



2021 General Shareholders' Meeting Meeting Agenda

**Jun. 17, 2021 at 9:00am
B1, No. 8, Dongxing Rd.,
Taipei City, Taiwan, R.O.C.**

Translation – In case of any discrepancy between the Chinese and English versions,
the Chinese version shall prevail.

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President Securities Corp.

2021 Annual Shareholders' Meeting Agenda

(1) Time : 9:00 a.m., June 17, 2021

(2) Place : B1, No. 8, Dongxing Rd., Taipei City, Taiwan, R.O.C.

(3) Agenda for the 2021 General Shareholders' Meeting

- 1) Meeting called to order (Report on the total number of shareholders and shareholder representatives in attendance)
- 2) Opening Remarks from the Chairman
- 3) Report Items
 - i. 2020 Business Report
 - ii. 2020 Audit Committee's Review Report
 - iii. 2020 Remuneration of Employees and Directors
 - iv. Amendment to the "Ethical Corporate Management Best Practice Principles.
 - v. The enactment of the "Procedures for Ethical Management and Guidelines for Conduct"

(4) Items to be Adopted

- i. Adoption of the 2020 Business Report, Consolidated Financial Statements and Financial Statements
- ii. Adoption of the Proposal for the 2020 earnings distribution

(5) Items for Discussion

- i. Amendment to the Articles of Incorporation, and invites discussion.
- ii. Amendment to the Articles of Rules and Procedures of Shareholders' Meeting ,and invites discussion.
- iii. The proposal of issuance of new shares through capitalization of retained earnings, and invites discussion.
- iv. Amendments to the "Operating Procedures for Endorsement and Guarantee" ,and invites discussion.

(6) Election Items

- (1) To elect the 12th board of Directors of the company

(7) Extraordinary Motions

- (1) Discuss to release the directors from non-competing restrictions

(8) Provisional Motions

(9) Meeting Adjourned

2. Report Items

(1) 2020 Business Report

Explanation: The Company's Business Report for 2020, please see Appendix I (page15)

(2) 2020 Audit Committee's Review Report

Explanation: For 2020 Audit Committee's Review Report, please see Appendix II (page17)

(3) 2020 Remuneration of Employees and Directors

Explanation:

- 1) Comply with the Ordinance No. 10402413890(June 11, 2015) and the Ordinance No. 10402427800(October 15, 2015) issued by the Ministry of Economic Affairs.
- 2) In accordance with Article 23 of the Company's bylaws, the Company will distribute compensation to employees and the Directors from pre-tax profits. Where the company has pre-tax profits, the total value of funds to be distributed among employees shall not be less than 1.6% of pre-tax profits; while the total value of funds to be distributed among the Directors shall not be more than 2% of pre-tax profits. If the company has losses carried forward, compensation should only be paid to employees and Directors after funds have been set aside as reserve for such losses.
- 3) The proposal of 2020 Remuneration of Employees and Directors has been approved by the 15th meeting of the 4th Remuneration Committee and the 18th meeting of 11th Board of Directors. It is proposed that a total of NT\$81,804,081 (2%) to be distributed to employees and NT\$81,804,081 (2%) to be distributed to Directors in accordance with the allocation rules of the 1st meeting of the 11th Board of Directors. The above mentioned compensation will be in cash.

(4) Amendment to the "Ethical Corporate Management Best Practice Principles.

Explanation:

- 1) In accordance with the article 5,6,7,8,17,20 and 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, Our "Ethical Corporate Management Best Practice Principles shall be amended.
- 2) For the comparison table of amendments to "Ethical Corporate Management Best Practice Principles", please see Appendix III (page18~25)

(5) The enactment of the "Procedures for Ethical Management and Guidelines for Conduct"

Explanation:

- 1) In accordance with No. Taiwan-Stock-Governance-1090002299 of the Taiwan Stock Exchange Corporation, we have formulated our own Procedures for Ethical Management and Guidelines for Conduct.
- 2) Refer to Appendix IV (page26~33) for the provisions of the "Procedures for Ethical Management and Guidelines for Conduct"

3. Items to be Adopted

■ Motion 1 (proposed by the Board of Directors)

Topic: Adoption of the 2020 business report, consolidated financial statements and financial statements

Explanation:

- (1) The 2020 consolidated financial statements and the financial statements have already been successfully audited by CPA Lin, Se-Kai and CPA Lo, Chiao-Sen of PricewaterhouseCoopers Taiwan.
- (2) The business report, the consolidated financial statements and the financial statements have been reviewed by the Audit Committee and approved by the 18th Meeting of the Eleventh term Board of Directors (March 23, 2021)
- (3) For the business report, the consolidated financial statements and the financial statements, please see Appendix I (page15) and Appendix V (page34).

■ Motion 2 (Proposed by the Board of Directors)

Topic: Adoption of the Proposal for the 2020 earnings distribution

Explanation:

- (1) The proposal for distribution of 2020 earnings are prepared in accordance with regulations and the Company's Articles of Incorporation. Please refer to the 2020 Earnings Distribution statements Proposal as Appendix VI (Page58).
- (2) After first being decreased by \$17,197,851 as a result of remeasurement of defined benefit plans, and increased by \$177,031,100 as realized gain from investments in equity instruments at fair value through other comprehensive income, and then setting aside legal reserve(10%) , special reserve(20%), and reversing special reserve 7,620,334 employees' transformation training expenditure arising from the development of fintech to 2020, according to Jin-Guan-Zheng-Quan Letter No. 1080321644. The unappropriated earnings available for distribution for 2020 is \$2,681,240,405. Proposed cash dividend and stock dividend are \$2,099,756,744 and \$559,935,140 respectively, which is equivalent to \$1.5 and \$ 0.4 per share respectively. The stock dividend is no consideration at the ratio of 40 new shares for every 1,000 shares held by shareholders. Upon the approval of Shareholders' Meeting, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date and record date of a capital increase.
- (3) In the event that the shares outstanding changes, it is proposed that the Board of Directors be authorized to adjust the amount per share to be distributed to shareholders based on the number of actual shares outstanding on the record date for distribution. Dividends of less than \$1 shall be transferred to the Company's Employee Benefit Council.

4. Items for Discussion

Item 1 (Proposed by the Board of Directors)

Topic: Amendment to the Articles of Incorporation ,and invites discussion.

Explanation:

- (1) Apply to operate a securities investment consulting enterprise (SICE) that conducts discretionary investment business by means of trusts. The Company increase business items. The Article 2 should be amended.

(2) For chart comparing the changes, please see Appendix VII (page 59).

Item 2(Proposed by the Board of Directors)

Topic: Amendment to the Articles of Rules and Procedures of Shareholders' Meeting ,and invites discussion.

Explanation:

- (1) According to June 3, 2020 Letter No. Taiwan-Stock-Governance-1090009468 & January 28, 2021 Letter No. Taiwan-Stock-Governance-1100001446 of the Taiwan Stock Exchange Corporation.
- (2) For chart comparing the changes, please see Appendix VIII (page 60).

Item 3 (Proposed by the Board of Directors)

Topic : The proposal of issuance of new shares through capitalization of retained earnings.

Explanation:

- (1) In order to strengthen the Company's operating capital position, it is proposed to distribute stock dividend \$559,935,140, which is equivalent to \$0.4 per share with each share to have a par value of NT\$10.
- (2) For shareholders receiving less than 1 newly issued share, they should apply to the company's shareholder services department within 5 days of the capital increase date of record, and shareholders who fail to register before that date will receive a discounted cash payment. Cash payments will be rounded down to the nearest NT\$1, with any fractional share being allocated to the Company's Employee Benefit Council with par value.
- (3) Company share buybacks, treasury share transfers, and cancellation of shares may alter the total number of outstanding company shares and thereby affect the ratio by which earnings are distributed to shareholders. The Chairman of the Board shall be authorized to adjust the distribution ratios approved in the General Shareholder Meeting so as to accurately reflect the total number of outstanding shares as of the capital increase date of record.
- (4) It is proposed that the Board of Directors be authorized to set distribution events, such as the ex-dividend and capital increase record date, after approval by a shareholders' meeting and after approval by the competent authority. In case of changes of the regulation or of competent authority's order, the Board of Directors shall be authorized to handle all the relevant matters. The responsibilities and obligations of new shares issued this time are same as those original shares.

Item 4 (Proposed by the Board of Directors)

Topic : Amendments to the "Operating Procedures for Endorsement and Guarantee".

Explanation:

- (1) In accordance with the Ordinance No. 10903641202 issued by the FSC on September 10, 2020, the Operating Procedures for Endorsement and Guarantee should be amended.
- (2) For the comparison table of amendments to "Operating Procedures for Endorsement and Guarantee", please see Appendix IX (page66).

5. Election item

Topic: To elect the 12th board of Directors of the company (Proposed by the Board of Directors).

Explanation:

- (1) The term of the Company's 11th board of directors shall expire on June 17, 2021. The 12th board of directors shall be elected during the general shareholders meeting of this year.
- (2) In accordance with Article 13 of the Company's bylaws, the Company shall have 19 directors, of which 4 shall be independent, 15 shall be non-independent. They shall serve a 3-year term (from their appointment at the shareholders' meeting to be held on June 17, 2021, to June 16, 2024) and are eligible for reelection. Directors shall be elected from among the nominees listed in the roster of candidates by adopting candidate nomination system.
- (3) Election-related matters shall be handled in accordance with the Company's Rules Governing the Election of Directors.(refer to Appendix XI, page76)
- (4) Please cast your vote.

Attachment: List of Candidates for 12th Directors

Title	Name	Education	Experience	Current Positions	Remarks	Number of shares owned
Director	LIN, KUAN-CHEN	● National Taiwan Sport University	● Chairman of President Securities Corp. ● Director of Taiwan Futures Exchange. ● Director of President Futures Corp. ● Director of President Securities (HK) Ltd./ President Securities (BVI) Ltd./ President Securities (Nominee) Ltd./ President Wealth Management (HONG KONG) Ltd. ● Director of JinYuan President Securities Ltd. ● Chairman of Richness Cereal Trading Co., Ltd. ● Director and General Manager of Fonmau Cereal Industrial Co., Ltd. ● Director of Q-WARE Systems & Services Corp. ● Director/ Vice Chairman/ General Manager of President Securities Corp.	● Chairman of President Securities Corp. ● Director of Taiwan Futures Exchange. ● Director of President Futures Corp. ● Director of President Securities (HK) Ltd./ President Securities (BVI) Ltd./ President Securities (Nominee) Ltd./ President Wealth Management (HONG KONG) Ltd. ● Director of JinYuan President Securities Ltd. ● Chairman of Richness Cereal Trading Co., Ltd. ● Director and General Manager of Fonmau Cereal Industrial Co., Ltd. ● Director of Q-WARE Systems & Services Corp.	Kai Nan Investment Co., Ltd	40,628,089
Director	LIU, TSUNG-YI	● Ph.D. in Finance, National Chung Hsing University, R.O.C. ● MBA of National Taiwan University, R.O.C.	● Vice President of Uni-President Enterprises Corp, Business Integration Division ● Director of Presco Netmarketing, Inc. ● Director of President International Development Corp. ● Director of President Securities Corp. ● Director of Kuang Chuan Dairy Co., Ltd./ Kuang Chuan Foods Ltd./ Tait Marketing & Distribution Co., Ltd./ Champ Green Capital/ Yantai North Andre Juice Co., Ltd./ United Advisor Venture Management Ltd./ SMS Investment Management Co., Ltd./ SMS Capital Co., Ltd./ SMS Capital	● Vice President of Uni-President Enterprises Corp, Business Integration Division ● Director of Presco Netmarketing, Inc. ● Director of President International Development Corp. ● Director of President Securities Corp. ● Director of Kuang Chuan Dairy Co., Ltd./ Kuang Chuan Foods Ltd./ Tait Marketing & Distribution Co., Ltd./ Champ Green Capital/ Yantai North Andre Juice Co., Ltd./ United Advisor Venture Management Ltd./ SMS Investment Management Co., Ltd./ SMS Capital Co., Ltd./ SMS Capital	Kai Nan Investment Co., Ltd	40,628,089

