

Stock Code: 2820



2021 China Bills Finance Corporation
Annual Shareholders' Meeting

Handbook

June 18, 2021

Socrates Hall, GIS NTU Convention Center

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Meeting Procedure of 2021 China Bills Finance Corporation Annual Shareholders' Meeting

- I. Call the Meeting to Order
- II. Chairman's Speech
- III. Report Items
- IV. Ratification Items
- V. Election Item
- VI. Other Item
- VII. Extempore Motions
- VIII. Adjournment

Meeting Agenda of 2021 China Bills Finance Corporation Annual Shareholders' Meeting

Time: 9:00 a.m., Friday, June 18, 2021

Venue: Socrates Hall, GIS NTU Convention Center

B1, No. 85, Roosevelt Road, Section 4, Taipei City

- I. The Chairman announced the meeting begins based on the number of reported shares reaching the statutory standard
- II. Chairman's remarks
- III. Report Items
 1. The Company's 2020 Business Report
 2. The Audit Committee's review report of the 2020 Financial Statements
 3. Employees and Directors' Remuneration Distribution for 2020
 4. Amendments to the Procedures for Ethical Management and Guidelines for Conduct
- IV. Ratification Items
 1. To accept 2020 Business Report and Financial Statements
 2. To approve the proposal for distribution of 2020 earnings
- V. Election Item
 1. To elect the 11 seats of directors of the 15th Board of Directors (including 3 seats of independent directors)
- VI. Other Item
 1. To request the removal of the restrictions on newly-elected company directors' non-competition rule
- VII. Extempore Motions
- VIII. Adjournment

Appendices

- I. Articles of Association of the Company
- II. The Company's Rules of Procedure for Shareholders' Meetings
- III. The Company's Procedures for Election of Directors and
Supervisor
- IV. Shareholding Status of the Company's Directors

Report Items

China Bills Finance Corporation

2020 Business Report

I. 2020 Domestic and Foreign Economic Environment

I. International Economic Environment

Impacted by COVID-19 pandemic, the global economic momentum has slowed dramatically in 2020. According to the HIS Markit, the global economic growth rate is forecasted to be -3.58% in 2020. Thanks to vaccination, the global economic growth rate is estimated to be 5.15% in 2021.

The Organization for Economic Cooperation and Development (OECD) released the Economic Outlook report on March 1, 2021, stating that, due to the vaccine development progress and support of various countries' policies, the global economic growth rate would be revised down to -3.4% in 2020 and 5.6% in 2021; the economic outlook will depend on whether the outbreak is contained and whether vaccines can be widely used.

The global economy is still facing various risks and variables which are worth monitoring continuously, including the COVID-19 outbreak status and the unlock schedules of each country, the development of US-China disputes on trade and technology, the governmental debt crises that might deepen the financial vulnerability and the geo-political factors. All of them affect the outlook of the global economy.

II. Domestic Economic Environment

Although global end-use demand has declined due to the pandemic, which is unfavorable to Taiwan's foreign trade expansion, Taiwan's appropriate outbreak containment, the expansion of domestic manufacturing capacity of semiconductors, telecommunications and audio-visual products, and the expansion of production capacity brought by the returned Taiwanese enterprises, in line with the opportunities of 5G and remote business and the stocking demand for new electronic devices, have helped to mitigate the impact; private investment is expected to expand steadily owing to the semiconductor industry's promotion of high-end manufacturing processes, continued investment in offshore wind power and other green energy and the Taiwanese enterprises continuing to return to Taiwan for investment; although private consumption was affected by the pandemic, the pandemic catalyzed online shopping at home and the government's stimulating measures – both have gradually stabilized the domestic economy and helped to support the growth momentum of private consumption. The Directorate General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan estimates that the economic growth rate to be 3.11% in 2020 and 4.64% in 2021.

II. Business Plan Implementation Results

The Company's handling of bills and bonds businesses in 2020 is as follows:

I. The Bills' Primary Market

1. Underwriting of Commercial Paper

In 2020 the Company engaged in the underwriting of commercial papers of 11,017 company-

times, an increase of 689 company-times (or 6.67%) over that in 2019, with a total amount of NT\$2,192,421 million, an increase of NT\$350,674 million (or 19.04%) over that in 2019. At the end of 2020, the outstanding balance of the commercial paper was NT\$349,344 million.

2. Guaranteed Balance

As of the end of 2020, the balance of commercial paper guarantee amounted was NT\$109,165 million, an increase of NT\$873 million (or 0.81%) over that in 2019.

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

In 2020, the sum for initial purchases of bills in NTD was NT\$187,343 million (see Table 1), representing a decrease of NT\$4,693 million (or -2.44%) from 2019.

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

Item	2020	Proportion (%)	2019	Proportion (%)
Commercial paper	143	0.08	186	0.10
Negotiable certificate of deposit	187,200	99.92	191,850	99.90
Total	187,343	100.00	192,036	100.00

II. The Bills Secondary Market

In 2020, the total amount of transactions in bills secondary market traded in New Taiwan Dollar was NT\$4,958,937 million (see Table 2), an increase of NT\$403,952 million (or 8.87%) from 2019.

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

Item	2020	Proportion (%)	2019	Proportion (%)
Commercial paper	4,944,537	99.71	4,536,585	99.60
Negotiable certificate of deposit	14,400	0.29	18,400	0.40
Total	4,958,937	100.00	4,554,985	100.00

III. NTD Government Bond Market

In 2020, the total transaction amount of government bonds was NT\$827,282 million (see Table III), a decrease of NT\$32,724 million (or -3.81%) over that in 2019.

By transaction type, the amount of repo transactions in 2020 was NT\$818,182 million, accounting for 98.90%, a decrease of NT\$24,524 million (or -2.91%) over that in 2019; the amount of outright transactions in 2020 was NT\$9,100 million, accounting for 1.1%, a decrease of NT\$8,200 million (or -47.40%) over that in 2019.

Table 3. Government Bond Transactions – Transaction Type Unit: NT\$ million

Transaction Type	2020	Proportion (%)	2019	Proportion (%)
Repo trade	818,182	98.90	842,706	97.99
Outright purchase/sale	9,100	1.10	17,300	2.01
Total	827,282	100.00	860,006	100.00

IV. NTD Financial Bond Market

The total transaction amount of financial bonds in 2020 was NT\$290,677 million (see Table IV), a decrease of NT\$2,525 million (or -0.86%) over that in 2019.

By transaction type, the amount of repo transactions in 2020 was NT\$289,677 million, accounting for 99.66%, a decrease of NT\$1,025 million (or -0.35%) over that in 2019; the amount of outright transactions in 2020 was NT\$1,000 million, accounting for 0.34%, a decrease of NT\$1,500 million (or -60.00%) over that in 2019.

Table 4. Financial Bond Transactions – Transaction Type Unit: NT\$ million

Transaction Type	2020	Proportion (%)	2019	Proportion (%)
Repo trade	289,677	99.66	290,702	99.15
Outright purchase/sale	1,000	0.34	2,500	0.85
Total	290,677	100.00	293,202	100.00

V. NTD Corporate Bond Market

The total transaction amount of corporate bonds in 2020 was NT\$1,493,760 million (see Table V), a decrease of NT\$120,208 million (or -7.45%) over that in 2019.

By transaction type, the amount of repo transactions in 2020 was NT\$1,459,692 million, accounting for 97.72%, a decrease of NT\$123,654 million (or -7.81%) over that in 2019; the amount of outright transactions in 2020 was NT\$34,068 million, accounting for 2.28%, an increase of NT\$3,446 million (or 11.25%) over that in 2019.

Table 5. Corporate Bond Transactions – Transaction Type Unit: NT\$ million

Transaction Type	2020	Proportion (%)	2019	Proportion (%)
Repo trade	1,459,692	97.72	1,583,346	98.10
Outright purchase/sale	34,068	2.28	30,622	1.90
Total	1,493,760	100.00	1,613,968	100.00

VI. NTD Securitization Special Purpose Trust Beneficiary Securities Market

The total transaction amount of beneficiary securities of special purpose securitization trust in 2020 was NT\$0 million (see Table V), a decrease of NT\$500 million over that in 2019.

By the trading type, the outright purchase and sell trading amounted to NT\$0 million, i.e. 0%, decreasing by NT\$500 million from 2019.

Table 6. Transactions of beneficial certificates of special purpose securitization trust – by transaction type Unit: NT\$ million

Transaction Type	2020	Proportion (%)	2019	Proportion (%)
Repo trade	0	0.00	0	0.00
Outright purchase/sale	0	0.00	500	100.00
Total	0	0.00	500	100.00

VII. Foreign Currency Bond Market

The total transaction amount of foreign currency bonds in 2020 was US\$10,816 million (see Table VII and Table VIII), a decrease of US\$453 million (or -4.02%) over that in 2019.

By transaction type, the amount of international bond repo transactions in 2020 was US\$1,318 million, accounting for 98.43%, an increase of US\$472 million (or 55.79%) over that in 2019; the amount of outright transactions in 2020 was US\$21 million, accounting for 1.57%, a decrease of US\$44 million (or -67.69%) over that in 2019. The amount of foreign bond repo transactions in 2020 was US\$9,047 million, accounting for 95.46%, a decrease of US\$877 million (or -8.84%) over that

in 2019; the amount of foreign bond outright transactions in 2020 was US\$430 million, accounting for 4.54%, a decrease of US\$4 million (or -0.92%) over that in 2019.

Table 7. US Dollar International Bond Transaction - Transaction Type Unit: US \$million

Transaction Type	2020	Proportion (%)	2019	Proportion (%)
Repo transaction	1,318	98.43	846	92.86
Outright purchase/sale	21	1.57	65	7.14
Total	1,339	100.00	911	100.00

Table 8. US Dollar Foreign Bond Transactions (including U.S. Treasury securities) – Transaction Type Unit: US\$ million

Transaction Type	2020	Proportion (%)	2019	Proportion (%)
Repo transaction	9,047	95.46	9,924	95.81
Outright purchase/sale	430	4.54	434	4.19
Total	9,477	100.00	10,358	100.00

III. Financial Income and Expenditure and Profitability Analysis

In terms of the income, the revenue was NT\$2,507,171 thousand in 2020: The net interest income was NT\$1,120,638 thousand, the commissions and fee revenue was NT\$1,192,348 thousand, the net income from financial assets and liabilities at fair value through profit or loss NT\$144,417 thousand, the revenue from realization of other comprehensive financial assets at fair value through profit or loss NT\$104,375 thousand, and the non-interest net loss NT\$54,607 thousand.

