business.</p> <p>II. Merger, demerger, acquisition, or transfer of shares.</p> <p>III. <u>Losses from derivatives trading reached the ceiling amount on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</u></p> <p>IV. <u>The type of assets acquired or disposed of is an equipment for business use, with the amount of NT\$1 billion.</u></p> <p>V. <u>Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint</u></p> | <p>I. The numbering has been amended.</p> <p>II. In accordance with the applicable International Financial Reporting Standards (IFRS) No.16 Leases, the right-of-use asset is included in the Article.</p> <p>III. Government bonds in the first subparagraph of Article 1 and the 5th subparagraph in the amended version refer to domestic government bonds. Information regarding the domestic central and local government bonds is clear and easy to inquire. Therefore, the declaration can be exempted. Foreign government bonds differ. Therefore, the exemption in this Article does not apply. The Procedures stipulate clearly that the exemption only applies to domestic government bonds.</p> <p>IV. The Subparagraph 3, Paragraph 1 that In compliance with the amendment of Article 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" has added "When banks, insurance companies, bill finance companies, securities firms, futures commission merchants, leverage transaction merchants, or other financial enterprises whose operation requires special approval, conduct derivatives trading business or engage in derivatives</p> |

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| <p>build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>V. Asset transactions other than the first four paragraphs, financial institutions disposing of creditor's rights or investing in mainland China, with the transaction amount reaching 20% of the Company's paid-in capital or more, or NT\$300 million or more. The following circumstances are exceptions:</p> | <p><u>construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</u></p> <p>VI. <u>6. Asset transactions other than the preceding five paragraphs, financial institutions disposing of creditor's rights or investing in mainland China, with the transaction amount reaching 20% of the Company's paid-up capital or NT\$300 million or more. The following circumstances are exceptions:</u></p> | <p>trading, they shall do so in accordance with the provisions of the other laws and regulations that govern their sectors, and are exempt from the provisions of Chapter II, Section IV herein", this item has been deleted accordingly.</p> <p>V. The amendment is made on the numbering of Subparagraph 5, Paragraph 1. The first subparagraph of the first paragraph has clearly defined the declaration of related party transactions, and the fourth subparagraph of the same paragraph regulates the transaction with non-related parties. To make it easier for the Company to apply, the 4th subparagraph of the first paragraph has been amended.</p> <p>VI. The amendment has been made in Subparagraph 6, Paragraph 1. Amendment to the other two items is described as follows:</p> |
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Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
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| <p>(I) Trading of domestic government bonds.</p> <p>(II) Securities trading at securities exchanges or the business premises of the securities exchange, or subscription of corporate bonds and the general corporate bonds, general financial bonds not involving equity interest in the primary market (excluding subordinated bonds), or purchase or redemption of securities investment trust funds or futures trust funds.</p> <p>(III) Trading bonds with repurchase/resale agreements, subscription or redemption the money market funds issued by the domestic securities investment trust business.</p> <p>The amounts of transactions mentioned in the preceding paragraph shall be calculated as follows:</p> <p>I. The amount of each transaction.</p> <p>II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same counterparty within the preceding year.</p> <p>III. The cumulative transaction amount of real property or its right-of-use assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>IV. ... (Omitted).</p> | <p>(I) Trading of government bonds.</p> <p>(II) Securities trading on foreign or domestic securities exchanges or over-the-counter markets, or subscription of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic/overseas primary market.</p> <p>(III) Trading bonds with repurchase/resale agreements, subscription or redemption the money market funds issued by the domestic securities investment trust business.</p> <p>The amounts of transactions mentioned in the preceding paragraph shall be calculated as follows:</p> <p>I. The amount of each transaction.</p> <p>II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same counterparty within the preceding year.</p> <p>III. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>IV. ... (Omitted).</p> | <p>(I) Considering the Company's trading of securities as a professional operator in the domestic and overseas securities exchange or stock exchange, the Company makes frequent announcements. Based on the materiality of information disclosure, in order to be exempted from making announcements as well as harmonizing the terms of the Procedures, the institutions referred to in Procedures consistently include domestic and overseas once. The term domestic and overseas is therefore omitted.</p> <p>(II) Consider the Company's investments in the primary corporate bonds in the primary market in the primary market as a professional operator, it is a recurring and commercially viable product. In addition, the Company's securities investment trust enterprises and futures trust enterprises are regulated by the Financial Supervisory Commission, and the purchase or redemption of the fund (excluding the overseas fund) is also a recurring act of investment as a professional, the amendment relaxes the rule for the professionals to buy securities before the exemption from the announcement. Considering the higher risk of the secondary order bond, the Company also clearly stipulates that the general corporate bonds and</p> |

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| | | <p>general financial bonds not covered by the equity, and do not include subordinated bonds.</p> <p>VII. Amendment to Article 31 of the Procedures.</p> |
| <p>Article 8 ... (Omitted)</p> | <p>Article 22 ... (Omitted)</p> | <p>The numbering has been amended.</p> |
| <p>Article 9 ... (Omitted)</p> | <p>Article 23 ... (Omitted)</p> | <p>The numbering has been amended.</p> |
| <p>Article 20 ... (Omitted)</p> | <p>Article 24 ... (Omitted)</p> | <p>The numbering has been amended.</p> |
| <p>Article 21 ... (Omitted)</p> | <p>Article 25 ... (Omitted)</p> | <p>The numbering has been amended.</p> |

Comparison Table of Amended Provisions of the "Procedures for Acquisition and Disposal of Assets" of the Chinese Bills Finance Corporation.

| Provisions after amendment | Current provisions | Description |
|---|---|--|
| Article 22 ... (Omitted) | Article 26 ... (Omitted) | The numbering has been amended. |
| Article 23 ... (Omitted) | Article 27 ... (Omitted) | The numbering has been amended. |
| Article 24 The Procedures shall be approved or amended by more than one-half of the entire membership of the Audit Committee and submitted to the Board of Directors for resolution and submitted to the Shareholders' Meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee... (Omitted) <u>The 11th amendment was made on x, x, 2019.</u> | Article 28 The Procedures shall be approved or amended by more than one-half of the entire membership of the Audit Committee and submitted to the Board of Directors for resolution and submitted to the Shareholders' Meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee... (Below Omitted) | I. The numbering has been amended. II. Latest amendment date. |