			Management Ltd./ Shanghai Shunfeng Restaurant Group Co., Ltd./ Huasui Tomato Investment Company/ Woongjin Foods Co., Ltd./Daeyoung Foods Co., Ltd. /Uni-President(Korea) Co., Ltd./ Changhua County Chang Chun-Ya Private Social Welfare Charity Foundation ● President of United Advisor Venture Management Ltd./ Champ Green (Shanghai) Consulting Co., Ltd.	Management Ltd./ Shanghai Shunfeng Restaurant Group Co., Ltd./ Huasui Tomato Investment Company/ Woongjin Foods Co., Ltd./Daeyoung Foods Co., Ltd. /Uni-President(Korea) Co., Ltd./ Changhua County Chang Chun-Ya Private Social Welfare Charity Foundation ● President of United Advisor Venture Management Ltd./ Champ Green (Shanghai) Consulting Co., Ltd.		
Director	CHEN, KUO-HUI	● University of Strathclyde, MBA	● CFO of Uni-President Enterprises Corp. ● Chairman of Kai Yu (BVI) Investment Co., Ltd. ● Chairman of Tone Ren Enterprise Co., Ltd. ● Director of President Securities Corp. ● Director of President International Development Corp. ● Director of Uni-President China Holdings Ltd./ President Enterprises (China) Investment Co., Ltd./ Uni-President Hong Kong Holdings Limited/ Uni-President (Vietnam) Co., Ltd./ Uni-President (Singapore) Pte. Ltd. ● Supervisor of Champ Green (Shanghai) Consulting Co., Ltd./ United Advisor Venture Management Co., Ltd.	● CFO of Uni-President Enterprises Corp. ● Chairman of Kai Yu (BVI) Investment Co., Ltd. ● Chairman of Tone Ren Enterprise Co., Ltd. ● Director of President Securities Corp. ● Director of President International Development Corp. ● Director of Uni-President China Holdings Ltd./ President Enterprises (China) Investment Co., Ltd./ Uni-President Hong Kong Holdings Limited/ Uni-President (Vietnam) Co., Ltd./ Uni-President (Singapore) Pte. Ltd. ● Supervisor of Champ Green (Shanghai) Consulting Co., Ltd./ United Advisor Venture Management Co., Ltd.	Kai Nan Investment Co., Ltd	40,628,089
Director	HSIEH HONG, HUI-TZU	● M.S., Dept. of Business Administration, National Cheng Kung University	● Vice President/ Chief Corporate Governance Officer (Secretariat the Board of Directors) President Chain Store Corp. ● Director of President Securities Corp. ● Chief Audit Officer of President Chain Store Corp.	● Vice President/ Chief Corporate Governance Officer (Secretariat the Board of Directors) President Chain Store Corp. ● Director of President Securities Corp.	Kai Nan Investment Co., Ltd.	40,628,089

			● Vice President of ScinoPharm Taiwan Ltd. (Administration Center) ● Vice President of President International Development Corp. (F&A Division)			
Director	LU, LI-AN	● Master of Business Administration/ Institute of Financial Management, National Sun Yat-sen University	● Vice President of Administration and Spokesperson of ScinoPharm Taiwan Ltd. ● Director of President Transnet Corp. ● Director of President Securities Corp. ● Supervisor of Tong Kuan Enterprise Co., Ltd. ● Division Head of Treasury Division, Uni-President Enterprises Corp. ● Vice president of IBT Securities Co., Ltd. ● Assistant Manager of Taiwan International Securities Co., Ltd.	● Vice President of Administration and Spokesperson of ScinoPharm Taiwan Ltd. ● Director of President Transnet Corp. ● Director of President Securities Corp. ● Supervisor of Tong Kuan Enterprise Co., Ltd.	Kai Nan Investment Co., Ltd.	40,628,089
Director	CHEN, CHING-YI	● Fu Jen Catholic University bachelor degree of Economics	● Treasury Division Manager of Uni-President Enterprises Corp. ● Director of PK Venture Capital Corp. ● Director of President Securities Corp. ● Assistant Manager of Apacer Technology Inc., Finance Department	● Treasury Division Manager of Uni-President Enterprises Corp. ● Director of PK Venture Capital Corp. ● Director of President Securities Corp.	Kai Nan Investment Co., Ltd.	40,628,089
Director	CHEN, YI-LING	● University of Dallas Master of Business Administration	● Financial Planning Division Manager of Uni-President Enterprises Corp. ● Director of President Securities Corp.	● Financial Planning Division Manager of Uni-President Enterprises Corp. ● Director of President Securities Corp.	Kai Nan Investment Co., Ltd.	40,628,089
Director	TENG, WEN- HWI	● Ph.D., University of San Francisco ● Master, Harvard University ● MBA, George Washington	● Chairman of Canking Investment Co., Ltd. ● Director of President Securities Corp. ● Director of Cayenne Entertainment Technology Co., Ltd.	● Chairman of Canking Investment Co., Ltd. ● Director of President Securities Corp.	Canking Investment Co., Ltd.	17,257,228

		University				
Director	LEE, CHI-MING	●Department of International Business Soochow University	● Director of Hui Tung Investment Co., Ltd. ● Vice Chairman of Hui Tung Enterprise Corp. ● Chairman of Chieforce Corp. ● Director of President Securities Corp. ● Director of HHB Geriatric Healthcare Corp./ Japan Asia Specialities Co. Ltd./ Zhao Tung Corp./ Chao Tung Corp./ Union Chinese Corp./ Chang Kun Housing Corp./ Point Deco Co., Ltd./ Huai Ren International Co., Ltd.	● Director of Hui Tung Investment Co., Ltd. ● Vice Chairman of Hui Tung Enterprise Corp. ● Chairman of Chieforce Corp. ● Director of President Securities Corp. ● Director of HHB Geriatric Healthcare Corp./ Japan Asia Specialities Co. Ltd./ Zhao Tung Corp./ Chao Tung Corp./ Union Chinese Corp./ Chang Kun Housing Corp./ Point Deco Co., Ltd./ Huai Ren International Co., Ltd.	Hui Tung Investment Co., Ltd.	10,403,534
Director	CHANG, MING- CHEN	●BBA in Business Administration, Soochow University	● Director and Accounting Manager of Leg Horn Investment Co., Ltd. ● Director of President Securities Corp.	● Director and Accounting Manager of Leg Horn Investment Co., Ltd. ● Director of President Securities Corp.	Leg Horn Investment Co., Ltd.	12,656,178
Director	TU, LI-YANG	●National Tainan Girl's Senior High School	● Chairman of Ta Le Investment Holding Co., Ltd. ● Chairman of Litz's Enterprise Ltd. ● Director of President Securities Corp. ● Director of Strong Team International Inc. ● Director of Kao's Express Warehouse & Stevedoring Co., Ltd.	● Chairman of Ta Le Investment Holding Co., Ltd. ● Chairman of Litz's Enterprise Ltd. ● Director of President Securities Corp. ● Director of Strong Team International Inc. ● Director of Kao's Express Warehouse & Stevedoring Co., Ltd.	Ta Le Investment Holding Co., Ltd.	7,316,067
Director	LEE, SHU-FEN	●Ming Chuan University	● Consultant of China F.R.P. Corporation ● Employee of Kao Ying-Shih Chinese Culture Collection Educational Foundation of Kaohsiung ● Director of President Securities Corp. ● Auditing Manager/ Accounting Deputy Manager/ Deputy Section Manager of Business section of Eternal Materials Co., Ltd.	● Consultant of China F.R.P. Corporation ● Employee of Kao Ying-Shih Chinese Culture Collection Educational Foundation of Kaohsiung ● Director of President Securities Corp.	China F.R.P. Corporation.	10,200,000
Director	DUH, BOR-TSANG	●Master of Business Administration, University of Dallas	● Chairman of Shun Fu Tai Industrial Co., Ltd. ● Chairman of Yao-Jun Technology Inc. ● Director of Midori Inc.	● Chairman of Shun Fu Tai Industrial Co., Ltd. ● Chairman of Yao-Jun Technology Inc. ● Director of Midori Inc.	N/A	4,273,744

			● Director of President Securities Corp. ● Director of My-Semi Inc. ● Director of NANTEX Industry Co., Ltd. ● Supervisor of Lillian Investment Co., Ltd.	● Director of President Securities Corp. ● Director of My-Semi Inc. ● Director of NANTEX Industry Co., Ltd. ● Supervisor of Lillian Investment Co., Ltd.		
Director	LEE, TZONG-SHIUN ELI	●The University of California Irvine Paul Merage School of Business, MBA	● Chairman of Fu Huey Inc. ● Director of Teh Long Warehousing & Stevedoring Co., Ltd. ● Supervisor of Grown Field Co., Ltd.	● Chairman of Fu Huey Inc. ● Director of Teh Long Warehousing & Stevedoring Co., Ltd. ● Supervisor of Grown Field Co., Ltd.	N/A	836,911
Director	JUANG, JING-YAU	●Golden Gate University, MBA in Finance	● Assistant Vice President of Tainan Spinning Co., Ltd. ● President of T.S. Retail and Distribution Co. ● Chairman of United Investment Pte. Ltd. ● Chairman of United Investment Pte. Ltd.(Taipei) ● Director of President Securities Corp./ Nan Fan Housing Co., Ltd./ Q-Ware Systems & Services Corp./ NANTEX Industry Co., Ltd./ T.S. Retail and Distribution Co./ eten Technologies Inc./ Universal venture Capital Investment Corp. ● Director of Nan Fan Development Co., Ltd.	● Assistant Vice President of Tainan Spinning Co., Ltd. ● President of T.S. Retail and Distribution Co. ● Chairman of United Investment Pte. Ltd. ● Chairman of United Investment Pte. Ltd.(Taipei) ● Director of President Securities Corp./ Nan Fan Housing Co., Ltd./ Q-Ware Systems & Services Corp./ NANTEX Industry Co., Ltd./ T.S. Retail and Distribution Co./ eten Technologies Inc./ Universal venture Capital Investment Corp.	N/A	3,060
Independent Director	LIANG, YANN- PING	●MBA, George Washington University	● Department of Finance, Shih Hsin University Associate Professor/ Assistant Professor ● Independent Director of President Securities Corp. ● Member of Self-disciplinary Committee of Unique Satellite Television (USTV)	● Department of Finance, Shih Hsin University Associate Professor ● Independent Director of President Securities Corp. ● Member of Self-disciplinary Committee of Unique Satellite Television (USTV)	N/A	0
Independent Director	PAI, CHUN-NAN	●Ph.D. in Law, Chinese Culture University	● Vice Chairman of China Petrochemical Development Corporation ● Chairman of The First Leasing Corp. ● Chairman of Bo-Meng Investment Co., Ltd.	● Vice Chairman of China Petrochemical Development Corporation ● Chairman of The First Leasing Corp. ● Chairman of Bo-Meng Investment Co., Ltd.	N/A	0

			● Independent Director of Megaforce Company Ltd. ● Director of BES Engineering Corp. ● Director of Core Pacific City Co., Ltd. ● Director of Wei Lih Food Industrial Co., Ltd. ● Director of Taivex Therapeutics Corporation ● Independent Director of President Securities Corp.	● Independent Director of Megaforce Company Ltd. ● Director of BES Engineering Corp. ● Director of Wei Lih Food Industrial Co., Ltd. ● Director of Taivex Therapeutics Corporation ● Independent Director of President Securities Corp.		
Independent Director	SONG, YUNG-FONG	●The University of Iowa, MBA	● Independent Director of President Securities Corp. ● Venture Partner of Leadsun Investment & Asset Management Ltd. ● Advisor of Ikhlas Capital, Singapore ● Executive Vice President and CIO of Chunghwa Telecom Co., Ltd. ● President of Chunghwa Investment Company ● Chairman of CIMB Advisory, Taiwan ● Managing Director of CIMB Securities, Taiwan	● Independent Director of President Securities Corp. ● Venture Partner of Leadsun Investment & Asset Management Ltd.	N/A	0
Independent Director	HORNG, YUAN-CHUAN	●Department of Economics, Soochow University	● Independent Director of Himax Technologies, Inc. ● Independent Director of President Securities Corp. ● Vice President of Finance Division of China Steel Corporation ● Chairman of Gains Investment Corp.	● Independent Director of Himax Technologies, Inc. ● Independent Director of President Securities Corp.	N/A	0

6. Extraordinary Motions

Discussion Item :

Topic : Discuss to release the directors from non-competing restrictions.