Considering that the whole staff used their best efforts to develop customers in 2020, the performance of the main business lines, including underwriting of promissory notes, margin balance, bonds and stocks position operations has increased significantly. Therefore, the net income after tax for the year achieved the budget target successfully.

In terms of reserves, the amount of various reserves in 2020 was NT\$31,875 thousand, mainly because of an increase in this year's provision for guarantee liability of real estate credit in response to the requirement of the competent authority; the amount of operating expenses was NT\$483,593 thousand, which was lower than the budget amount due to a strict control of expenses.

In terms of profit, the profit before tax in 2020 was NT\$1,991,703 thousand, the net profit after tax was NT\$1,578,242 thousand, the net profit per share was NT\$1.18, and the budget achievement rate was 110%. In addition, the profit after disposal of the commodity position calculated in accordance with "equity instruments measured at fair value through other comprehensive income" was NT\$79,641 thousand, and the budget achievement rate was 110%.

IV. Business Analysis

The risk management policies of the Company aim to strive for the maximum interest for shareholders within the risk tolerance authorized by the Board of Directors. In order to maintain the safety, liquidity and profitability of the financial assets and liabilities, the "Business Review Committee," "Investment Review Committee" and "Financial Assets and Liabilities Management Committee" are set up to measure and supervise the risks related to credit, market, liquidity and operations.

As of December 31, 2020, the overdue loan ratio of the Company's overall credit assets was 0, the financial assets quality was excellent and the business fitness was good; the capital adequacy ratio was 12.80%.

On June 8, 2020, Fitch International Credit Rating Co., Ltd. Taiwan Branch confirmed that the Company's annual credit ratings are as follows: domestic long-term rating "A+ (tw)", domestic

short-term rating "F1 (tw)", and all rating prospects are "stable."

V. Research and Development

The Company has joined the “Financial Blockchain Confirmation Service” to cut the labor cost and postage to be spent by the CPA firms in confirmation letters and avoid the possibility for loss, forgery and alteration of confirmation letters at the same time, so as to upgrade the entire operational efficiency and data safety. Meanwhile, in response to the operations of Taiwan Depository & Clearing Corporation (TDCC), transaction documents for the secondary market were served by electronic means. Further, in 2020, in response to the operations of Taiwan Securities Association, the Company implemented the service of bond transaction confirmation statements and passbooks by electronic transmission.

In terms of staff training, in addition to regularly inviting scholars and experts to give keynote speeches for the staff, the Company employs industry professionals to teach courses related to personal finance business, and also create an e-Learning platform for online course.

In addition, the Company encourages the employees to acquire financial licenses and participate in various courses offered by institutions such as the Taiwan Academy of Banking and Finance, in order to improve their professional quality and work efficiency. At the end of 2020, the Company had a total of 149 employees. The employees’ training totaled 2,716 person-times (5,411 hours). Averagely, each employee was sent to attend training for 18 times (36 hours).

In-Charge of the Company: Cheng-Ching Wu

Manager: Cheng-Hsiang Wei

Accounting Supervisor: Po-Chun Chen

Report Item (2)

Audit Committee's Audit Report

The 2020 annual financial statement, resolved by the Board of Directors and reviewed by the Audit Committee, has been audited and certified by Chen Yinchou and Lin Wangsheng, 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 2020 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

2021 Annual Shareholder's Meeting of China Bills Finance Corporation

Audit Committee, China Bills Finance Corporation

Convener: Chung-Ho Chen (signature)

February 25, 2021

Report Item (3) Proposed by the Board

Proposal: The employees' profit sharing bonus and directors' compensation report for the year ended December 31, 2020

Explanation:

- I. According to Article 32 of the Articles of Incorporation of the Company, if the Company has posted profit for the year, 1% to 2.5% of the profit shall be set aside as employee bonuses. The ceiling for directors' remuneration is 2.5% of the profit. Independent directors are however excluded from the remuneration distribution.
- II. The Company's CPA-audited profit for 2020 was NT\$2,042,773,294 (before the remuneration of employees and directors were set aside). For employee and director remuneration, the distribution amount of NT\$25,535,000 has been proposed for each purpose. The proposal was approved during the fourteenth meeting of the fourth session of the Remuneration Committee. It was then approved at the 35th meeting of the 14th Board of Directors. The remuneration would be totally distributed in cash.

Report Item (4) Proposed by the Board

Proposal: Amendments to the Procedures for Ethical Management and Guidelines for Conduct

Explanation:

- I. In response to the “New Corporate Governance Roadmap (2018–2020)” and the amended “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” published in May 2019, Taiwan Stock Exchange Corporation (TWSE) published the amended “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct” on February 13, 2020. Accordingly, the Company amended its “Procedures for Ethical Management and Guidelines for Conduct” (hereinafter referred to as the “Guidelines”), upon reviewing its existing internal regulations and actual operations, and in response to said Sample Template.
- II. Please refer to page 14 to page 24 of this handbook for the full text of the comparison table of the rules before and after the amendment (including amendment descriptions) and the measures.

Comparison chart and partial revised text of the Procedures for “Ethical Management and Guidelines for Conduct” of China Bills Finance Corporation

Provisions after amendment	Current provisions	Description
Article 5 (Designated unit <u>and duties</u>) The Company designated management department as a dedicated unit (hereinafter referred to as the company's dedicated unit), which implements and supervises: revisions of the Procedure and Guidelines, executions, interpretations, consulting services, and registration of notified. Contents and records such related operations and supervision and execution. If necessary, a report shall be <u>regular (at least once a year)</u> made for the Board of Directors. The company also designated the auditing office as the reporting unit that reports the violation of integrity management, belonging to the Board of Directors. It is responsible for the planning of the reporting system and operational procedures, the establishment of independent reporting mailboxes and special line in the Company's website and internal websites, and the preservation of the relevant documents. It shall report the situation, handling method, and follow-up of improvement measures to the Board of Directors.	Article 5 (Designated unit) The Company designated management department as a dedicated unit (hereinafter referred to as the company's dedicated unit), which implements and supervises: revisions of the Procedure and Guidelines, executions, interpretations, consulting services, and registration of notified. Contents and records such related operations and supervision and execution. If necessary, a report shall be made for the Board of Directors. The company also designated the auditing office as the reporting unit that reports the violation of integrity management, belonging to the Board of Directors. It is responsible for the planning of the reporting system and operational procedures, the establishment of independent reporting mailboxes and special line in the Company's website and internal websites, and the preservation of the relevant documents. It shall report the situation, handling method, and follow-up of improvement measures to the Board of Directors.	Amend this provision in reference to Article 5 of the amended “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct” (hereinafter referred to as the “Sample Template”) published by TWSE on February 13, 2020, by adding the frequency of the periodic reporting to the Board of Directors; also, amend the heading of this provision in response to the Sample Template.
Article 11 (Avoidance of interests) This company’s directors, managers, or other interested parties who attend the board meeting and has a conflict of interest with <u>agenda items</u> made in the board meeting shall state the content of their stake relationship at the board meeting. If the conflict may damage company interests, the individual or their legal representative shall not participate in the proposal discussion or voting. The	Article 11 (Avoidance of interests) This company’s directors, managers, or other interested parties who attend the board meeting and has a conflict of interest with <u>any proposals</u> made in the board meeting shall state the content of their stake relationship at the board meeting. If the conflict may damage company interests, the individual or their legal representative shall not participate in the proposal discussion or voting. The	1. Amend the literal text in Paragraph 1 in reference to Article 11 of the Sample Template.

Provisions after amendment	Current provisions	Description
individual shall excuse themselves during the discussion and proposal, and shall not act as agent for other directors in execution of their voting rights. Directors shall also exercise self-discipline and must not support one another in improper dealings. <u>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u> If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.	individual shall excuse themselves during the discussion and proposal, and shall not act as agent for other directors in execution of their voting rights. Directors shall also exercise self-discipline and must not support one another in improper dealings. If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.	2. Add Paragraph 2 herein in reference to the Sample Template to expressly state that where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with the director has interests in the matters under discussion in the Board of Directors' meeting, such director shall be deemed to have a personal interest in the

Provisions after amendment	Current provisions	Description
		matter.
Article 14(<u>Prohibition against unfair competition</u>) The Company is engaged in business activities and shall abide by the Fair Trade Act and relevant competition laws and regulations.	Article 14 (Prohibition of unfair competition) The Company is engaged in business activities and shall abide by the Fair Trade Act and relevant competition laws and regulations.	Amend the heading of this provision in response to Article 23 of the Sample Template.
Article 21 (Handling of company personnel involved in dishonest behavior) The Company encourages internal and external personnel to report dishonest or inappropriate behavior. A reward shall be given to the reporting person according to the severity of the reported violations. If internal personnel falsely report violations or make malicious accusations, they shall be punished according to regulations. In severe cases, the person can be dismissed. The Company has set up a reporting mailbox and hotline in the company website and internal website which can be used by internal or external personnel for reporting violations. A whistleblower shall at least furnish the following information: 1. The whistleblower's name and ID number, and an address, telephone number and e-mail address where it can be reached. 2. The informed party's name or other information sufficient to distinguish its identifying features. 3. Specific facts available for investigation. The Company's personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. the Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing. The Company's audit office received the report and processed according to the following procedures: 1. Reported violations that involve ordinary employees shall be reported to the department supervisor. Reported violations that involve directors or executives shall be reported to independent directors.	Article 21 (Handling of company personnel involved in dishonest behavior) The Company encourages internal and external personnel to report dishonest or inappropriate behavior. A reward shall be given to the reporting person according to the severity of the reported violations. If internal personnel falsely report violations or make malicious accusations, they shall be punished according to regulations. In severe cases, the person can be dismissed. The Company has set up a reporting mailbox and hotline in the company website and internal website which can be used by internal or external personnel for reporting violations. A whistleblower shall at least furnish the following information: 1. The whistleblower's name and ID number, and an address, telephone number and e-mail address where it can be reached. 2. The informed party's name or other information sufficient to distinguish its identifying features. 3. Specific facts available for investigation. The Company's personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. the Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing. The Company's audit office received the report and processed according to the following procedures: 1. Reported violations that involve ordinary employees shall be reported to the department supervisor. Reported violations that involve directors or executives shall be reported to independent directors.	Amend the literal text of the subparagraph 3, Paragraph 4 of this provision, in reference to the adequate following movements required upon completion of the investigation against any whistleblowing case referred to in Article 21 of the Sample Template.