Explanatory Notes :

Pursuant to Article 209 of the Company Act, it is proposed to request the General Shareholders' Meeting to release the non-compete restrictions on the 12th director Mr. Lin, Kuan-Chen, who was appointed as the director of the joint venture Jin Yuan President Securities Corporation Limited.

7. Provisional Motions

8. Meeting Adjourned

2020 Business Report

[Macroeconomic Environment and Business Plan]

The COVID-19 pandemic in 2020 affected the Taiwan Capitalization Weighted Stock Index pulling down to its lowest point at 8,523.63 points during the intraday session in March. Later, as the pandemic slowed down, vaccines were developed rapidly, the US presidential elections were conducted, and countries gradually resumed economic activities. With an abundance of market funds, Taiwan stocks hit new highs frequently, closing at 14,732.53 points at the end of the year, an increase of 2,735.39 points, or around 23%, for the whole year. As the global spread of the pandemic had a negative impact on the economic activities of various countries in 2020, the Company's management team quickly responded to market changes, made investment strategies flexible, and sought opportunities to generate profits in various businesses actively.

[Implementation and Results]

The Taiwan Capitalization Weighted Stock Index rose by 2,735.39 points in 2020, with the average daily market volume of NT\$253.467 billion, a significant increase of approximately 62% from the NT\$156.315 billion in 2019. In brokerage business, the Company's market share stood at 3.234% in 2020, ranking ninth among the country's top 12 brokerage firms. In 2020, the Company led and co-led 51 underwriting projects in total, ranking fifth in the industry. In proprietary trading business, the global spread of the pandemic had a great impact on economic activities, so the Company kept abreast of trends in the industry, made investments in companies with a positive outlook and good credit ratings, and took advantage of the market turning positive, while strictly controlling the risk of positions held through various hedging tools; thus, the performance in 2020 was excellent and even led to a record high in company's profit.

[Profitability Analysis and Operating Income/Expenditure in Budget Execution]

In 2020, the Company actively expanded its various businesses. Under the leadership of a high-quality management team, with extensive and robust operating experience and a rigorous risk control mechanism, the Company generated extremely excellent operating performance. Its annual revenue was around NT\$8.5 billion, and the net income after taxes reached NT\$3.608 billion, with earnings per share of NT\$2.57, ranking second among the country's top 12 securities firms, with a return on assets (ROA) of 4.44% and a return on equity (ROE) of 12.86%.

[Future Operations]

In 2021, with loose monetary policies in various countries and the launch of vaccines, the investment climate in the financial market turned optimistic. However, there are still many uncertainties, including virus mutation, inflation concerns, and a possibility for sharp fluctuations in the market. The Company will continue to make good use of its talented operational team, prudently evaluate investment benefits, keep abreast of market trends, implement risk control,

and continue to carry out financial technology innovation, while developing diverse products, enhancing digital services to provide better quality and comprehensive products and services. Meanwhile, the Company will continue to strengthen its corporate governance, fulfill its social responsibilities, create corporate value, and safeguard all stakeholders' rights and interests by a stable and pragmatic business strategy.

*Audit Committee's Review Report*

To: The General Meeting of Shareholders as of year 2021

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and Earnings Distribution Plan. The financial statements have been audited and certified by Se-Kai, Lin and Chiao-Sen, Lo of PricewaterhouseCoopers Certified Public Accountants, who issued an auditors' report. The aforementioned Business Report, Financial Statements, and Earnings Distribution Plan have been reviewed and determined to be fairly presented as stated by the Audit Committee members. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

President Securities Corporation

Convener of Audit Committee:

April 22, 2021

Comparison table of Amendments to“Ethical Corporate Management Best Practice Principles”

Amendment	Original Articles	Amendment Instructions
Article 2 、 10~13 、 18 、 21 The company's directors, supervisors,managers,employees , and mandataries or persons having substantial control over such companies ("substantial controllers")....	The company's directors, supervisors,managers,employees , and persons having substantial control over such companies ("substantial controllers")...	The applicable subjects add mandataries
Article 5 （policy） The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and <u>obtain approval from the board of directors</u> , and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.	Article 5 （policy） The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.	Amendments in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies on May 23, 2019
Article 6 (<u>prevention programs</u>) The company shall establish the ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training. When establishing the prevention programs, TWSE/GTSM listed companies shall comply with	Newly added	Newly added in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies on May 23, 2019

Amendment	Original Articles	Amendment Instructions
relevant laws and regulations of the territory where the companies and their business group are operating. In the course of developing the prevention programs, TWSE/GTSM listed companies are advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.		
Article 7 (scope of prevention programs) The company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis. The prevention programs, which shall at least include preventive measures against the following: 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper	Newly added	Newly added,in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies on May 23, 2019

Amendment	Original Articles	Amendment Instructions
benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.		
Article 8 (commit and implement) The company shall request directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy. The company shall disclose its policy of ethical management in its internal rules and on the company's websites .The board of directors and management shall commit to actively implement of ethical management in internal management and external business activities.	Article 8 (commit and implement) The board of directors and management shall commit to actively implement of ethical management in internal management and external business activities.	Amendments in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies on May 23, 2019

Amendment	Original Articles	Amendment Instructions
Article 14 (Prohibition of infringement intellectual property rights) The company and the directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.	Newly added	Newly added in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies on May 23, 2019
Article 15 (Prohibition against unfair competition) The company shall engage in business activities in accordance with applicable competition laws and regulations	Newly added	Newly added in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies on May 23, 2019
Article 16 (Prevention of damage to the rights and interests of stakeholders.) The companies and the directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards when engaging in business activities The company	Newly added	Newly added in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies on May 23, 2019

Amendment	Original Articles	Amendment Instructions
shall set stakeholders area on website to prevent damage to the rights and interests of stakeholders.		
Article 17 (Organization and responsibility) The directors shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments. To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors ,responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year): 1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in	Article 12 (Organization and responsibility) The directors shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments. To achieve sound ethical corporate management, the audit unit shall audit compliance with the ethical management, and regularly reports to the board of directors.	1.Article revision 2 to establish a dedicated unit ,responsible for the implementation of the ethical corporate management policies and report to the board of directors on a regular basis

Amendment	Original Articles	Amendment Instructions
compliance with the requirements of laws and regulations. 2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 6. Assisting the board of directors and management in auditing and assessing whether the		

Amendment	Original Articles	Amendment Instructions
prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.		
Article 20 (accounting systems and internal control systems) The companies shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results. The internal audit unit of the company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to	Article 15 (accounting systems and internal control systems) The companies shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results. The internal auditors of the company shall regularly check the compliance with the preceding system and put down in writing in the form of an audit report to be submitted to the board of directors.	1.Article revision 2.Establish assessment of the risk of involvement in unethical conduct, devise relevant audit plans

Amendment	Original Articles	Amendment Instructions
assist if necessary. The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.		
Article 23 (whistle-blowing system) The company shall establish a whistle-blowing system in accordance with [Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets],and assign an independent unit in charge of case acceptance and investigation processes	Newly added	Newly added, in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies on May 23, 2019
Article 24 (disciplinary and appeal system) The company shall adopt a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules and	Newly added	Newly added, in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies on May 23, 2019
Article 8~13 、 17~22 、 25~27	Article revision	

Procedures for Ethical Management and Guidelines for Conduct**Article 1 (Purpose of adoption and scope of application)**

This Corporation engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where this Corporation and its business groups and organizations operate, with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of this Corporation, any incorporated foundation in which this Corporation's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.

Article 2 (Applicable subjects)

For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.

Article 3 (Unethical conduct)

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, 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 counterparties 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 (Types of benefits)

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 (Responsible unit and duties)

This Corporation shall designate the team to manage and promote integrity as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and provide it with sufficient resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the board of directors:

1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analysing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.

Article 6 (Prohibition against providing or accepting improper benefits)

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 this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-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. Other conduct that complies with the rules of this Corporation.

Article 7 (Procedures for handling the acceptance of improper benefits)

Except under any of the circumstances set forth in the preceding article, when any personnel of this Corporation 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 this Corporation'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 does exist between the party providing or offering the benefit and the official duties of this Corporation'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 this Corporation'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 this Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of this Corporation shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved, and notify the responsible unit.

Article 8 (Prohibition of and handling procedure for facilitating payments)

The Company shall neither provide nor promise any facilitating payment. If any personnel of the Company provide or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9 (Procedures for handling political contributions)

The Corporation shall neither provide nor promise any political contributions.

Article 10 (Procedures for handling charitable donations or sponsorships)

Charitable donations or sponsorships by the Company shall be provided in accordance with the following provisions and reported to the chairman in charge for approval.

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Corporation 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 this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.

Article 11 (Recusal)

When a director, supervisor, officer or other stakeholder of this Corporation attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

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 this Corporation 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 this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.

Article 12 (Special unit in charge of confidentiality regime and its responsibilities)本

Each department of the company shall notice for managing, preserving, and maintaining the confidentiality of the Corporation's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

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 this Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their individual duties.

Article 13 (Prohibition against unfair competition)

The Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not engage unfair competition trade.

Article 14 (Prevention of damage to stakeholders)

This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

Where there are media reports, or sufficient facts to determine, that the Company's products or services are likely to pose any hazard to the the rights and interests of stakeholders, the Company shall verify the facts and present a review and improvement plan. The relevant 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 15 (Prohibition against insider trading and non-disclosure agreement)

All personnel of this Corporation 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 this Corporation 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 this Corporation 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 this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.

Article 16 (Compliance and announcement of policy of ethical management)

This Corporation shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Corporation shall disclose its policy of ethical management in its internal rules and on the company's websites. The board of directors and management shall commit to actively implement of ethical management in internal management and external business activities.

Article 17 (Ethical management evaluation prior to development of commercial relationships)

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, this Corporation 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 this Corporation 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. The long-term business condition and degree of goodwill of the enterprise.
4. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 (Statement of ethical management policy to counterparties in commercial dealings)

Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about this Corporation'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 (Avoidance of commercial dealings with unethical operators)

All personnel of this Corporation shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is 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 this Corporation's ethical management policy.

Article 20 (Stipulation of terms of ethical management in contracts)

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

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party and may also deduct the full amount of the

damages from the contract price payable.

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 unethical conduct by personnel of this Corporation)

As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, and the relevant informing standards are handled in accordance with the Corporation 's whistle-blowing system.