Provisions after amendment	Current provisions	Description
2. The Auditing Office of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department. 3. If a person being reported is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, <u>the company will report to the competent authority, refer said person to judicial authority for investigation, or</u> will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests. 4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of litigation in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation. 5. With respect to confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence. 6. The Auditing Office of the Company shall submit to the Board of Directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.	2. The Auditing Office of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department. 3. If a person being reported is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests. 4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of litigation in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation. 5. With respect to confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence. 6. The Auditing Office of the Company shall submit to the Board of Directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.	
Article 23 (<u>Internal awareness sessions and establishment of a system for rewards, penalties and appeals system</u>) <u>The responsible unit of the company shall organize once awareness sessions each year to communicate the importance of ethics.</u> The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.	Article 23 (Rewards, penalties and appeals system) The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints. If any personnel of the Company seriously violate ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable	Amend the heading of this provision, in reference to Paragraph 1 added into Article 23 of the

Provisions after amendment	Current provisions	Description
If any personnel of the Company seriously violate ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company. The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.	laws and regulations or the personnel policy and procedures of the Company. The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.	Sample Template with respect to the literal text applied for the internal promotion.
Article 24 (Implementation) The Procedures and Guidelines shall be implemented after passing board resolution, and shall be reported at the shareholder meeting; the same procedure shall be followed for amendments. The amendment was made in the 9th Meeting of the 12th Board of Directors on February 26, 2013. The approval was made in the shareholder meeting on May 22, 2013. The first amendment was made in the 22nd Meeting of the 13th Board of Directors on May 26, 2017. The approval was made in the shareholder meeting on May 26, 2017. The second amendment was made in the 32nd Meeting of the 13th Board of Directors on December 19, 2017. The approval was made in the shareholder meeting on June 8, 2018. The third amendment was made in the 33rd Meeting of the 14th Board of Directors on December 15, 2020. <u>The approval was made in shareholders' meeting on OOOO, 2021.</u>	Article 24 (Implementation) The Procedures and Guidelines shall be implemented after passing board resolution, and shall be reported at the shareholder meeting; the same procedure shall be followed for amendments The amendment was made in the 9th Meeting of the 12th Board of Directors on February 26, 2013. The approval was made in the shareholder meeting on May 22, 2013. The first amendment was made in the 22nd Meeting of the 13th Board of Directors on May 26, 2017. The approval was made in the shareholder meeting on May 26, 2017. The second amendment was made in the 32nd Meeting of the 13th Board of Directors on December 19, 2017. The approval was made in the shareholder meeting on June 8, 2018. The third amendment was made in the 33rd Meeting of the 14th Board of Directors on December 15, 2020.	The date for approval is added.

Procedures for Ethical Management and Guidelines for Conduct of China Bills Finance Corporation

Article 1 (Objective and scope of application)

The company is engaged in commercial activities based on the principles of fairness, honesty, trustworthiness and transparency, and implements the integrity management policy, and actively prevent from dishonest conduct, according to the samples of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, and the relevant laws of the place where the Company operates, and establish this Procedures and Guidelines for Conduct to specify the matters that the company personnel should pay attention to when performing business.

Article 2 (Applicable objects)

For the purposes of these Procedures and Guidelines, the term “the Company's personnel” refers to any director, managerial officer, employee, mandatories or person having substantial control of the Company. The Company's personnel, through the third party, directly or indirectly offer, promise to offer, request or accept any improper benefits will be presumed to be a conduct by the personnel of the Company.

Article 3 (Dishonest behavior)

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparty of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4 (Benefit aspect)

For the purposes of these Procedures and Guidelines, the term “benefits” means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5 (Designated unit **and duties**)

The Company designated management department as a dedicated unit (hereinafter referred to as the company's dedicated unit), which implements and supervises: revisions of the Procedure and Guidelines, executions, interpretations, consulting services, and registration of notified. Contents and records such related operations and supervision and execution. If necessary, a report shall be **regular (at least once a year)** made for the Board of Directors.

The company also designated the auditing office as the reporting unit that reports the violation of integrity management, belonging to the Board of Directors. It is responsible for the planning of the reporting system and operational procedures, the establishment of independent reporting mailboxes and special line in the Company's website and internal websites, and the preservation of the relevant documents. It shall report the situation, handling method, and follow-up of improvement measures to the Board of Directors.

Article 6 (Scope of prevention plans)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.

2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. For social customs or other in line with company regulations.

Article 7 (Procedures for reception of improper interests)

Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest exists between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

“A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel,” as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

This Company's dedicated unit shall view the nature and value of the first item interest and propose a return, payment, turn to public ownership, give to charity organization, or make other appropriate recommendations. The recommendation shall be implemented after reporting to the president and getting approval.

Article 8 (Prohibiting facilitation payment and handling of bribery)

The Company shall neither provide nor promise any facilitating payment.

If any personnel of the Company provide or promise a facilitation payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency. Upon receipt of the report under the preceding paragraph, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9 (Procedures for political contributions)

Political contributions by the Company shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit, it shall be made only after being reported to and approved by the Board of Directors:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.

2. A written record of the decision making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.

Article 10 (Procedures for donations or sponsorships)

The Company provides donations or sponsorships, which shall be handled in accordance with the Company's "Administration of Extra Donations" and the following Procedures:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Company is doing business.
2. A written record of the decision making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.

Article 11 (Avoidance of interests)

This company's directors, managers, or other interested parties who attend the board meeting and has a conflict of interest with **agenda items** made in the board meeting shall state the content of their stake relationship at the board meeting. If the conflict may damage company interests, the individual or their legal representative shall not participate in the proposal discussion or voting. The individual shall excuse themselves during the discussion and proposal, and shall not act as agent for other directors in execution of their voting rights. Directors shall also exercise self-discipline and must not support one another in improper dealings.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

Article 12 (Intellectual Property rights and confidentiality mechanisms)

Each department of the company shall pay attention to the management, preservation, and confidentiality of intellectual property rights such as business secrets, trademarks, patents, and works of the company in respect of their respective administrative affairs.

All personnel of the Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the Company unrelated to their individual duties.

Article 13 (Prohibition of insider trading and confidentiality agreements)

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not

take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading. Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Article 14 (**Prohibition against unfair competition**)

The Company is engaged in business activities and shall abide by the Fair Trade Act and relevant competition laws and regulations.

Article 15 (Preventing damage to the interests of interested parties)

The Company shall collect and understand the relevant laws and international standards that should be followed for its products and services, and summarize the matters that should be noted to be announced so as to prompt the personnel of the Company to know.

The Company shall set up a stakeholder area on the website to prevent the product or service from damaging the interests of stakeholders.

When media reports or facts confirm that the Company's goods and services endanger the interested parties, the company should immediately investigate whether it is true and propose to review the improvement plan.

The responsible unit of the Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the Board of Directors.

Article 16 (Announcing honest management policy to the public)

The company discloses its integrity management policy in internal regulations, annual reports, company websites, or other documents, so that customers, suppliers or other business-related organizations and personnel can clearly understand the company's business philosophy and norms of integrity.

Article 17 (Integrity management assessment before establishing a business relationship)

Before developing a commercial relationship with another party, such as clients, suppliers, or other counterparty in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes. When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
- G .Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 (Clarifying honest management policy to business partners)

Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 19 (Avoiding transaction with dishonest operators)

All personnel of the Company shall avoid business transactions with clients, suppliers, or other counterparty in commercial interactions that are involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

Article 20 (Clearly stating integrity management in the contract)

Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's integrity management, and shall make the integrity management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When each party is aware of the violation of the prohibition of acceptance of commissions, rebates or other improper contract benefits, they shall promptly inform other parties of their identity, offer, promise, demand or acceptance, amount or other improper interests, and provide relevant evidence and cooperate with other parties' investigations. If one party has been harmed, the harmed party can request compensation from the other party, and the compensation can be deducted from the contract price.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21 (Handling of company personnel involved in dishonest behavior)

The Company encourages internal and external personnel to report dishonest or inappropriate behavior. A reward shall be given to the reporting person according to the severity of the reported violations. If internal personnel falsely report violations or make malicious accusations, they shall be punished according to regulations. In severe cases, the person can be dismissed.

The Company has set up a reporting mailbox and hotline in the company website and internal website which can be used by internal or external personnel for reporting violations.

A whistleblower shall at least furnish the following information:

1. The whistleblower's name and ID number, and an address, telephone number and e-mail address where it can be reached.
2. The informed party's name or other information sufficient to distinguish its identifying features.
3. Specific facts available for investigation.

The Company's personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. the Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.

The Company's audit office received the report and processed according to the following procedures:

1. Reported violations that involve ordinary employees shall be reported to the department supervisor. Reported violations that involve directors or executives shall be reported to independent directors.
2. The Auditing Office of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
3. If a person being reported is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, **the company will report to the competent authority, refer said person to judicial authority for investigation, or** will institute legal proceedings and seek damages to safeguard its reputation and its

rights and interests.

4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of litigation in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.

5. With respect to confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.

6. The Auditing Office of the Company shall submit to the Board of Directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Article 22 (Handling of other people's dishonest behavior towards the Company)

If any personnel of the Company discover that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 23 (**Internal awareness sessions and establishment of a system for** rewards, penalties and appeals system)

The responsible unit of the company shall organize once awareness sessions each year to communicate the importance of ethics.

The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Company seriously violate ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 24 (Implementation)

The Procedures and Guidelines shall be implemented after passing board resolution, and shall be reported at the shareholder meeting; the same procedure shall be followed for amendments.

The amendment was made in the 9th Meeting of the 12th Board of Directors on February 26, 2013. The approval was made in the shareholder meeting on May 22, 2013. The first amendment was made in the 22nd Meeting of the 13th Board of Directors on May 26, 2017. The approval was made in the shareholder meeting on May 26, 2017. The second amendment was made in the 32nd Meeting of the 13th Board of Directors on December 19, 2017. The approval was made in the shareholder meeting on June 8, 2018. The third amendment was made in the 33rd Meeting of the 14th Board of Directors on December 15, 2020. **The approval was made in shareholders' meeting on OOOO, 2021.**

Ratification Items

Ratification Item (1) Proposed by the Board

Proposal: To approve 2020 Business Report and Financial Statements

Explanation:

- I. The Company's 2020 review report , including business reports (please refer to page 6 to page 10 of this handbook), the directory of main property, and the audit report with unqualified opinions issued by Chen Yinchou, Lin Wangsheng, Certified Public Accountants of Deloitte & Touche have been reviewed by the Audit Committee, which considers the motion proper and the review report is represented (on page 11 of the Handbook) in accordance with Article 14-1 of the Securities Exchange Act and Article 219 of the Company Act.
- II. The motion was approved at the 35th meeting of the 14th Board of Directors. Please refer to pages 28 to 37 of the Handbook for the CPA audit report and each financial statement.

Resolution:

China Bills Finance Corporation

Directory of Main Property

December 31, 2020 Unit: New Taiwan Dollar

Type	Cost	Recognized depreciable amount	Book Value
Land	83,337	0	83,337
Housing and Construction	94,187	51,836	42,351
Machinery and computer equipment	60,469	40,549	19,920
Traffic and transportation equipment	10,352	6,588	3,764
Miscellaneous Equipment	17,994	15,479	2,515
Improvement of lease equity	6,825	5,626	1,199
Prepayments For Business Facilities	0	0	0
Total	273,164	120,078	153,086

In-Charge of the Company: Cheng-Ching Wu

Manager: Cheng-Hsiang Wei

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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.

Estimated Impairment of Financial Guarantee Contracts

As of December 31, 2020, the Company's estimated reserve for losses on guarantee for the Company's financial guarantee contracts entered into with credit clients was \$1,375,077 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 Debt" (Regulations Governing the Procedures for Bad Debt) and related regulations.

Please refer to Notes 4, 5, 20 and 37 (f) for relevant information and accounting policy for financial guarantee contracts.

The Company should assess the classification of credit assets and recognize the reserve for guarantee liabilities in accordance with the "Regulations Governing the Procedures for Bad Debt". The assessment and reservation involve subjective judgment and estimates, which will directly affect the related accrued amounts. Thus, the estimated impairment of financial guarantee contracts is deemed to be a key audit matter.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. We understood the relevant 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 reviewed the management's loss reserves evaluation report of credit assets, checked the completeness of credit assets on the loss reserves evaluation report, and evaluated the appropriateness of classification. We also 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, 2020 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 Yin-Chou Chen and Wang-Sheng Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 264,720	-	\$ 244,731	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 7 and 33)	106,155,540	49	92,084,805	47
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 8, 9 and 33)	105,237,279	48	103,117,226	52
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 10 and 34)	4,732,882	2	100,013	-
RECEIVABLES, NET (Notes 4 and 11)	782,861	1	853,563	1
CURRENT TAX ASSETS (Notes 4 and 30)	268,510	-	315,759	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 12 and 33)	566,011	-	549,676	-
PROPERTY AND EQUIPMENT, NET (Notes 4 and 13)	153,086	-	154,192	-
RIGHT-OF-USE ASSETS, NET (Notes 4, 14 and 32)	2,659	-	4,735	-
DEFERRED TAX ASSETS (Notes 4 and 30)	73,816	-	67,138	-
OTHER ASSETS, NET (Note 15)	<u>46,637</u>	<u>-</u>	<u>47,721</u>	<u>-</u>
TOTAL	<u>\$ 218,284,001</u>	<u>100</u>	<u>\$ 197,539,559</u>	<u>100</u>
LIABILITIES AND EQUITY				
CALL LOANS FROM BANKS AND OVERDRAFTS ON BANKS (Note 16)	\$ 6,140,000	3	\$ 14,500,869	8
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 7)	39,252	-	5,122	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 17, 32 and 34)	179,726,810	82	156,689,837	79
ACCOUNTS PAYABLE (Note 18)	425,800	-	658,454	-
CURRENT TAX LIABILITIES (Notes 4 and 30)	139,115	-	-	-
COMMERCIAL PAPER ISSUED, NET (Note 19)	4,499,227	2	-	-
PROVISIONS (Notes 4, 5 and 20)	1,440,191	1	1,398,066	1
LEASE LIABILITIES (Notes 4 and 14)	2,695	-	4,773	-
DEFERRED TAX LIABILITIES (Notes 4 and 30)	175,281	-	51,120	-
OTHER LIABILITIES	<u>246,188</u>	<u>-</u>	<u>375,856</u>	<u>-</u>
Total liabilities	<u>192,834,559</u>	<u>88</u>	<u>173,684,097</u>	<u>88</u>
EQUITY (Notes 4 and 22)	<u>13,429,600</u>	<u>6</u>	<u>13,429,600</u>	<u>7</u>
Ordinary share	<u>8,804</u>	<u>-</u>	<u>7,308</u>	<u>-</u>
Capital surplus				
Retained earnings				
Legal reserve	8,054,883	4	7,681,488	4
Special reserve	769,120	-	769,120	-
Unappropriated earnings	<u>1,665,706</u>	<u>1</u>	<u>1,349,696</u>	<u>1</u>
Total retained earnings	<u>10,489,709</u>	<u>5</u>	<u>9,800,304</u>	<u>5</u>
Other equity	<u>1,521,329</u>	<u>1</u>	<u>618,250</u>	<u>-</u>
Total equity	<u>25,449,442</u>	<u>12</u>	<u>23,855,462</u>	<u>12</u>
TOTAL	<u>\$ 218,284,001</u>	<u>100</u>	<u>\$ 197,539,559</u>	<u>100</u>

The accompanying notes are an integral part of the financial sta

CHINA BILLS FINANCE CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NET INTEREST				
Interest revenues (Notes 4 and 23)	\$ 1,901,772	76	\$ 2,010,422	100
Deduct: Interest expenses (Notes 4, 23 and 32)	<u>(781,134)</u>	<u>(31)</u>	<u>(1,154,448)</u>	<u>(58)</u>
Net interest	1,120,638	45	855,974	42
NET REVENUES OTHER THAN INTEREST				
Service fee income, net (Notes 4 and 24)	1,192,348	47	983,401	49
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4, 7, 25 and 32)	144,417	6	97,309	5
Realized gains or losses on financial assets at fair value through other comprehensive income (Notes 4 and 26)	104,375	4	111,783	6
Foreign exchange losses, net (Notes 4 and 27)	(52,321)	(2)	(24,318)	(1)
Recognized impairment loss on financial assets (Notes 4 and 9)	(1,499)	-	(12,108)	(1)
Other non-interest gains (losses), net	<u>(787)</u>	<u>-</u>	<u>2,727</u>	<u>-</u>
TOTAL NET REVENUES	<u>2,507,171</u>	<u>100</u>	<u>2,014,768</u>	<u>100</u>
PROVISIONS (Notes 4 and 20)	<u>(31,875)</u>	<u>(1)</u>	<u>(4,476)</u>	<u>-</u>
OPERATING EXPENSES (Notes 4, 28, 29 and 32)				
Employee benefit expenses	(348,071)	(14)	(323,801)	(16)
Depreciation and amortization	(13,370)	(1)	(24,484)	(1)
Others	<u>(122,152)</u>	<u>(5)</u>	<u>(108,529)</u>	<u>(6)</u>
Total operating expenses	<u>(483,593)</u>	<u>(20)</u>	<u>(456,814)</u>	<u>(23)</u>
PROFIT BEFORE INCOME TAX	1,991,703	79	1,553,478	77
INCOME TAX EXPENSE (Notes 4 and 30)	<u>(413,461)</u>	<u>(16)</u>	<u>(308,825)</u>	<u>(15)</u>
NET INCOME FOR THE YEAR	<u>1,578,242</u>	<u>63</u>	<u>1,244,653</u>	<u>62</u>

(Continued)

CHINA BILLS FINANCE CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 21)	\$ (1,934)	-	\$ 470	-
Unrealized gains or losses on investments in equity instruments designated as at fair value through other comprehensive income (Notes 4 and 22)	124,975	5	184,442	9
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 30)	<u>387</u>	-	<u>(94)</u>	-
Items that will not be reclassified subsequently to profit or loss for the period, net of income tax	<u>123,428</u>	<u>5</u>	<u>184,818</u>	<u>9</u>
Items that will be reclassified subsequently to profit or loss:				
Unrealized gains or losses on investments in debt instruments at fair value through other comprehensive income (Notes 4 and 22)	979,538	39	252,831	12
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 30)	<u>(121,793)</u>	<u>(5)</u>	<u>(67,590)</u>	<u>(3)</u>
Items that will be reclassified subsequently to profit or loss for period, net of income tax	<u>857,745</u>	<u>34</u>	<u>185,241</u>	<u>9</u>
Other comprehensive income for the year, net of income tax	<u>981,173</u>	<u>39</u>	<u>370,059</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,559,415</u>	<u>102</u>	<u>\$ 1,614,712</u>	<u>80</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 31)				
Basic	<u>\$ 1.18</u>		<u>\$ 0.93</u>	
Diluted	<u>\$ 1.17</u>		<u>\$ 0.93</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Ordinary Share Capital (Notes 4 and 22)	Capital Surplus (Notes 4 and 22)	Retained Earnings (Notes 4 and 22)			Other Equity (Notes 4 and 22)	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2019	\$ 13,429,600	\$ 4,113	\$ 7,280,862	\$ 769,120	\$ 1,470,586	\$ 344,212	\$ 23,298,493
Legal reserve	-	-	400,626	-	(400,626)	-	-
Cash dividends distributed	-	-	-	-	(1,060,938)	-	(1,060,938)
Unclaimed dividends	-	3,195	-	-	-	-	3,195
Net income for the year ended December 31, 2019	-	-	-	-	1,244,653	-	1,244,653
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	376	369,683	370,059
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	1,245,029	369,683	1,614,712
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(95,645)	-
BALANCE AT DECEMBER 31, 2019	13,429,600	7,308	7,681,488	769,120	1,349,696	618,250	23,855,462
Legal reserve	-	-	373,395	-	(373,395)	-	-
Cash dividends distributed	-	-	-	-	(966,931)	-	(966,931)
Unclaimed dividends	-	1,496	-	-	-	-	1,496
Net income for the year ended December 31, 2020	-	-	-	-	1,578,242	-	1,578,242
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(1,547)	982,720	981,173
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,576,695	982,720	2,559,415
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(79,641)	-
BALANCE AT DECEMBER 31, 2020	\$ 13,429,600	\$ 8,804	\$ 8,054,883	\$ 769,120	\$ 1,665,706	\$ 1,521,329	\$ 25,449,442