Article 22 (Actions upon event of unethical conduct by others towards this Corporation)

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

Article 23 (Internal awareness sessions and establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)

The responsible unit of this Corporation shall organize awareness sessions once a year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

This Corporation 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 this Corporation seriously violates ethical conduct, this Corporation 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 this Corporation.

This Corporation 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 (Enforcement)

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and reported to the shareholders meeting.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR20004103

To the Board of Directors and Shareholders of President Securities Corporation

Opinion

We have audited the accompanying consolidated balance sheets of President Securities Corporation and subsidiaries (the “Group”) as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group 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 judgement, were of most significance in our audit of the Group’s 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s 2020 consolidated financial statements are stated as follows:

Fair value measurement of unlisted stocks without active market**Description**

Please refer to Note 4(8) for the accounting policies on unlisted stocks without active market (shown as “financial assets at fair value through other comprehensive income”) and Note 5(2) for

details of critical accounting judgements, estimates and assumption uncertainty. As at December 31, 2020, the unlisted stocks without active market held by the Group totaled 707,616 thousand New Taiwan Dollars and were shown as “financial assets at fair value through other comprehensive income” (Level 3 fair value).

Due to the lack of an active market, the fair value of the unlisted stocks held by the Group was determined using valuation method. Management measured their fair value by using comparable listed companies in the market approach. The main assumptions of the market approach are calculated based on the latest published price-to-book ratio of comparable listed companies in similar industries and considering discounts on market liquidity or assessment of risk.

Above-mentioned estimation of fair value involves various assumptions and material unobservable inputs, which has high uncertainty and relies on the subjective judgement of management. Any changes in judgements and estimates may affect the ultimate result of accounting estimates and have an impact on the financial statements of the Group. Thus, we have included the fair value measurement of unlisted stocks without active market as a key audit matter in our audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed policy documents, internal control system, fair value measurement models and approval processes that are related to fair value measurement of unlisted stocks;
2. Ascertained whether the measurement methods used by the management is commonly used by the industry;
3. Assessed the reasonableness of parameter of similar companies used by management;
4. Examined inputs and calculation formulas used in valuation models and agreed such data to supporting documents.

Impairment assessment of investments accounted for under the equity method

Description

Please refer to Note 4(14) for accounting policies on investments accounted for under the equity method and its impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on asset impairment, and Note 6(11) for details of investments accounted for under the equity method.

The Group held 42.49% of equity of Uni-President Asset Management Corp. which was accounted for under the equity method, and the excess of the carrying amount over the share of the investee company's net assets is mainly goodwill. As of December 31, 2020, the amount was 602,865 thousand New Taiwan Dollars. Impairment assessment is based on the expected future cash flow of the investee, discounted at an appropriate discount rate, to measure the recoverable

amount of the cash generating unit.

The recoverable amount of the investee is based on its expected future cash flows which involve multiple estimates and assumptions on discount rate and financial forecast. These are subjective judgements, have a high degree of uncertainties, and are material to the recoverable amount. Thus, we consider the impairment assessment of investments accounted for under the equity method as one of the matters of most significance to our audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the impairment assessment report prepared by an external valuation expert who was commissioned by the management;
2. Assessed the reasonableness of expected future cash flows, discount rate and other significant assumptions applied in the cash flow model;
3. Inspected valuation model parameters, formula setting and the accuracy of calculation.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of President Securities Corporation, as at and for the years ended December 31, 2020 and 2019.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the generally accepted auditing standards 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group

audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current period 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.

Lin, Se-Kai

Independent Auditors

Lo, Chiao-Sen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2021

The accompanying consolidated financial statements are not intended to present the financial position and financial performance and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and Independent Auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

			December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Assets						
Notes						
110000	Current assets					
111100	Cash and cash equivalents	6(1)	\$ 5,124,862	4	\$ 6,520,146	7
112000	Financial assets at fair value through profit or loss - current	6(2)	41,611,722	37	44,512,465	46
113200	Financial assets at fair value through other comprehensive income - current	6(3)	353,510	-	-	-
114030	Margin loans receivable	6(4)	12,248,272	11	10,024,189	10
114040	Refinancing security deposits		51,532	-	102,545	-
114050	Receivables from refinance guaranty		42,889	-	88,759	-
114060	Receivable of securities business money lending		1,288,127	1	517,809	1
114070	Customer margin account	6(5)	21,106,170	19	13,735,712	14
114090	Receivables from security lending		240,796	-	101,043	-
114100	Security lending deposits		1,007,090	1	543,171	1
114110	Notes receivable		737	-	697	-
114130	Accounts receivable	6(6)	18,852,396	17	12,183,585	13
114140	Accounts receivable - related parties	6(6)	875	-	1,003	-
114150	Prepayments		24,300	-	22,557	-
114170	Other receivables	6(7)	23,950	-	105,548	-
114600	Current tax assets		28	-	1,048	-
119000	Other current assets	6(8)	3,344,627	3	1,621,697	2
110000	Total current assets		105,321,883	93	90,081,974	94
120000	Non-current assets					
122000	Financial assets at fair value through profit or loss - non-current	6(2)	67,484	-	71,296	-
123200	Financial assets at fair value through other comprehensive income - non-current	6(3)	707,616	1	591,596	1
124100	Investments accounted for under the equity method	6(11)	3,134,766	3	578,853	1
125000	Property and equipment, net	6(12)	2,453,712	2	2,443,964	3
125800	Right-of-use assets	6(13)	203,579	-	221,669	-
126000	Investment property	6(15)	270,503	-	272,603	-
127000	Intangible assets	6(16)	151,765	-	129,160	-
128000	Deferred tax assets	6(47)	103,749	-	135,265	-
129000	Other assets - non-current	6(17)	1,296,708	1	1,228,020	1
120000	Total non-current assets		8,389,882	7	5,672,426	6
906001	Total Assets		\$ 113,711,765	100	\$ 95,754,400	100

(Continued)

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019	
		AMOUNT	%	AMOUNT	%
210000 Current liabilities					
211100 Short-term loans	6(18)	\$ 946,276	1	\$ 2,964,959	3
211200 Commercial papers payable	6(19)	7,298,896	6	9,596,704	10
212000 Financial liabilities at fair value through profit or loss - current	6(20)	2,624,419	2	848,628	1
214010 Bonds sold under repurchase agreements	6(21)	19,096,165	17	20,956,256	22
214040 Deposits on short sales		1,381,470	1	1,558,717	2
214050 Short sale proceeds payable		1,809,955	2	1,888,832	2
214070 Guarantee deposit received on borrowed securities		903,852	1	56,004	-
214080 Futures traders' equity	6(5)	21,087,134	19	13,713,667	14
214090 Equity for each customer in the account		28,105	-	633	-
214130 Accounts payable	6(22)	19,178,484	17	12,456,602	13
214150 Advance receipts		5,142	-	2,373	-
214160 Collections on behalf of third parties		1,101,065	1	378,293	-
214170 Other payables	6(23)	2,116,413	2	1,347,681	2
214200 Other financial liabilities - current	6(24)	6,008,310	5	2,743,866	3
214600 Current tax liability		332,075	-	203,745	-
216000 Current lease liabilities		86,697	-	82,407	-
219000 Other current liabilities		83,230	-	21,893	-
210000 Total current liabilities		<u>84,087,688</u>	<u>74</u>	<u>68,821,260</u>	<u>72</u>
220000 Non-current liabilities					
225100 Non-current provisions		8,627	-	4,180	-
226000 Non-current lease liabilities		111,621	-	134,780	-
228000 Deferred tax liabilities	6(47)	9,933	-	12,894	-
229000 Other liabilities-noncurrent	6(25)	14,414	-	15,514	-
220000 Total non-current liabilities		<u>144,595</u>	<u>-</u>	<u>167,368</u>	<u>-</u>
906003 Total Liabilities		<u>84,232,283</u>	<u>74</u>	<u>68,988,628</u>	<u>72</u>
300000 Equity attributable to owners of the parent company					
301000 Capital					
301010 Common stock	6(27)	13,998,378	12	13,723,900	14
302000 Capital reserve	6(27)	91,261	-	91,261	-
304000 Retained earnings	6(28)				
304010 Legal reserve		3,111,013	3	2,876,769	3
304020 Special reserve		7,600,316	7	7,130,830	7
304040 Unappropriated earnings		3,771,859	3	2,355,105	3
305000 Other equity interest		834,488	1	521,815	1
300000 Total		<u>29,407,315</u>	<u>26</u>	<u>26,699,680</u>	<u>28</u>
306000 Non-controlling interests		<u>72,167</u>	<u>-</u>	<u>66,092</u>	<u>-</u>
906004 Total Equity		<u>29,479,482</u>	<u>26</u>	<u>26,765,772</u>	<u>28</u>
906002 Total liabilities and equity		<u>\$ 113,711,765</u>	<u>100</u>	<u>\$ 95,754,400</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

		Year ended December 31			
Items	Notes	2020		2019	
		AMOUNT	%	AMOUNT	%
400000 Revenues					
401000 Brokerage handling fee revenue	6(29)	\$ 3,331,030	35	\$ 2,236,426	31
404000 Revenues from underwriting business	6(30)	76,506	1	62,811	1
406000 Net gain on wealth management		22,312	-	22,192	-
410000 Net gain on sale of operating securities	6(31)	3,356,129	35	2,827,800	40
421100 Revenue from providing agency service for stock affairs		77,666	1	75,766	1
421200 Interest income	6(32)	1,118,658	12	1,206,807	17
421300 Dividend income		385,051	4	312,919	4
421500 Net valuation gain on operating securities at fair value through profit or loss	6(33)	989,219	10	741,327	10
421600 Net gain on covering of borrowed securities and bonds with resale agreements-short sales	6(34)	268,439	3	37,413	1
421610 Net valuation loss on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(35)	(117,021)	(1)	(21,418)	-
421750 Net realized gain on financial assets measured at fair value through other comprehensive income - bonds	6(36)	100,358	1	15,309	-
422000 Net loss on issuance of ETNs		(83,151)	(1)	(2,377)	-
422100 Administrative and handling fee revenues from issuance of ETNs		2,870	-	-	-
422200 Net gain from issuance of call (put) warrants	6(37)	95,405	1	93,864	1
424400 Net gain (loss) from derivatives	6(38)	20,120	-	(892,686)	(12)
425300 Impairment gain and reversal of impairment loss	6(39)	(15,979)	-	(6,497)	-
428000 Other operating income	6(40)	(46,340)	(1)	432,741	6
Total revenues		<u>9,581,272</u>	<u>100</u>	<u>7,142,397</u>	<u>100</u>
500000 Expenditures and expenses					
501000/					
502000/					
503000 Handling charges	6(41)	(548,487)	(6)	(534,451)	(8)
507000 ETNs administrative expenses		(5,658)	-	-	-
521200 Interest expenses	6(42)	(276,884)	(3)	(531,821)	(7)
524100 Futures commission expense		(100,691)	(1)	(84,424)	(1)
524300 Expense of clearing and settlement		(123,083)	(1)	(94,747)	(1)
528000 Other operating expenditure		(26)	-	(39)	-
531000 Employee benefits expense	6(43)	(3,202,336)	(33)	(2,394,137)	(34)
532000 Depreciation and amortization	6(44)	(209,839)	(2)	(205,625)	(3)
533000 Other operating expenses	6(45)	(1,507,158)	(16)	(1,235,351)	(17)
Total expenditures and expenses		<u>(5,974,162)</u>	<u>(62)</u>	<u>(5,080,595)</u>	<u>(71)</u>

(Continued)