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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,991,703	\$ 1,553,478
Adjustments for:		
Recognized expected credit impairment loss	51,499	27,108
Net gain on valuation of financial assets and liabilities at fair value through profit or loss	(22,173)	(35,188)
Depreciation expenses	10,140	21,908
Amortization expenses	3,230	2,576
Interest expenses	781,134	1,154,448
Interest revenues	(1,901,772)	(2,010,422)
Dividend revenues	(36,247)	(27,718)
Loss (gain) on disposal of property and equipment	623	(113)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(14,014,432)	5,404,877
Financial assets at fair value through other comprehensive income	(1,017,039)	(4,364,498)
Securities purchased under resell agreements	(4,632,869)	891,350
Receivables and non-accrual loans	(80,563)	232,029
Other financial assets	(16,335)	(688)
Other assets	(3,411)	3,235
Securities sold under repurchase agreements	23,036,973	9,643,380
Payables	(204,444)	193,816
Provisions for employee benefits	(9,809)	(12,710)
Other liabilities	(129,668)	92,883
Interest received	2,053,037	2,216,530
Dividend received	36,247	27,718
Interest paid	(808,544)	(1,137,975)
Income tax paid	(231,020)	(257,878)
Net cash generated from operating activities	<u>4,856,260</u>	<u>13,618,146</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(7,618)	(10,116)
Proceeds from disposal of property and equipment	238	464
Increase in refundable deposits	-	(271)
Decrease in refundable deposits	3,999	-
Increase in other assets	(1,719)	(4,446)
Net cash used in investing activities	<u>(5,100)</u>	<u>(14,369)</u>
		(Continued)

CHINA BILLS FINANCE CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in call loans from banks and overdrafts	\$ (8,360,869)	\$ (12,043,635)
Increase in commercial paper payable	4,500,000	-
Decrease in commercial paper payable	-	(500,000)
Repayment of the principal portion of lease liabilities	(3,371)	(16,305)
Cash dividend paid	<u>(966,931)</u>	<u>(1,060,938)</u>
Net cash used in financing activities	<u>(4,831,171)</u>	<u>(13,620,878)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,989	(17,101)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>244,731</u>	<u>261,832</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 264,720</u>	<u>\$ 244,731</u>

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

(Concluded)

Ratification Item (2) Proposed by the Board

Proposal: To approve the proposal for distribution of 2020 earnings

Explanation:

- I. The Company's earnings after tax for 2020 was NT\$1,578,242,428, and "other comprehensive income directly carried forward to retained earnings" of NT\$78,093,728. 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\$9,369,252, and the total distributable surplus for the year was NT\$1,168,804,561. The proposed cash dividend per share was NT\$0.87 and the unappropriated earnings at the end of the period were NT\$429,361.
- II. 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.
- III. The proposal for earning distribution is attached (see Page 39 of this handbook).
- IV. The proposal has been approved at the 35th 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 (see page 11 of this handbook) in accordance Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.
- V. Further, with respect to this motion, the 38th meeting of the 14th Board of Directors has resolved to authorize the Chairman of Board to set the record date for distribution of cash dividends, etc., upon acknowledgement by a shareholders' meeting.

Resolution:

China Bills Finance Corporation
2020 Earning Distribution Table

	Amount (NT\$)	Description
Unappropriated retained earnings at beginning of year	9,369,252	The decrease in liabilities was mainly due to the increase in provisions for pension funds and the gain on disposal of stocks measured at fair value from other comprehensive income.
Plus: Other comprehensive income (losses) directly carried forward to retained earnings	78,093,728	
Unappropriated retained earnings after adjustment	87,462,980	According to Article 34 of the Financial Management Law of the Securities and Exchange Fund, 30% will be allocated.
Plus: 2020 after-tax net profits	1,578,242,428	
Less: Appropriation of 30% legal reserve	496,900,847	
Distributable earnings	1,168,804,561	
Less: Shareholders' dividends (NT\$ 0.87 per share)	1,168,375,200	
unappropriated retained earnings at end of year	429,361	
Note: A. Shareholders' dividend was NT\$ 0.87 per share, which is calculated based on 1,342,960 thousand shares outstanding in circulation.		
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.		
C. Priority allocation of 2020 annual surpluses		

In-Charge of the Company: Cheng-Ching Wu

Manager: Cheng-Hsiang Wei

Accounting Supervisor: Po-Chun Chen

Election Item

Election Item (1) Proposed by the Board

Proposal: To elect the 11 seats of directors of the 15th Board of Directors (including 3 seats of independent directors)

Explanation:

- I. The terms of the directors of the Company (including independent directors) expired on June 7, 2021, and the board of directors of the Company resolved to elect 11 directors (including 3 independent directors) at the annual shareholders' meeting. The term of office of the elected directors is three years, from June 18, 2021 to June 17, 2024.
- II. The duties of the original director are executed until the new director takes office.
- III. The election of directors (independent directors) of the Company adopts the nomination system for candidates. The directors should be selected by the shareholders from the list of candidates for the director (independent director) as follows. Their qualifications, experience and other relevant information are listed as follows:

(a) Non-independent directors (8 seats)

Serial Number of Directors	Name	Shareholder No.	Number of shares held	Major academic (work) experience
1	O-Bank Co., Ltd. Representative - Cheng-Chuan Chang	262144	380,981,600	Present position: Deputy President and Chief Operating Officer of O-Bank Co., Ltd. Previous positions: Deputy President and Chief Administration Officer of Industrial Bank of Taiwan, Senior Vice President and Senior Management Director of Industrial Bank of Taiwan, Manager of Financial Department of Chailease Finance Co., Ltd., etc. Education: EMBA of National Chengchi University

Serial Number of Directors	Name	Shareholder No.	Number of shares held	Major academic (work) experience
2	O-Bank Co., Ltd. Representative - Cheng-Hsiang Wei	262144	380,981,600	Current position: President of China Bills Finance Corporation Previous positions: Senior Executive Vice President and Chief Strategy Officer of O-Bank Co., Ltd., Senior Executive Vice President of General Planning Department, Industrial Bank of Taiwan, Deputy Manager of CTBC Bank Co., Ltd. Education: Master of Business Administration, University of Texas at Arlington
3	O-Bank Co., Ltd. Representative - Wen-Feng Chang	262144	380,981,600	Present position: Senior Executive Vice President and Chief Financial Markets Officer of O-Bank Co., Ltd. Previous positions: Senior Vice President of Financial Service Market Division of Ta Chong Commercial Bank Co., Ltd., Vice President of Financial Service Marketing Division of Taishin International Bank Co., Ltd., Vice President of Financial Service Marketing Division of ABN AMRO, Manager of Corporate Banking Dept. of Bank of America, and Assistant Manager of Survey Search Division of China Development Financial Holding Corporation, etc. Education: Master, Graduate Institute of Business Administration of National Taiwan University
4	O-Bank Co., Ltd. Representative – Chih-Yu Hiew	262144	380,981,600	Present position: Executive Vice President and Chief Strategy Officer and Chief Human Resources Officer of O-Bank Co., Ltd Previous posts: President’s Special Assistant of IBT Management Corp, Oil Market Analyst of Energy Security Analysis Inc., and Project Manager of International Business Dept. of Taiwan Foundation of Democracy, etc. Education: Master in International Relations, Johns Hopkins University
5	Ho-Chu Investment Co., Ltd. Representative – Si-Tsong Cheng	361530	77,084,000	Present position: Chairman of Board of Delpha Construction Co., Ltd., Chairman of Board of Hongyi Investment Limited, Chairman of Board of Boomland Investment Limited, Chairman of Board of Rui Cheng Hao Investment Limited, and Chairman of Board of Hua Jian

Serial Number of Directors	Name	Shareholder No.	Number of shares held	Major academic (work) experience
				Development Co., Ltd. Previous position: Representative of Juristic Person, COTA Commercial Bank etc. Education: Bachelor of International Trade, Fu Jen Catholic University
6	Ho-Chu Investment Co., Ltd. Representative – Tzu-Hou, Peng	361530	77,084,000	Present position: Investment Manager of HO CHU Investment Co., Ltd. Previous position: Assistant Vice President of Financial Instrument Dept. of IBFC Education: Master, Graduate Institute of Economics, National Taipei University
7	Ho-Chu Investment Co., Ltd. – Representative Tang-Hsuan, Huang	361530	77,084,000	Current position: Investment Manager of He Zhu Investment Limited, Director of Taiwan Calsonic Co., Ltd., Supervisor of Rui Cheng Hao Investment Limited Previous positions: Sales Manager, KGI Securities Education: MBA, National Chung Hsing University
8	Ming Shan Investment Co., Ltd. Representative - Yi-Ru Luo	276317	1,509,600	Current position: Director of Mingshan Investment Co., Ltd., Supervisor of Yichang Investment Co., Ltd., Director of Taishuan Investment Co., Ltd., Supervisor of Taiya Investment Co., Ltd. Previous position: Director of Financial One, Supervisor of Yihe Finance Co., Ltd., Deputy Manager of the Investment Department of Taiwan Industrial Bank, Supervisor of Yichang Investment Co., Ltd., Director of Yichang Investment Co., Ltd., Bank SinoPac, Supervisors of China Bills Finance Corporation, etc. Education: Master of Education Psychology, University of California, Los Angeles (UCLA)

(b) Independent Directors (3 seats)

Serial Number of Directors	Name	Shareholder No.	Number of shares held	Major academic (work) experience
1	Wen-Ya Wu	--	0	Current position: None Previous positions: Chief Secretary, Business Council for Sustainable Development of Taiwan (BCSD-Taiwan), full-time deputy chairman of the Republic of China Foreign Trade Development Association; Representative of the Republic of China in Slovakia; Representative of the Republic of China in Malaysia, Director General of the Bureau of Foreign Trade, Ministry of Economic Affairs, Head of the Economic Group for the Ministry of Economic Affairs in Los Angeles, etc. Education: Master of Business Administration, Texas A&M International University, (majoring in international trade)
2	郭宗銘	--	0	Current position: Supervisor of Commonwealth Magazine Co., Ltd, Supervisor of Commonwealth Publishing Co., Ltd., Supervisor of Screenworks Asia Ltd., Adjunct Professor of EMBA, Tung Hai University, and Adjunct Associate Professor of Executive Master Program, Department of Accounting of National Taipei University, etc., Previous positions: Vice President of PwC Taiwan, CPA in charge of high-asset family-owned business succession consulting service of PwC Taiwan, COO of taxation and legal service of PwC Taiwan, CPA in charge of cultural and creative industry of PwC Taiwan, and Director of CPA Associations, the ROC, Taiwan, etc. Education: Master, Executive Master Program, Graduate Institution of Accounting of National Taiwan University
3	Horng-Dar, Lin	--	0	Current position: Director of CHO Pharma, Inc., Independent Director of Taiwan Liposome Company, Chairman of Board of AP BIOSCIENCES INC., Chairman of Board of Tanvex BioPharma, Inc., Partner of Previous positions: Winston & Strawn, Partner of Sovereign Law Office, Vice President of Hon Hai Precision

Serial Number of Directors	Name	Shareholder No.	Number of shares held	Major academic (work) experience
				Industry Co., Ltd., Senior Counsel of Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, and Judge of Taiwan Taipei District Court, etc. Education: Master, Graduate Institute of Law of Columbia University

Results of the election:

Other Item

Other Item (1) Proposed by the Board

Proposal: To request the removal of the restrictions on newly-elected company directors' non-competition rule

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. 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
O-Bank Co., Ltd. Representative – Cheng-Chuan Chang	Deputy President and Chief Operating Officer of O-Bank
Representative of O-Bank Wen-Feng Chang	Senior Executive Vice President and Chief Financial Markets Officer of O-Bank
O-Bank Co., Ltd. Representative – Chih-Yu Hiew	Executive Vice President and Chief Strategy Officer and Chief Human Resources Officer of O-Bank

Resolution:

Extempore Motions

Appendices

Appendix I

Articles of Association of China Bills Finance Corporation

Chapter 1 General Provisions

- Article 1 The Company is organized as a company limited by shares in accordance with the provisions of the Company Act by the name of "China Bills Finance Corporation".
- Article 2 The purpose of the establishment of the company is to assist the government in establishing a currency market, facilitate the dispatch of short-term capital of industrial and commercial enterprises, and promote the circulation of qualified bills and government bonds to meet the needs of economic development.
- Article 3 The company is located in Taipei, Republic of China, and may set up branch offices depending on business needs.

Chapter 2 Business

- Article 4 The Company engages in the following business activities:

1. H102011 Bills finance industry.
2. H301011 Securities dealers.

- Article 4-1 The business scope of the Company's operations is as follows:

1. Certification and underwriting of short-term bills.
2. Certification and underwriting of financial bonds
3. Brokerage and proprietary of short-term bills
4. Brokerage and proprietary of financial bonds
5. Brokerage and proprietary of government bonds
6. Guarantees and endorsements for short-term bills
7. Financial consulting service for enterprises
8. Other related businesses approved by the competent authority.

Chapter 3 Shares

- Article 5 The total capital of the Company is NT\$16,787,000,000, which is divided 1,678,700,000 shares, with the value of NT\$10 per share.
- Article 6 All of the shares issued by the Company shall be name-bearing and signed or sealed by at least three of the Company's directors. Shares can be issued by the competent authority or the competent authority's approved share-issuing institution after the shares are certified.
- Article 7 When the Company issues new shares, its shares may be printed for the total number of shares issued, or may not be printed for the total shares issued.
For the new shares to be issued pursuant to the provisions of the preceding paragraph, the custody of the consolidated printed stocks or the stock registration of the exempted stocks shall be handled through the central securities depository institution.
- Article 8 Shareholders shall fill out the seal card and submit it to the Company for deposit. When shareholders collect dividends and the execute equity in writing, the seal is used as evidence.
- Article 9: Unless otherwise provided for under laws or securities regulations, all share handling matters such as the transfer of shares or any pledge, loss, succession, donation, as well as the loss or change of seals or addresses shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies," except for laws or regulations governing securities regulate otherwise.
- Article 10 The transfer of stocks shall be suspended within 60 days prior to the convening date of an Annual

General Shareholders' Meeting, or within 30 days prior to the convening date of an Extraordinary General Shareholders' Meeting, or within 5 days prior to the base date fixed by the Company for distribution of dividends other benefits.

Chapter 4 Shareholders' meeting

Article 11 There are two types of General Shareholders' Meeting: Annual and Extraordinary. They shall be convened by the board of directors in accordance with the law unless otherwise provided for in the Company Act. The regular meetings are convened at least once a year, and are held within six months after the end of each fiscal year, and the shareholders are notified 30 days in advance. For Extraordinary General Shareholder's Meeting, shareholders will be convened in accordance with the law when necessary and will notify shareholders 15 days in advance. However, for shareholders holding less than one thousand registered shares, the notice of the shareholders' meeting of these shareholders may be publicly announced.

Article 12 Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, shall be adopted by a majority vote of the shareholders present, who represent the majority of the total number of voting shares.

Article 13 Any shareholder may issue a power of attorney prepared by the Company and specify the range of authority to be conferred to delegate a proxy to attend a shareholder meeting on his or her behalf.

With the exception of a trust enterprise or an agent for stock affairs approved by the competent authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy must not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

A shareholder shall issue a power of attorney and only one proxy may be appointed. It shall be delivered to the Company five days before the shareholders' meeting. When there is more than one power of attorney delivered, the first one delivered shall prevail unless it has been revoked.

After the power of attorney of a proxy is delivered to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by electronic transmission, a proxy rescission notice shall be delivered to the Company two days in writing prior to the date of the shareholders' meeting. The voting power exercised by the authorized proxy at the meeting shall prevail should such rescission fails to be delivered in time.

Method of attendance by proxy, besides abiding by the conditions stated in Company Act, shall also follow the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" from the competent authority.

Article 13-1 When the Company convenes a shareholders' meeting, it may adopt the right to vote in writing or electronically. When voting rights are exercised in writing or by electronic transmission, the method of exercise shall be specified in the shareholders' meeting notice.

A shareholder exercising voting rights specified in the preceding paragraph through correspondence or electronic means are deemed to have attended the meeting in person. However, they are deemed to have waived his/her rights with respect to the extempore motions and amendments to original proposals of that meeting;

Article 13-2 A shareholder intending to exercise voting rights by correspondence or through electronic means specified the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When more than one declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to rescind the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event that shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding

paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after the designated time frame, the voting rights already exercised by correspondence or electronic means shall prevail.

Article 14 Except as otherwise provided in the Company Act or other laws, shareholders have one voting rights per share.

Article 15 When shareholders' meeting is convened, the Chairman of the Board is the chair of the meeting. In case the Chairman of the Board is on leave, absent, or cannot exercise his/her power and authority for any cause, the Vice Chairman shall act on his/her behalf. In case there is no Vice Chairman, or that the Vice Chairman is also on leave or absent or unable to exercise his power and authority for any cause, the Chairman of the Board shall designate one of the directors to act on his/her behalf. In the absence of such a designation, the directors shall elect one from among themselves as an acting chairman. If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall select a chair from among themselves.

Article 16 The duties and powers of shareholders' meetings are as follows:

1. To determine and amend the Articles of Association of the Company.
2. Elect directors.
3. Recognize the financial report proposed by the Board of Directors and make resolutions on whether to allocate surplus or compensate deficit.
4. Resolutions of increases or decreases in capital.
5. Other important issues and resolutions of matters stipulated in the Company Act.

Article 17 Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting with a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

The production and distribution of the meeting minutes referred to in preceding paragraph may be done in an electronic form.

Public companies may distribute the meeting minutes mentioned in the first paragraph by means of a public announcement.

The minutes of the meeting shall record the year, month, day, place, name of the chairman, method of resolution, the essentials and the results of the meeting, and shall be kept forever.

The attendance book of the shareholders and the power of attorney attending the shareholders must be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the documents shall be retained until the conclusion of the litigation.

Chapter 5 Board of Directors

Article 18 The Company shall have nine to eleven directors, adopting the nomination system for candidates, which shall be elected by the shareholders' meeting for the list of director candidates announced by the Company. The term of office is three years and the directors can be reelected. In compliance with Articles 14-2 and 14-4 of the Securities Exchange Act, starting from the 12th Board of Directors, the number of independent directors should be no less than three and no less than one-fifth of the total number of directors. Independent directors are elected in accordance with the provisions of Article 18-1 of this Articles of Association.

The board of directors of the Company is organized by all directors.

When the shareholders' meeting elects a director, each share has the same voting rights as the number of directors to be elected, and the voting rights can be consolidated to one candidate, they or may be allocated a number of candidates. Whichever candidate receives more voting rights is elected as a director.

The Company shall buy liability insurance for its directors which covers the responsibility they bear in the scope of business during their term of office.

Article 18-1 The Company's independent directors shall be elected by the shareholders' meeting on the list of candidates for independent directors.

The list of candidates for the independent directors of the company may be submitted in the following manner. After the board of directors assesses that they meet the conditions for independent directors, they shall be sent to the shareholders meeting for election:

1. Shareholders holding shares of more than 1% of the total number of issued shares can submit a written list of candidates for independent directors to the Company in writing. The number of nominees must not exceed the number of seats allocated to independent directors in the board of directors.
2. The list of candidates for independent directors shall be submitted by the board of directors. The number of nominees must not exceed the number of seats allocated to independent directors in the board of directors.
3. Other methods prescribed by the competent authority.
Independent directors and non-independent directors should be elected together and the number of elected seats is calculated separately; at least one of the elected independent directors should have accounting or financial expertise.

Article 18-2 For the remuneration of the directors of the Company shall, in addition to the remuneration distributed in accordance with the provisions of Article 32, the board of directors is authorized to agree on the extent of the director's participation in the Company's operations and the value of his contribution, and refers to the circumstances of the financial industry peers.

Article 19 The total number of shares held by all directors of the company shall be handled in accordance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the competent authority of securities.

Article 20 The board meeting shall be attended by at least two-thirds of all directors and resolved by more than half of the directors. The directors shall elect a Chairman from among themselves. A Vice Chairperson may be elected in the same manner when necessary.