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

		Year ended December 31			
		2020		2019	
Items	Notes	AMOUNT	%	AMOUNT	%
Operating profit		\$ 3,607,110	38	\$ 2,061,802	29
601000 Share of the profit or loss of associates and joint ventures accounted for under the equity method	6(11)	68,825	1	107,016	2
602000 Other gains and losses	6(46)	306,887	3	388,990	5
902001 Profit before tax		3,982,822	42	2,557,808	36
701000 Income tax expense	6(47)	(368,226)	(4)	(183,973)	(3)
902005 Net income		\$ 3,614,596	38	\$ 2,373,835	33
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
805510 Remeasurements of defined benefit plans		(\$ 21,997)	-	(\$ 30,217)	-
805540 Net unrealized gain (loss) from investments in equity instruments at fair value through other comprehensive income		456,748	5	(12,983)	-
805550 Other comprehensive gain (loss) of associates and joint ventures accounted for under the equity method		8,870	-	(4,150)	-
805599 Income tax benefit relating to components of other comprehensive income		4,399	-	6,044	-
Items may be reclassified to profit of loss subsequently					
805610 Translation gain (loss) on the financial statements of foreign operating entities		27,298	-	(77,467)	(1)
805615 Net unrealized gain (loss) from investments in debt instruments at fair value through other comprehensive income		28	-	(5,523)	-
805000 Current other comprehensive income (loss) (post-tax)		\$ 475,346	5	(\$ 124,296)	(1)
902006 Total current comprehensive income		\$ 4,089,942	43	\$ 2,249,539	32
Income attributable to:					
913100 Parent company		\$ 3,607,518	38	\$ 2,368,536	33
913200 Non-controlling interest		\$ 7,078	-	\$ 5,299	-
Current comprehensive income attributable to:					
914100 Parent company		\$ 4,080,025	43	\$ 2,244,912	32
914200 Non-controlling interests		\$ 9,917	-	\$ 4,627	-
Earnings per share					
975000 Basic earnings per share (in dollars)	6(48)	\$ 2.58		\$ 1.69	
985000 Diluted earnings per share (in dollars)		\$ 2.57		\$ 1.69	

The accompanying notes are an integral part of these consolidated financial statements.

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
	Notes	Common stock	Capital reserve	Retained earnings			Other equity interest		Treasury shares	Total	Non-controlling interests	Total equity
				Legal reserve	Special reserve	Unappropriated earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealised gain or loss on financial assets measured at fair value through other comprehensive income				
<u>For the year ended December 31, 2019</u>												
Balance at January 1, 2019		\$ 13,904,281	\$ 142,702	\$ 2,755,737	\$ 6,945,453	\$ 1,278,472	\$ 19,251	\$ 600,089	\$ -	\$ 25,645,985	\$ 66,462	\$ 25,712,447
Net income for the year ended December 31, 2019		-	-	-	-	2,368,536	-	-	-	2,368,536	5,299	2,373,835
Other comprehensive loss for the year ended December 31, 2019		-	-	-	-	(26,099)	(77,467)	(20,058)	-	(123,624)	(672)	(124,296)
Total comprehensive income (loss)		-	-	-	-	2,342,437	(77,467)	(20,058)	-	2,244,912	4,627	2,249,539
Appropriations of 2018 earnings:	6(28)											
Legal reserve		-	-	121,032	-	(121,032)	-	-	-	-	-	-
Special reserve		-	-	-	185,377	(185,377)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(959,395)	-	-	-	(959,395)	-	(959,395)
Purchase of treasury shares		-	-	-	-	-	-	-	(231,822)	(231,822)	-	(231,822)
Retirement of treasury share		(180,381)	(51,441)	-	-	-	-	-	231,822	-	-	-
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(4,997)	(4,997)
Balance at December 31, 2019		\$ 13,723,900	\$ 91,261	\$ 2,876,769	\$ 7,130,830	\$ 2,355,105	(\$ 58,216)	\$ 580,031	\$ -	\$ 26,699,680	\$ 66,092	\$ 26,765,772
<u>For the year ended December 31, 2020</u>												
Balance at January 1, 2020		\$ 13,723,900	\$ 91,261	\$ 2,876,769	\$ 7,130,830	\$ 2,355,105	(\$ 58,216)	\$ 580,031	\$ -	\$ 26,699,680	\$ 66,092	\$ 26,765,772
Net income for the year ended December 31, 2020		-	-	-	-	3,607,518	-	-	-	3,607,518	7,078	3,614,596
Other comprehensive income (loss) for the year ended December 31, 2020		-	-	-	-	(17,197)	27,298	462,406	-	472,507	2,839	475,346
Total comprehensive income (loss)		-	-	-	-	3,590,321	27,298	462,406	-	4,080,025	9,917	4,089,942
Appropriations of 2019 earnings:	6(28)											
Legal reserve		-	-	234,244	-	(234,244)	-	-	-	-	-	-
Special reserve		-	-	-	469,486	(469,486)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,372,390)	-	-	-	(1,372,390)	-	(1,372,390)
Stock dividends		274,478	-	-	-	(274,478)	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	177,031	-	(177,031)	-	-	-	-
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(3,842)	(3,842)
Balance at December 31, 2020		\$ 13,998,378	\$ 91,261	\$ 3,111,013	\$ 7,600,316	\$ 3,771,859	(\$ 30,918)	\$ 865,406	\$ -	\$ 29,407,315	\$ 72,167	\$ 29,479,482

The accompanying notes are an integral part of these consolidated financial statements.

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

		Years ended December 31	
	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 3,982,822	\$ 2,557,808
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(44)	181,478	181,005
Amortization	6(44)	28,361	24,620
Impairment gain and reversal of impairment loss	6(39)	18,181	7,170
Net valuation gain on operating securities at fair value through profit or loss	6(2)(33)	(989,219)	(741,327)
Net valuation loss on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(35)	117,021	21,418
Interest expenses	6(42)	276,884	531,821
Interest income (including financial income)	6(32)(46)	(1,273,261)	(1,395,998)
Dividend income		(407,049)	(339,434)
Share of the profit of associates and joint ventures accounted for under the equity method	6(11)	(68,825)	(107,016)
Loss on disposal of property and equipment	6(12)	154	930
Gain on valuation of non-operating financial instruments	6(46)	(25,279)	(10,859)
Net loss from lease modification		-	(4)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		3,904,263	(16,100,206)
Financial assets at fair value through other comprehensive income - current		(13,884)	290,559
Bonds purchased under resale agreements		-	93,193
Margin loans receivable		(2,239,117)	(2,023,767)
Refinancing security deposits		51,013	(98,143)
Receivables from refinance guaranty		45,870	(80,372)
Receivable of securities business money lending		(770,318)	(517,809)
Customer margin account		(7,370,458)	(2,144,410)
Receivables from security lending		(139,753)	(22,727)
Security lending deposits		(463,919)	242,260
Notes receivable		(40)	488
Accounts receivable		(7,111,640)	(3,032,872)
Accounts receivable - related parties		128	(1,003)
Prepayments		(1,743)	(6,151)
Other receivables		73,236	(74,594)
Other current assets		(1,722,930)	18,526
Changes in operating liabilities			
Bonds sold under repurchase agreements		(1,860,091)	5,889,657
Financial liabilities at fair value through profit or loss - current		1,658,769	(38,887)
Deposits on short sales		(177,247)	(208,552)
Short sale proceeds payable		(78,877)	(118,370)
Guarantee deposit received on borrowed securities		847,848	55,383
Futures traders' equity		7,373,467	2,139,033
Equity for each customer in the account		27,472	633
Accounts payable		7,115,640	3,721,592
Advance receipts		2,769	1,398
Collections on behalf of third parties		722,772	15,715
Other payables		769,620	434,820
Other financial liabilities - current		3,264,444	56,857
Other current liabilities		61,337	612

(Continued)

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2020	2019
Cash inflow (outflow) generated from operations		\$ 5,809,899	(\$ 10,777,003)
Interest received		1,353,284	1,452,332
Dividends received		505,200	419,418
Income tax paid		(205,923)	(119,414)
Net cash flows from (used in) operating activities		<u>7,462,460</u>	<u>(9,024,667)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property and equipment	6(12)	(36,654)	(49,102)
Proceeds from disposal of property and equipment		177	24
Acquisition of intangible assets	6(16)	(17,887)	(14,353)
Proceeds from disposal of intangible assets		31	-
Acquisition of investments accounted for under the equity method		(2,481,388)	-
(Increase) decrease in other non-current assets		(99,626)	17,017
Increase in prepayment for equipment		(78,687)	(61,939)
Net cash flows used in investing activities		<u>(2,714,034)</u>	<u>(108,353)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans		(2,018,684)	2,025,081
(Decrease) increase in commercial papers payable		(2,300,000)	9,600,000
Payments of lease liabilities		(92,782)	(103,551)
(Decrease) increase in other non-current liabilities		(2,965)	2,778
Distribution of cash dividends		(1,372,390)	(959,395)
Acquisition of treasury stocks	6(27)	-	(231,822)
Interest paid		(288,944)	(528,228)
Changes in non-controlling interest		(3,842)	(4,997)
Net cash flows (used in) from financing activities		<u>(6,079,607)</u>	<u>9,799,866</u>
Effect of exchange rate changes		(64,103)	(79,369)
Net (decrease) increase in cash and cash equivalents		(1,395,284)	587,477
Cash and cash equivalents at beginning of year		<u>6,520,146</u>	<u>5,932,669</u>
Cash and cash equivalents at end of year		<u>\$ 5,124,862</u>	<u>\$ 6,520,146</u>

The accompanying notes are an integral part of these consolidated financial statements.

To the Board of Directors and Shareholders of President Securities Corporation

Opinion

We have audited the accompanying parent company only balance sheets of President Securities Corporation as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of President Securities Corporation as at December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of President Securities Corporation 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 judgement, were of most significance in our audit of the parent company's 2020 only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters of the parent company's 2020 only financial statements are stated as follows:

Fair value measurement of unlisted stocks without active market

Description

Please refer to Note 4(7) for the accounting policies on unlisted stocks without active market (shown as “financial assets at fair value through other comprehensive income”) and Note 5(2) for details of significant judgements, estimates and assumption uncertainty. As at December 31, 2020, the unlisted stocks without active market held by the President Securities Corporation totaled 186,334 thousand New Taiwan Dollars and were shown as “financial assets at fair value through other comprehensive income” (Level 3 fair value).

Due to the lack of an active market, the fair value of the unlisted stocks held by the President Securities Corporation was determined using valuation method. Management measured its fair value by using comparable listed companies in market approach. The main assumption of market approach is calculating based on the latest published price-book ratio of comparable listed companies in similar industries and considering discounts on market liquidity or risk particularity.

Above-mentioned estimation of fair value involves various assumptions and material unobservable inputs, which has high uncertainty and relies on the subjective judgment of management. Any changes in judgements and estimates may affect the ultimate result of accounting estimates and have an impact on the financial statements of the President Securities Corporation. Thus, we have included the fair value measurement of unlisted stocks without active market as a key audit matter in our audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed policy documents, internal control system, fair value measurement models and approval processes that are related to fair value measurement of unlisted stock;
2. Ascertained whether the measurement methods used by the management is commonly used by the industry;
3. Assessed the reasonableness of parameter of similar companies used by management;
4. Examined inputs and calculation formulas used in valuation methods and agreed such data to supporting documents.

Impairment assessment of investments accounted for under equity method

Description

Please refer to Note 4(13) for accounting policies on investments accounted for under equity method and its impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on asset impairment, and Note 6(10) for details of investments accounted for under equity method.

President Securities Corporation held 42.46% of equity of Uni-President Asset Management Corp. which was accounted for under equity method, and the excess of the carrying amount over

the share of the investee company's net assets is mainly goodwill. As of December 31, 2020, the amount was 602,375 thousand New Taiwan Dollars. Impairment assessment is based on the expected future cash flow of the investee, discounted at an appropriate discount rate, to measure the recoverable amount of the cash generating unit.

The recoverable amount of the investee is based on its expected future cash flows which involve multiple estimates and assumptions on discount rate and financial forecast. These are subjective judgements, have a high degree of uncertainties, and are material to the recoverable amount. Thus we consider the impairment assessment of investments accounted for under the equity method as one of the matters of most significance to our audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the impairment assessment report prepared by an external valuation expert who was commissioned by the management;
2. Assessed the reasonableness of expected future cash flows, discount rate and other significant assumptions applied in the cash flow model; and
3. Inspected valuation model parameters, formula setting and the accuracy of calculation.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing President Securities Corporation'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 President Securities Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing President Securities Corporation's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 the

generally accepted auditing standards 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 parent company only financial statements.

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

7. Identify and assess the risks of material misstatement of the parent company only 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.
8. 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 President Securities Corporation's internal control.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. 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 President Securities Corporation'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 parent company only 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 President Securities Corporation to cease to continue as a going concern.
11. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within President Securities Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 parent company only financial statements of the current period 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.

Lin, Se-Kai

Independent Auditors

Lo, Chiao-Sen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2021

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PRESIDENT SECURITIES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019	
		AMOUNT	%	AMOUNT	%
110000	Current assets				
111100	Cash and cash equivalents 6(1)	\$ 3,507,116	4	\$ 3,829,651	5
112000	Financial assets at fair value through profit or loss - current 6(2)	40,831,878	45	43,510,101	54
113200	Financial assets at fair value through other comprehensive income - current 6(3)	353,510	-	-	-
114030	Margin loans receivable 6(4)	12,248,272	14	10,024,189	12
114040	Refinancing security deposits	51,532	-	102,545	-
114050	Receivables from refinance guaranty	42,889	-	88,759	-
114060	Receivable of securities business money lending	1,288,127	2	517,809	1
114090	Receivables from security lending	240,796	-	101,043	-
114100	Security lending deposits	1,007,090	1	543,171	1
114110	Notes receivable	737	-	697	-
114130	Accounts receivable 6(5)	17,635,068	19	11,786,358	14
114140	Accounts receivable - related parties 6(5)	4,413	-	2,615	-
114150	Prepayments	20,463	-	18,464	-
114170	Other receivables 6(6)	9,518	-	10,294	-
119000	Other current assets 6(7)	2,156,587	2	544,924	1
110000	Total current assets	<u>79,397,996</u>	<u>87</u>	<u>71,080,620</u>	<u>88</u>
120000	Non-current assets				
122000	Financial assets at fair value through profit or loss - non-current 6(2)	67,484	-	71,296	-
123200	Financial assets at fair value through other comprehensive income - non-current 6(3)	186,334	-	157,656	-
124100	Investments accounted for under the equity method 6(10)	7,247,316	8	5,476,748	7
125000	Property and equipment, net 6(11)	2,270,322	3	2,270,391	3
125800	Right-of-use assets 6(12)	171,581	-	167,514	-
126000	Investment property 6(14)	270,503	1	272,603	1
127000	Intangible assets 6(15)	94,479	-	70,726	-
128000	Deferred tax assets 6(46)	99,384	-	132,198	-
129000	Other assets-non-current 6(16)	1,044,489	1	985,663	1
120000	Total non-current assets	<u>11,451,892</u>	<u>13</u>	<u>9,604,795</u>	<u>12</u>
906001	Total Assets	<u>\$ 90,849,888</u>	<u>100</u>	<u>\$ 80,685,415</u>	<u>100</u>

(Continued)

PRESIDENT SECURITIES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019	
		AMOUNT	%	AMOUNT	%
210000 Current liabilities					
211100 Short-term loans	6(17)	\$ 578,976	1	\$ 2,845,502	4
211200 Commercial papers payable	6(18)	7,298,896	8	9,596,704	12
212000 Financial liabilities at fair value	6(19)				
through profit or loss - current		2,622,141	3	848,265	1
214010 Bonds sold under repurchase	6(20)				
agreements		19,096,165	21	20,956,256	26
214040 Deposits on short sales		1,381,470	2	1,558,717	2
214050 Short sale proceeds payable		1,809,955	2	1,888,832	2
214070 Guarantee deposit received on					
borrowed securities		903,852	1	56,004	-
214090 Equity for each customer in the					
account		28,105	-	633	-
214130 Accounts payable	6(21)	18,038,119	20	11,467,219	14
214150 Advance receipts		332	-	310	-
214160 Collections on behalf of third parties		1,098,674	1	375,582	1
214170 Other payables	6(22)	1,975,239	2	1,235,306	2
214200 Other financial liabilities - current	6(23)	6,008,310	7	2,743,866	3
214600 Current tax liability	6(46)	324,555	-	194,272	-
216000 Current lease liabilities		61,875	-	56,963	-
219000 Other current liabilities		76,474	-	12,599	-
210000 Total current liabilities		<u>61,303,138</u>	<u>68</u>	<u>53,837,030</u>	<u>67</u>
220000 Non-current liabilities					
225100 Non-current provisions		8,627	-	4,180	-
226000 Non-current lease liabilities		103,607	-	105,452	-
228000 Deferred tax liability	6(46)	2,813	-	12,148	-
229000 Other liabilities-non-current	6(24)	24,388	-	26,925	-
220000 Total non-current liabilities		<u>139,435</u>	<u>-</u>	<u>148,705</u>	<u>-</u>
906003 Total Liabilities		<u>61,442,573</u>	<u>68</u>	<u>53,985,735</u>	<u>67</u>
301000 Capital					
301010 Common stock	6(26)	13,998,378	15	13,723,900	17
302000 Capital reserve	6(26)	91,261	-	91,261	-
304000 Retained earnings	6(27)				
304010 Legal reserve		3,111,013	4	2,876,769	3
304020 Special reserve		7,600,316	8	7,130,830	9
304040 Unappropriated earnings		3,771,859	4	2,355,105	3
305000 Other equity interest		834,488	1	521,815	1
906004 Total equity		<u>29,407,315</u>	<u>32</u>	<u>26,699,680</u>	<u>33</u>
906002 Total liabilities and equity		<u>\$ 90,849,888</u>	<u>100</u>	<u>\$ 80,685,415</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

PRESIDENT SECURITIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2020		2019	
Items	Notes		AMOUNT	%	AMOUNT	%
400000	Revenues					
401000	Brokerage handling fee revenue	6(28)	\$ 2,465,522	29	\$ 1,528,416	25
404000	Revenues from underwriting business	6(29)	76,506	1	62,811	1
406000	Net gain on wealth management		22,312	-	22,192	-
410000	Net gain on sale of trading securities	6(30)	3,351,750	40	2,833,461	45
421100	Revenue from providing agency service for stock affairs		77,732	1	75,832	1
421200	Interest revenue	6(31)	1,052,595	12	1,163,195	19
421300	Dividend revenue		382,536	4	305,758	5
421500	Net valuation gain on operating securities at fair value through profit or loss	6(32)	995,619	12	711,103	11
421600	Net gain on covering of borrowed securities and bonds with resale agreements-short sales	6(33)	268,439	3	37,413	1
421610	Net valuation loss on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(34)	(117,021)	(1)	(21,418)	-
421750	Net realised gain on financial assets measured at fair value through other comprehensive income-bonds	6(35)	100,358	1	15,309	-
422000	Net loss on issuance of ETNs		(83,151)	(1)	(2,377)	-
422100	Administrative and handling fee revenues from issuance of ETNs		2,870	-	-	-
422200	Net gain from issuance of call (put) warrants	6(36)	95,405	1	93,864	1
424100	Future commission revenue		40,206	-	35,784	1
424400	Net loss from derivatives	6(37)	(120,517)	(1)	(987,583)	(16)
425300	Impairment loss and reversal of impairment loss	6(38)	(15,308)	-	(6,498)	-
428000	Other operating income	6(39)	(122,869)	(1)	362,655	6
	Total revenues		<u>8,472,984</u>	<u>100</u>	<u>6,229,917</u>	<u>100</u>
500000	Expenditure and expense					
501000/						
502000/						
	Handling charges	6(40)				
503000			(373,105)	(5)	(399,172)	(6)
507000	ETNs administrative expenses		(5,658)	-	-	-
521200	Interest expenses	6(41)	(249,390)	(3)	(506,284)	(8)
524200	Securities commission expense		(182)	-	(133)	-
524300	Expense of clearing and settlement		(11,731)	-	(10,658)	-
528000	Other operating expenditure		(26)	-	(39)	-
531000	Employee benefits expense	6(42)	(2,796,016)	(33)	(2,044,099)	(33)
532000	Depreciation and amortization	6(43)	(157,405)	(2)	(154,827)	(3)
533000	Other operating expense	6(44)	(1,357,216)	(16)	(1,089,758)	(18)
	Total expenditure and expense		<u>(4,950,729)</u>	<u>(59)</u>	<u>(4,204,970)</u>	<u>(68)</u>
	Operating profit		3,522,255	41	2,024,947	32
601100	Share of profit of subsidiaries, associates and joint ventures accounted for under the using equity method	6(10)	303,699	4	329,744	5
602000	Other gains and losses	6(45)	<u>100,642</u>	<u>1</u>	<u>159,690</u>	<u>3</u>
902001	Profit before tax		3,926,596	46	2,514,381	40
701000	Income tax expense	6(46)	(319,078)	(4)	(145,845)	(2)
902005	Net income		\$ 3,607,518	42	\$ 2,368,536	38

(Continued)

PRESIDENT SECURITIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items		Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
805510	Remeasurements of defined benefit plan		(\$ 20,158)	-	(\$ 34,860) (1)	
805540	Net unrealised gain from investments in equity instruments at fair value through other comprehensive income	6(3)	369,407	5	11,111 -	
805560	Other comprehensive gain of subsidiaries, associates, and joint ventures accounted for under equity method		91,900	1	(23,857) -	
805599	Income tax benefit relating to components of other comprehensive income	6(46)	4,032	-	6,972 -	
Items may be reclassified to profit or loss subsequently						
805610	Translation gain (loss) on the financial statements of foreign operating entities		27,298	-	(77,467) (1)	
805615	Net unrealised gain from investments in debt instruments at fair value through other comprehensive income		28	-	(5,523) -	
805000	Current other comprehensive income (loss) (post-tax)		\$ 472,507	6	(\$ 123,624) (2)	
902006	Total current comprehensive income		<u>\$ 4,080,025</u>	<u>48</u>	<u>\$ 2,244,912</u> <u>36</u>	
Earnings per share		6(47)				
975000	Basic earnings per share (in dollars)		<u>\$ 2.58</u>	\$	<u>1.69</u>	
985000	Diluted earnings per share (in dollars)		\$ 2.57	\$	1.69	

The accompanying notes are an integral part of these parent company only financial statements.