Article 21 The Chairman of the Board of Directors represents the company externally, and is the chair of shareholders' meeting and the chair of the board of directors internally. When the Chairman of the Board of Directors takes leave or is not able to exercise his/her powers for any reason, the Chairman will be represented by the Vice Chairman of the Board. When there is no Vice Chairman, or the Chairman and the Vice Chairman are simultaneously on leave or unable to exercise their powers for any reason, one of the directors appointed by the Chairman of the Board of Directors shall be the acting chair. If no director is designated, the directors shall elect one among them to be the acting chair.

Article 22 The board of directors meeting shall be convened at least once every three months and the director shall be notified of the agenda seven days before the meeting. However, in the event of an emergency, they may be called at any time.

The notification of the preceding paragraph may be made electronically.

Article 23 When the board of directors meets, if the directors cannot attend in person, they may entrust other directors to act as proxy. However, a power of attorney should be submitted and list the scope of authorization.

A director may accept the appointment to act as the proxy referred to in the preceding paragraph of one other director only.

Article 24 Except as otherwise provided in the Company Act and this Article of Association, a board of directors shall have a majority of the directors or their proxies present before a meeting may be held.

Its resolution was made with the consent of more than half of the directors or their proxies.

Article 25 The board of director's responsibilities are as follows:

1. Deciding on operation policy.
2. Auditing budget
3. Compiling financial statements and submitting to the shareholders' meeting.

4. Proposing amendments to the Articles of Association.
5. Executing resolutions of the shareholders' meeting.
6. Reviewing and approving important contracts.
7. Reviewing and approving the Articles of Association.
8. Proposing cases of profit distribution or deficit compensation.
9. Proposing cases of capital increase or reduction.
10. Resolutions concerning establishing and closing branch offices
11. Appointment and dismissal of important staff.
12. The authority to implement the laws or resolution of the shareholders' meeting.

Article 25-1 The Company has established an Audit Committee. This Committee is comprised of independent directors, and shall consist of no fewer than three persons; one of the members acts as the convener, and at least one of them is required to have accounting or financial expertise. The exercise of duties and other matters that shall be reviewed by the Audit Committee shall be arranged in accordance with relevant laws and regulations. The board of directors of the Company has established a variety of functional committees for improving decision-making functions and strengthening management mechanisms. The numbers, terms of office, and powers and other matters of the said functional committees should be stipulated in the organizational rules of the committees and be resolved by the board of directors.

Chapter 6 The Board of Supervisors (Deleted)

Article 26 (Deleted)

Article 27 (Deleted)

Article 28 (Deleted)

Chapter 7 Managers

Article 29 The Company has a President who upholds the business principles decided by the board of directors and provides comprehensive management of the Company's business.

The Company may designate Vice Presidents and several managers at various levels depending on the business needs and assist the President in handling the Company's business. A Chief Auditor was established to uphold the resolutions of the board of directors and comprehensively manage the auditing of the Company.

Article 30 The President, Vice Presidents, and Chief Auditor shall be submitted to the board of directors for approval by the Chairman.

Except for the provisions of the preceding paragraph, all levels of managers, if they are managers set up pursuant to Article 29 of the Company Act, are recommended by the President to the Chairman and ask the board to agree on their appointment or dismissal.

Chapter 8 Accounting

Article 31 The fiscal year of the Company starts from January 1 and ends on December 31 of each year. After the end of each fiscal year, the board of directors produces a list of the following items, which, after deliberation by the board of directors, is submitted to the shareholders' meeting for approval in accordance with legal procedures.

1. Business report.
2. Financial statements.
3. Property directory of the Company's main property.
4. Proposals of profit distribution or deficit compensation.

Article 32 If the Company makes a profit in a year, it shall follow the following principles to provide remuneration for employees and directors, which shall be paid by the board of directors with the consent of more than two-thirds of the directors present and the majority of the directors

present. However, when the company still has accumulated losses, it should reserve the amount of compensation in advance. If there is any remaining profit, it can then remunerate the employees and directors following the aforementioned principles of this Article:

1. Employee compensation: 1.00% to 2.50% of the profit.
2. The director's compensation: the maximum amount is 2.50% of the profit. However, independent directors do not participate in the distribution of compensation.

The term “profit” as mentioned in the preceding paragraph refers to “pre-tax profits deducting the profits before remuneration is distributed to employees and directors.”

Employee compensation can be paid in the forms of stock or cash, and directors' compensation can only be paid in cash. Distribution and its methods of employees' and directors' remuneration shall be reported to the shareholders' meeting after the board of directors has resolved pursuant to Paragraph 1 of this article.

Article 32-1

After the company's annual final accounting surplus meets all the tax revenues and makes up for the accumulated losses, if there is any surplus, it shall provide a statutory surplus reserve of 30%. However, if the statutory surplus reserve has reached the amount of paid-in capital of the company, this limit shall not apply. After appropriation of special reserve according to law, adding reversed special reserve and accumulative retained earnings, the Company may appropriate additional special reserve for specific purposes. If there is any surplus, dividends may be distributed to the shareholders.

The distribution of the preceding surplus shall be submitted by the Board of Directors to the shareholders' meeting.

The distribution of the dividends of shareholders referred to in the first paragraph of this Article shall be distributed after being resolved by the shareholders' meeting in accordance with the following principles:

1. The Company shall not distribute dividends to shareholders when the Company has no surpluses, in addition to all or part of the public reserve.
2. As the Company is in the fiercely competitive financial industry, it has reached a period of slow growth of the industry. Therefore, the distribution of dividends of shareholders is prioritized by issuance of cash, or by stock dividends, but the number of cash dividends shall not be less than 40% of the total dividends of the current year
3. The Company may adjust the aforementioned principle of dividend distribution of shareholders after the resolution of the shareholders' meeting of the year as necessary, depending on factors such as economic conditions, industrial development, and funding requirements.

Chapter 9 Supplementary Provisions

Article 33 The Company's Organizational Procedures have been established separately.

Article 34 For matters not covered in this Article of Association, they are to be mandated by the Company Act, The Banking Act of The Republic of China, the Act Governing Bills Finance Business, and other related regulations.

Article 35 The Articles of Association shall be implemented by the shareholders' meeting in accordance with the law and submitted for approval by the competent authority.

Article 36 This Articles of Association was established on September 12, 1978. The first amendment was made on June 10, 1980. The second amendment was made on January 15, 1981. The third amendment was made on March 16, 1981. The fourth amendment was made on May 12, 1981. The fifth amendment was made on March 23, 1982. The sixth amendment was made on March 23, 1983. The seventh amendment was made on March 20, 1984. The eighth amendment was made on April 12, 1988. The ninth amendment was made on April 11, 1989. The tenth amendment was made on July 18, 1989. The eleventh amendment was made on

June 16, 1990. The twelfth amendment was made on March 30, 1991. The thirteenth amendment was made on March 28, 1992. The fourteenth amendment was made on April 28, 1992. The fifteenth amendment was made on April 28, 1993. The sixteenth amendment was made on April 23, 1994. The seventeenth amendment was on April 17, 1994. The eighteenth amendment was made on April 30, 1996. The nineteenth amendments made on May 28, 1997. The twentieth amendment was made on April 29, 1998. The twenty-first amendment was made on May 20, 1999. The twenty-second amendment was made on May 18, 2000. The twenty-third amendment was made on May 22, 2001. The twenty-fourth revision was made on May 24, 2002. The twenty-fifth revision was made on June 6, 2003. The twenty-six revision was made on June 9, 2006. The twenty-seventh amendment was made on June 15, 2007. The twenty-eighth revision was made on June 13, 2008. The twenty-ninth amendment was made on June 15, 2012. The thirtieth revision was made on June 2, 2015. The thirty-first revision was made on June 2, 2016. The thirty-first revision was made on June 8, 2018.

Appendix II

China Bills Financial Corporation Rules of Procedure for Shareholders' Meetings

1. Unless otherwise provided in other specific regulations, the shareholders' meeting of the Company shall be processed pursuant to the rules herein.
2. When the Company convenes a shareholders' meeting, it may adopt the right to vote in writing or electronically. When voting rights are exercised in writing or by electronic transmission, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights specified through correspondence or electronic means are deemed to have attended the meeting in person. However, they are deemed to have waived his/her rights with respect to the extempore motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights in the preceding paragraph by correspondence or electronic transmission under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

A shareholder who intends to attend the shareholder meeting in person after giving the notice of exercising his or her voting rights in writing or electronically shall revoke the earlier decision at the latest two days before the meeting. Otherwise, he or she shall exercise the voting right in writing or electronically. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

The Company shall prepare an attendance book for shareholders to sign in, or the shareholder present may hand in an attendance card in lieu of signing on the attendance book.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and attendance cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder shall issue a power of attorney and only one proxy may be appointed. It shall be delivered to the Company five days before the shareholders' meeting. When there is more than one power of attorney delivered, the first one delivered shall prevail unless it has been revoked.

After the power of attorney of a proxy is delivered to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person, a proxy rescission notice shall be delivered to the Company two days in writing prior to the date of the shareholders' meeting. The

voting power exercised by the authorized proxy at the meeting shall prevail should such rescission fails to be delivered in time.

3. The attendance and voting of the annual general shareholders meeting shall be calculated based on the number of shares they represent.
4. Shareholders' meeting shall convene at the Company's registered office or a place convenient to attend and suitable for meeting; the meeting shall be called no earlier than 9:00 a.m. and no later than 3:00 p.m.
5. When shareholders' meeting is convened, the Chairman of the Board is the chair of the meeting. In case the Chairman of the Board is on leave, absent, or cannot exercise his/her power and authority for any cause, the Chairman of the Board shall designate one of the directors to act on his/her behalf. In the absence of such a designation, the directors shall elect one from among themselves as an acting chairman.

If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall select a chair from among themselves.

6. The Company may appoint its attorneys, certified public accountants, or related personnel to attend a shareholders meeting in a non-voting capacity.

The administrative staff of shareholders' meeting shall wear an identification card or an armband.

7. The Company shall document the shareholders' meeting by audio or video, and recorded materials shall be retained for at least one year.
8. When the time of a meeting has arrived, the chair shall declare that the meeting starts immediately; in the case that the shareholders who are present have not reached half of all shares they represent, the chair may announce the postponement of the meeting time. Only two postponements may be made and total delay time shall not exceed one hour. When two such postponements are made and the shares presented still cannot represent sufficient outstanding shares but more than one-third of the total issued shares are represented in attendance, tentative resolutions may be made pursuant to Article 175, Paragraph 1 of the Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolutions for voting by the annual general shareholders meeting pursuant to Article 174 of the Company Act.