PRESIDENT SECURITIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

		Retained earnings					Other equity interest			
							Translation gain and loss on the financial statements of foreign operating entities	Unrealised gains or losses on financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
	Notes	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings				
<u>For the year ended December 31, 2019</u>										
Balance at January 1, 2019		\$ 13,904,281	\$ 142,702	\$ 2,755,737	\$ 6,945,453	\$ 1,278,472	\$ 19,251	\$ 600,089	\$ -	\$ 25,645,985
Net income for the year ended December 31, 2019		-	-	-	-	2,368,536	-	-	-	2,368,536
Other comprehensive income for the year ended December 31, 2019		-	-	-	-	(26,099)	(77,467)	(20,058)	-	(123,624)
Total comprehensive income (loss)		-	-	-	-	2,342,437	(77,467)	(20,058)	-	2,244,912
Appropriations of 2018 earnings:	6(27)									
Legal reserve		-	-	121,032	-	(121,032)	-	-	-	-
Special reserve		-	-	-	185,377	(185,377)	-	-	-	-
Cash dividends		-	-	-	-	(959,395)	-	-	-	(959,395)
Purchase of treasury shares		-	-	-	-	-	-	-	(231,822)	(231,822)
Retirement of treasury share		(180,381)	(51,441)	-	-	-	-	-	231,822	-
Balance at December 31, 2019		\$ 13,723,900	\$ 91,261	\$ 2,876,769	\$ 7,130,830	\$ 2,355,105	(\$ 58,216)	\$ 580,031	\$ -	\$ 26,699,680
<u>For the year ended December 31, 2020</u>										
Balance at January 1, 2020		\$ 13,723,900	\$ 91,261	\$ 2,876,769	\$ 7,130,830	\$ 2,355,105	(\$ 58,216)	\$ 580,031	\$ -	\$ 26,699,680
Net income for the year ended December 31, 2020		-	-	-	-	3,607,518	-	-	-	3,607,518
Other comprehensive income(loss) for the year ended December 31, 2020		-	-	-	-	(17,197)	27,298	462,406	-	472,507
Total comprehensive income		-	-	-	-	3,590,321	27,298	462,406	-	4,080,025
Appropriations of 2019 earnings:	6(27)									
Legal reserve		-	-	234,244	-	(234,244)	-	-	-	-
Special reserve		-	-	-	469,486	(469,486)	-	-	-	-
Cash dividends		-	-	-	-	(1,372,390)	-	-	-	(1,372,390)
Stock dividends		274,478	-	-	-	(274,478)	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	177,031	-	(177,031)	-	-
Balance at December 31, 2020		\$ 13,998,378	\$ 91,261	\$ 3,111,013	\$ 7,600,316	\$ 3,771,859	(\$ 30,918)	\$ 865,406	\$ -	\$ 29,407,315

The accompanying notes are an integral part of these parent company only financial statements.

PRESIDENT SECURITIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 3,926,596	\$ 2,514,381
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(43)	142,494	143,330
Amortization	6(43)	14,911	11,497
Impairment gain and reversal of impairment loss	6(38)	17,510	7,170
Net valuation gain on operating securities at fair value through profit or loss	6(2)(32)	(995,619)	(711,103)
Net valuation loss on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(34)		
		117,021	21,418
Interest expenses	6(41)	249,390	506,284
Interest income (including financial income)	6(31)(44)	(1,064,310)	(1,182,276)
Dividend income		(390,222)	(312,397)
Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(10)		
		(303,699)	(329,744)
(Gain) loss on disposal of property and equipment		(1)	928
Loss on disposal of investments		25,676	-
(Gain) loss on valuation of non-operating financial instrument	6(45)	7,352	(7,576)
Net loss from lease modification	6(45)	-	15
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		3,655,513	(16,009,810)
Financial assets at fair value through other comprehensive income - current		(13,884)	290,558
Bonds purchased under resale agreements		-	93,193
Margin loans receivable		(2,239,117)	(2,023,768)
Refinancing security deposits		51,013	(98,143)
Receivables from refinance guaranty		45,870	(80,372)
Receivable of securities business money lending		(770,318)	(517,809)
Receivables from security lending		(139,753)	(22,727)
Security lending deposits		(463,919)	242,260
Notes receivable		(40)	38
Accounts receivable		(6,291,689)	(3,126,130)
Accounts receivable - related parties		(1,798)	1,280
Prepayments		(1,999)	(4,808)
Other receivables		(578)	(2,794)
Other current assets		(1,611,663)	(97,426)
Changes in operating liabilities			
Bonds sold under repurchase agreements		(1,860,091)	5,889,657
Financial liabilities at fair value through profit or loss - current		1,656,855	(38,683)
Deposits on short sales		(177,247)	(208,552)
Short sale proceeds payable		(78,877)	(118,370)
Guarantee deposit received on borrowed securities		847,848	55,383
Equity for each customer in the account		27,472	633
Accounts payable		6,964,657	3,728,377
Advance receipts		22	255
Collections on behalf of third parties		723,092	14,549
Other payable		740,631	449,094
Other financial liabilities - current		3,264,444	56,857
Other current liabilities		63,875	4,003

(Continued)

PRESIDENT SECURITIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
Cash inflow (outflow) generated from operations		\$ 6,137,418	(\$ 10,861,328)
Interest received		1,138,004	1,237,357
Dividends received		609,128	551,092
Income tax paid		(161,284)	(84,456)
Net cash flows from (used in) operating activities		<u>7,723,266</u>	<u>(9,157,335)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	6(11)	(23,990)	(41,146)
Loss on disposal of property and equipment		13	10
Acquisition of intangible assets	6(15)	(10,032)	(7,557)
Investments accounted for under equity method		(3,844,497)	(126,000)
(Increase) decrease in other non-current liabilities		(84,496)	11,966
Proceeds from disposal, liquidation and capital reduction of investments accounted for using equity method		2,263,273	-
Increase in prepayment for equipment		(69,632)	(51,785)
Net cash flows used in investing activities		<u>(1,769,361)</u>	<u>(214,512)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term loans		(2,266,526)	1,905,623
(Decrease) increase in commercial papers payable		(2,300,000)	9,600,000
Payments of lease liabilities		(66,454)	(77,342)
(Decrease) increase in other non-current liabilities		(2,537)	3,410
Distribution of cash dividends	6(26)	(1,372,390)	(959,395)
Payments to acquire treasury shares		-	(231,822)
Interest paid		(261,268)	(502,822)
Net cash flows (used in) from financing activities		<u>(6,269,175)</u>	<u>9,737,652</u>
Effect of exchange rate changes on cash and cash equivalents		(7,265)	(29,292)
Net (decrease) increase in cash and cash equivalents		(322,535)	336,513
Cash and cash equivalents at beginning of year		<u>3,829,651</u>	<u>3,493,138</u>
Cash and cash equivalents at end of year		<u>\$ 3,507,116</u>	<u>\$ 3,829,651</u>

The accompanying notes are an integral part of these parent company only financial statements.

President Securities Corporation
2020 Earnings Distribution Proposal

Unit: : NT\$

Unappropriated earnings as of January 1, 2020 (Note 1)	\$4,507,232
Add(Less) : Due to remeasurement of defined benefits plan (Note 2)	(17,197,851)
Add(Less) : realized gain from investments in equity instruments at fair value through other comprehensive income of 2020	177,031,100
Add : Net profit after tax of 2020	3,607,518,451
Subtotal	3,771,858,932
Less : Legal Reserve (10%) (Note 3)	(376,735,170)
Special Reserve (20%) (Note 4)	(721,503,691)
Reversing Special Reserve(Note 5)	7,620,334
Unappropriated earnings Available for Distribution	2,681,240,405
Distribution items	
— Cash dividend (NT\$ 1.5 / per share)	2,099,756,744
— Stock dividend (NT\$ 0.4 / per share)	559,935,140
Unappropriated earnings as of December 31, 2020	\$21,548,521

Note 1 : The amount of unappropriated earnings in the earning distributions resolved by the shareholders' meeting of 2020

Note 2 : The Company has adopted T-IFRSs and unappropriated earnings was decreased by \$17,197,851 due to remeasurement of defined benefits plan (included in other comprehensive income).

Note 3 : According to Article 237 of the Company Act, Jingshan Letter No.10802432410 and Article 23-1 of the Company's Article of Incorporation, 10% were set aside as legal reserve.

Note 4 : According to Article 14 of Regulations Governing Securities Firms, and Article 23-1 of the Company's Article of Incorporation, 20% were set aside as special reserve.

Note 5 : According to Jin-Guan-Zheng-Quan Letter No. 1080321644 starting from 2019, the special reserve, within the balance of special reserve set aside during 2016 to 2018, could be reversed at the same amount for employee transfer and settlement expenditure, and employees' transformation training expenditure arising from the development of fintech, securities and futures business.

Note 6 : Prior years' unappropriated earnings shall not be appropriated unless the current year's unappropriated earnings is insufficient for distribution.

Note 7 : Total common shares outstanding as of December 31, 2020 was 1,399,837,829 shares.

Comparison table of Amendments to” Articles of Incorporation”

Article	Amendment	Original Articles	Amendment instructions
Article 2	The Company shall engage in the following business: 1. H301011, a securities dealer. 2. H408011, an aid on futures transaction 3. H401011, a futures dealer 4. H105011, a trustee 5. <u>H304011, a securities investment consulting enterprise</u>	The Company shall engage in the following business: 1. H301011, a securities dealer. 2. H408011, an aid on futures transaction 3. H401011, a futures dealer 4. H105011, a trustee	Increase business items
Article 26	These Articles were duly established on November 26, 1988 and the first amendment was approved on December 28, 1988; -----; <u>the twenty ninth amendment on June 17, 2021.</u>	These Articles were duly established on November 26, 1988 and the first amendment was approved on December 28, 1988; -----; <u>the twenty eighth amendment on June 19, 2020.</u>	Amendment date.

Comparison table of Amendments to” Rules and Procedures of Shareholders’ Meeting ”

Article	Amendment	Original Articles	Amendment instructions
Article 3	(The above is omitted) The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the	(New in this item) (New in this item) (New in this item)	1. Amended per June 3, 2020 Letter No. Taiwan-Stock-Governance-1090009468 of the Taiwan Stock Exchange Corporation. 2. Amended per January 28, 2021 Letter No. Taiwan-Stock-Governance-1100001446 of the Taiwan Stock Exchange Corporation and the "Rules of Procedures of the Stockholders' Meeting of ○○ Corporation".

	competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice. Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting. A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors.. In addition, when the circumstances of any subparagraph of Article		
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	172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. (Omitted below)		
Article 8	This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, <u>the proceedings of the shareholders meeting, and the voting and vote counting procedures.</u> (Omitted below)	The Corporation, shall record the entire meeting either through audio or video. (Omitted below)	Amended per June 3, 2020 Letter No. Taiwan-Stock-Governance-1090 009468 of the Taiwan Stock Exchange Corporation and the "Rules of Procedures of the Shareholders' Meeting of ○○ Corporation".
Article 9	(The above is omitted) The chairperson shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, <u>provided that no more than two such postponements,</u> for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall declare	The chairperson shall call the meeting to order as scheduled, provided that where the number of shares represented at the meeting accounts for less than the majority of the total issued shares, the chairperson may announce to postpone calling the meeting to order twice and only twice for a total duration of not more than one hour. If the quorum is still not met after the above postponement duration has expired and the total number of shares represented at the meeting still accounts for	1. Amended per January 28, 2021 Letter No. Taiwan-Stock-Governance-1 100001446 of the Taiwan Stock Exchange Corporation and the "Rules of Procedures of the Shareholders' Meeting of ○○ Co.”. 2. Split the original second item into the second and third items

	the meeting adjourned. (Omitted below)	less than one third of the total issued shares of the Company, the chairperson shall announce to abort the meeting.	
Article 10	(The above is omitted) The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, <u>and schedule sufficient time for voting.</u>	The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote.	Amended per June 3, 2020 Letter No. Taiwan-Stock-Governance-1090 009468 of the Taiwan Stock Exchange Corporation and the "Rules of Procedures of the Shareholders' Meeting of ○○ Corporation".
Article 13	(The above is omitted) A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before <u>two</u> 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. (Omitted below)	A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before five 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	Amended per June 3, 2020 Letter No. Taiwan-Stock-Governance-1090 009468 of the Taiwan Stock Exchange Corporation and the "Rules of Procedures of the Shareholders' Meeting of ○○ Corporation".

		declaration of intent.	
Article 14	The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors <u>and the numbers of votes with which they were elected.</u> (Omitted below)	The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors .	Amended per January 28, 2021 Letter No. Taiwan-Stock-Governance-1100 001446 of the Taiwan Stock Exchange Corporation and the "Rules of Procedures of the Stockholders' Meeting of ○○ Corporation".
Article 15	(The above is omitted) The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and <u>their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors.</u> The minutes shall be retained for the duration of the existence of this Corporation.	The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations. The minutes shall be retained for the duration of the existence of this Corporation.	Amended per June 3, 2020 Letter No. Taiwan-Stock-Governance-1090 009468 of the Taiwan Stock Exchange Corporation and the "Rules of Procedures of the Shareholders' Meeting of ○○ Corporation".
Article 19	These Rules and all subsequent amendments shall come into force after being adopted by the shareholders' meeting.	These Rules and all subsequent amendments shall come into force after being adopted by the shareholders' meeting.	Add the seventh amendment time.