9. For a shareholders' meeting convened by the Board, the Board may decide the agenda; a meeting shall be conducted in accordance with the order on the agenda as specified and the agenda cannot be changed without a Board resolution.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda that has been set as prescribed in the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting.

After a meeting is concluded, shareholders may not elect another chair to continue the proceeding of the meeting at the same or a new place, provided that, if the chair declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of meetings, a new chair may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending the said meeting to continue the proceeding of the meeting.

10. If shareholders file a proposal to the annual shareholders' meeting in pursuant to the law, the company shall notify the proposing shareholders of handling results before the date of the convening notice of shareholders' meeting being sent out, and shall list the qualified proposals in the meeting notice. At the shareholders' meeting, the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Before making the speech, the attending shareholder must specify on a speaker's slip with the subjects of the speech, his/her shareholder account number (or attendance card number), and account name. The orders of speech by which shareholders make will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the content specified on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop the shareholders who interrupt other shareholders' speeches.

11. Unless the chair consents, each shareholder shall make no more than two speeches for the same agenda item, and each speech shall not exceed five minutes.

If the shareholder's speech violates the rules in the preceding paragraph or exceeds the scope of the agenda item, the chair may terminate the speech.

12. When a juristic person attends an annual general shareholders meeting, such juristic person may only designate one person as its representative.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

13. In the wake of shareholder's speech, the chair of the meeting may respond in person or designate relevant personnel to respond.

14. When the chair is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion is closed and bring the matter to a vote.

15. When a proposal comes to a vote, personnel of vote monitoring and counting is appointed by the

chair, provided that personnel involved in vote monitoring are also shareholders.

The result of voting shall be reported on the spot and recorded in the minutes.

16. During meeting proceedings, the chair may declare a break based on his or her judgment.
17. Except as otherwise provided in the Company Act and in the Company's Articles of Association, the resolution of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

A proposal is deemed to have passed when no attending shareholders gave the dissents after being inquired by the chair and the effect thereof is the same as a vote.
18. In the event amendments or substitutions are provided for in the same proposal, the chair may decide the order of the vote including the original proposal. When any one among them is passed, the other proposals will then be deemed as rejected, and no further voting shall be required.
19. The chair may command picket (or security personnel) to maintain order of meeting place. The picket (or security personnel) shall wear armbands of "picket" when maintaining order.
20. When the meeting was in progress, if an emergency disaster warning is issued, the meeting will be suspended, and will continue one hour after the warning is lifted.
21. The Rules come into force after the approval of the board of directors; the same procedure shall be followed for amendments.

The Rules were adopted by the annual shareholders' meeting on April 11, 1989. The first amendment was made at the annual shareholders' meeting on April 29, 1998. The second amendment was made at the annual shareholders' meeting on May 24, 2002. The third amendment was made at the annual shareholders' meeting on June 9, 2006. The fourth amendment was made at the annual shareholder's meeting on June 15, 2012.

Appendix III

China Bills Finance Corporation Procedures for Election of Directors and Supervisors

Article 1 The Procedures are formulated for fair, just and open elections of directors. In compliance with the Company Act and the Company's Articles of Association, as well as with reference to the relevant provisions of the “Guidelines for Corporate Governance of Bills Companies”.

Article 2 Election of the Company's directors adopts the candidate nomination system, where directors are elected from the directors’ nomination list during the shareholders meeting.

Article 2-1 When the company chooses to set up an "Audit Committee" in accordance with the law, there is no need to set up Supervisors.

Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. Each board member shall have the necessary knowledge, skill, and experience to perform their duties. The abilities that must be present in the board as a whole are as follows:

1. Operation judgment ability.
2. Accounting and financial analysis ability.
3. Operation management ability.
4. Crisis management ability.
5. Industry knowledge.
6. International market perspective.
7. Leadership.
8. Decision ability.

In addition to the requirements of the preceding paragraph, the directors of the Company shall also comply with the requirements of the “Regulations Governing the Responsible Persons and Business Staff Members of Bills Houses.”

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

Article 4 (Deleted)

Article 5 The qualifications of the independent directors of the company shall comply with the provisions of Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”

The selection of independent directors of the company shall comply with the provisions of Articles 5, 6, 7, 8 and 9 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” The procedures for the nomination of candidates shall comply the provisions of Article 192 of the Company Act and candidate nomination system specified in Article 18-1 of the Articles of Association of the Company.

Article 6 The election of the directors of the Company adopts a registered voting method. The names of the electors can be substituted by the attendance number or the shareholder account number.

Article 7 The election of directors of the company adopts the single-name accumulative election method. Each share has the same voting rights as the number of directors to be elected according to its voting rights. The board of directors prepares the ballot papers with the same number of directors as the number of directors to be distributed to each shareholder. The ballot papers in the preceding paragraph may be allocated to the same candidate or distributed to a number of candidates.

Article 8 If the information of a candidate is inconsistent or a candidate is unable to serve as a director of the Company in accordance with relevant laws and regulations, he/she shall not be elected as a director of the Company.

Article 9 The directors of the Company shall be elected by the shareholders’ meeting on the list of candidates for the board of directors of the Company, and the Company shall calculate the rights to vote for independent directors and non-independent directors according to the seats prescribed

in the Articles of Association of the Company. The ballot papers representing the higher voting rights shall be elected respectively. If two or more persons have won the same amount of power and the prescribed seats are insufficient, the candidates who have won the same amount of rights shall coordinate and decide who is elected. If there are no results from such coordination, the seat of director in question will be left empty.

Article 10 When preparing the ballot papers, the board of directors should include the voting power and the attendance number. If necessary, the shareholder's account number may be indicated on the ballot.

Article 11 At the beginning of the election, the chair shall appoint the ballot counters and the voting supervisors to handle the matters of supervising and ballot counting.

Article 12 The ballot box used for voting shall be prepared by the board of directors and checked in public by voting supervisors before voting begins.

Article 13 If a candidate is a shareholder, the voter shall specify the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and ID card number.

When the government or a corporate shareholder is a candidate, the candidate column of the ballot is to be specified the name of the government or corporate shareholder and its Unified Business Number according to Article 27, Paragraph 1 of the Company Act, and may also be subject to Paragraph 2 of the same Article that the name and ID card number of the representative of the government or the corporate shareholder. When there are several representatives, the names and ID card numbers of the representatives shall be specified.

Article 14 A ballot is invalid under any of the following circumstances:

1. Ballots that do not comply with the Procedures.
2. Blank ballots that are placed in the ballot box.
3. The writing on the ballot is unclear and indecipherable or has been altered.
4. If the candidate is a shareholder, but the name of the shareholder and the shareholder's account number do not match the record on the shareholder's name list. If the candidate is not a shareholder, but the corporate name and the company's Uniform Business Number, or the name and ID card number of the representatives do not match the record on the shareholders' name list.
5. Two or more candidates were placed on the same ballot.
6. Ballots that contain other written contents except for the matters set forth in Articles 10 and 13 of the Procedures.
7. Ballots that fail to record the matters stipulated in Article 10 of the Procedures.
8. The name of the candidate specified on the ballot is identical to that of another shareholder, but no shareholder account number or ID card number is provided in the ballot to identify such individual.

Article 15 (Deleted)

Article 16 The counting of votes is monitored by the voting supervisors. The results of the ballot counting shall be announced by the chair on the spot.

Article 17 The matters not specified in the Procedures shall be handled in accordance with Company Act and relevant laws and regulations.

Article 18 The Procedures come into force after the approval of the board of directors; the same procedure shall be followed for amendments.

The Procedures were adopted at the annual shareholders' meeting on March 30, 1991. The first amendment was made at the annual shareholders' meeting on May 28, 1997. The second amendment was made at the annual shareholders' meeting on May 24, 2002. The third amendment was made at the annual shareholders' meeting on June 2, 2011. The fourth amendment was made at the annual shareholder's meeting on June 15, 2012.

Appendix IV
Shareholding Status of the Company's Directors

List of Directors

Base date: April 20, 2021

Pages: Page 1 / Total 2 Pages

Title	Name	Elected Date	Number of shares held at the time of appointment			Current number of shares held			Note
			Category	Shares	Percentage (%) to then- issued shares	Category	Shares	Percentage (%) to then- issued shares	
Chairman	O-Bank Co., Ltd. Representative: Cheng-Ching Wu	06.08.2018	Shares	380,981,600	28.36%	Shares	380,981,600	28.36%	
Director	O-Bank Co., Ltd. Representative: Jonathan Cheng-Hsiang Wei								
Director	O-Bank Co., Ltd. Representative: David Cheng-Chuan Chang								
Director	O-Bank Co., Ltd. Representative: Niel W.F. Chang								
Director	O-Bank Co., Ltd. Representative: Joy C.Y. Hiew								
Director	Mingshan Investment Co., Ltd. Representative: Yi-Ru Luo	06.08.2018	Shares	1,509,600	0.11%	Shares	1,509,600	0.11%	
Director	He Chu Investment Co., Ltd. Representative: Si-Tsung Cheng	06.08.2018	Shares	74,971,000	5.58%	Shares	77,084,000	5.74%	
Director	He Chu Investment Co., Ltd. Representative: Tzu-Hou, Peng								
Independent Director	Wayne Wen-Ya Wu	06.08.2018	Shares	0	0.00%	Shares	0	0.00%	
Independent Director	Chung-Ho Chen	06.08.2018	Shares	0	0.00%	Shares	0	0.00%	
Independent Director	An-Wei Su	06.08.2018	Shares	0	0.00%	Shares	0	0.00%	
Total			Shares	457,462,200		Shares	459,575,200		

Shareholding Status of the Company's Directors

List of Directors

Base date: April 20, 2021

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Total shares issued as of June 8, 2018: 1,342,960,000 shares

Total shares issued as of April 20, 2021: 1,342,960,000 shares

Remarks: Least number of total shares which is obligatory for all directors of the Company: 32,231,040 shares. Number of shares held by directors as of April 20, 2021: 459,575,200 shares

The Company has set up an Audit Committee. Therefore, the least number of total shares which is obligatory for all directors of the Company is not applicable.

©Shares held by independent directors are not included in the number of shares held by the directors