	These Rules were duly established on April 16th,1998 and the first amendment was approved on June 25th,2010. The second amendment was approved on June 24th,2011. The third amendment was approved on June 22th,2012. The fourth amendment was approved on June 19th,2013. The fifth amendment was approved on June 18th,2014. The sixth amendment was approved on June 22th,2017. <u>The seventh amendment was approved on June 17th,2021.</u>	These Rules were duly established on April 16th,1998 and the first amendment was approved on June 25th,2010. The second amendment was approved on June 24th,2011. The third amendment was approved on June 22th,2012. The fourth amendment was approved on June 19th,2013. The fifth amendment was approved on June 18th,2014. The sixth amendment was approved on June 22th,2017. The sixth amendment was approved on June 22th,2017.	
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Comparison table of Amendments to “Operating Procedures for Endorsement and Guarantee”

Article	Amendment	Original Articles
Article 3	Article 3: The Company provides endorsement and guarantee for offshore subsidiaries specified in the previous Article under the following conditions: 1. The domestic parent company may provide guarantee or provide properties as collateral for guarantee for the underwriting business of offshore subsidiaries. 2. The domestic parent company may provide guarantee or provide properties as collateral for guarantee for the issuance of call (put) warrants by an offshore subsidiary. The subsidiary shall be registered at a member state of the Multilateral Memorandum of Understanding of the International Organization of Securities Commissions. 3. If the offshore subsidiary is an issuing institution or guarantor of offshore structured products and such products are sold in the Republic of China by the domestic parent company who acts as master agent in accordance with "Regulations Governing Offshore Structured Products", the domestic parent company may be jointly and severally responsible for the offshore structured products. 4. <u>For firm issues offshore structured products and sells offshore structured products via securities firms or banks to high-asset customers prescribed by laws and regulations, when its domestic parent company acts as the agent in the Republic of China, the parent company may be jointly and severally liable with</u>	Article 3: The Company provides endorsement and guarantee for offshore subsidiaries specified in the previous Article under the following conditions: 1. The domestic parent company may provide guarantee or provide properties as collateral for guarantee for the underwriting business of offshore subsidiaries. 2. The domestic parent company may provide guarantee or provide properties as collateral for guarantee for the issuance of call (put) warrants by an offshore subsidiary. The subsidiary shall be registered at a member state of the Multilateral Memorandum of Understanding of the International Organization of Securities Commissions. 3. If the offshore subsidiary is an issuing institution or guarantor of offshore structured products and such products are sold in the Republic of China by the domestic parent company who acts as master agent in accordance with "Regulations Governing Offshore Structured Products", the domestic parent company may be jointly and severally responsible for the offshore structured products. 4. The domestic parent company may provide guarantee or provide properties as collateral for guarantee for the issuance of corporate bonds by offshore subsidiaries. 5. If the offshore subsidiary requires financing from local financial institutions due to business requirements, the

	<u>the offshore structured product issuing institution or be the guarantor itself.</u> <u>5.</u>The domestic parent company may provide guarantee or provide properties as collateral for guarantee for the issuance of corporate bonds by offshore subsidiaries. <u>6.</u> If the offshore subsidiary requires financing from local financial institutions due to business requirements, the domestic parent company may provide endorsement and guarantee.	domestic parent company may provide endorsement and guarantee.
Article 4	Article 4: The total amount of guarantee provided by the Company shall not exceed 20% of the Company's net value; the total amount of endorsement and guarantee provided to a single offshore subsidiary in accordance with Article 3, Subparagraph <u>5</u> and <u>6</u> shall not exceed 5% of the net value of the securities firm; prior approval from the Financial Supervisory Commission shall be required. However, where special requirements apply, the ratio of endorsement and guarantee provided to a single offshore subsidiary specified above may be exempted from the restriction after a special approval. The Company shall carefully consider the aforementioned guarantee items and take into full consideration each Independent Director's opinions and record each Independent Director's agreement or objection and reasons for objection in the Board of Directors meeting minutes in detail. The Company shall require approval in a resolution of the Board of Directors meeting before carrying out the aforementioned guarantee or the Chairman may decide to execute the guarantee within the scope authorized by the Board of Directors and submit the	Article 4: The total amount of guarantee provided by the Company shall not exceed 20% of the Company's net value; the total amount of endorsement and guarantee provided to a single offshore subsidiary in accordance with Article 3, Subparagraph 4 and 5 shall not exceed 5% of the net value of the securities firm; prior approval from the Financial Supervisory Commission shall be required. However, where special requirements apply, the ratio of endorsement and guarantee provided to a single offshore subsidiary specified above may be exempted from the restriction after a special approval. The Company shall carefully consider the aforementioned guarantee items and take into full consideration each Independent Director's opinions and record each Independent Director's agreement or objection and reasons for objection in the Board of Directors meeting minutes in detail. The Company shall require approval in a resolution of the Board of Directors meeting before carrying out the aforementioned guarantee or the Chairman may decide to execute the guarantee within the scope authorized by the Board of Directors and submit the

	case to the Board of Directors meeting for recognition. Major endorsements or guarantees shall be approved with the consent of one-half or more of the entire membership of the Audit Committee and proposed to the Board of Directors meeting for a resolution. However, if the guaranteed entity is a subsidiary in which the Company holds 100% of the direct or indirect voting rights, the guarantee may be submitted to a later Board of Directors meeting and shall not be subject to the preceding restrictions.	case to the Board of Directors meeting for recognition. Major endorsements or guarantees shall be approved with the consent of one-half or more of the entire membership of the Audit Committee and proposed to the Board of Directors meeting for a resolution. However, if the guaranteed entity is a subsidiary in which the Company holds 100% of the direct or indirect voting rights, the guarantee may be submitted to a later Board of Directors meeting and shall not be subject to the preceding restrictions.
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**President Securities Corp.
Rules and Procedures of Shareholders' Meeting**

Article01. These Rules are prescribed in accordance with Article 5 of the Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies for the purpose of establishing good governance, strengthening the supervisory functions and administration by the shareholders' meeting.

Article02. Except as otherwise provided by the laws and regulations or the Articles of Incorporation of the Company, the shareholders' meetings of the Company shall be in accordance with these Rules.

Article03. Except as otherwise provided by the laws and regulations, the shareholders' meeting of the Company shall be convened by the Board of Directors. The company shall prepare electronic files of the meeting announcement, proxy form, explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of directors or Independent Directors, and other matters on the shareholders' meeting agenda, and upload them to the MOPS website thirty (30) days prior to a regular shareholders' meeting or fifteen (15) days prior to a temporary shareholders' meeting Twenty-one (21)days before a company is to convene an ordinary shareholders' meeting, or fifteen (15) days before an temporary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplemental materials, and upload it to the MOPS website. Fifteen (15) days before a company is to convene a shareholders' meeting, it shall prepare the shareholders' meeting agenda handbook and supplemental materials and make them available for the shareholders to obtain and review at any time. In addition, the handbook shall be displayed at the company and its stock registrar and transfer agent, and distributed on-site at the meeting.

The meeting notice and the public announcement of the shareholders meeting shall expressly indicate the reasons for convening the meeting.

The meeting notice can be served by means of electricity facilities if agreed by the noticed party .

Election or dismissal of directors, supervisors, proposed amendment to the Articles of Incorporation, proposed dissolution, merger, or split of the Company, event(s) of the conditions provided in the first paragraph of Article 185 of the Company Act, or Article 26-1, or Article 43-6 of the Securities And Exchange Act must be indicated item by item in the reasons for convening the meeting in the meeting notice and none of them can be proposed by way of extempore motion.

A shareholder who holds 1% or more of the total issued shares of the Company may propose in writing one and only one proposal in advance to be included in the agenda for discussion and resolution at the shareholders meeting. All additional proposals, if any, proposed by the shareholder shall be excluded from the agenda. The Board of Directors may decide to exclude from the agenda any proposal proposed by the shareholder which runs into any of the conditions provided in the fourth paragraph of Article 172 -1 of the Company Act.

The Company shall make public announcement about when and where to submit proposal prior to the commencement date of the suspension of transfer of shares in

the Company and the opening period for proposal acceptance shall not less than 10 days.

The proposal proposed by the shareholder shall be written in not more than 300 Chinese characters or shall otherwise be excluded from the agenda. The shareholder who has proposed a proposal shall personally attend the general shareholders meeting and participate in the discussion of his/her proposal or he/she may duly designate a proxy to act on his/her behalf at the meeting.

The Company shall give a notice to the shareholder prior to the meeting date regarding the Company's handling of the proposal he/she has proposed. The Company shall, item by item, indicate in the meeting notice all of the proposals submitted in conformity to this Article and the reasons why the other proposals are excluded from the agenda.

Article04. The shareholder may designate a proxy to attend the shareholders meeting on his/her behalf by signing and indicating the scope of authority in the proxy form prepared by the Company.

Each shareholder may sign one and only one proxy form to designate one and only one proxy. The signed proxy form must be served to the Company five days prior to the meeting day. In case of multiple signed proxies from the same shareholder, the first one served to the Company shall prevail except when the shareholder has expressed to cancel the proxy.

The shareholder who, after his/her signed proxy has been served to the Company, is to attend the meeting in person or to exercise his/her voting power by way of electronic transmission shall notify the Company in writing no later than two days prior to the meeting day of his/her intention to cancel his/her signed proxy or the ballots cast by his/her designated proxy present at the meeting shall govern for the purpose of vote counting.

Article05. The shareholders meeting shall be convened at the place where the Company is located or any other appropriate place convenient for shareholders to attend and shall commence no earlier than 9:00AM and no later than 3:00PM on the meeting date. The venue, date and hour of the meeting shall be determined in consideration of the opinion of the independent director.

Article06. The company shall, in the meeting notice, state the reporting time, reporting venue and other items of importance for accepting shareholders.

The abovementioned accepted shareholders shall report at least 30 minutes before the start of the meeting; the reporting venue shall be clearly identifiable and managed by an adequate number of staff who are adequately competent.

Shareholders or agents authorized by shareholders (hereinafter referred to as shareholders) shall present their attendance ID, attendance cards or other attendance certificates at the shareholders' meeting; solicitors soliciting proxy forms shall bring along their identification documents for verification purposes.

The shareholder or his/her proxy who attends the meeting may turn in his/her signed attendance card instead of signing in the attendance book.

The Company shall deliver to each shareholder the agenda, annual report, attendance ID, speaking request form, ballots, other meeting materials and, where applicable, the ballots for election of directors and/or Independent Directors.

The shareholder shall present his/her attendance ID, signed attendance card or other pre-approved attendance documentation to attend the meeting. Those to attend the meeting as requesters shall also present their identification paper for verification.

A government agency shareholder or an institutional shareholder may be represented at the shareholders' meeting by one or more proxies. An institution acting as the proxy for a shareholder may appoint one and only one representative to act on behalf of the principal of the proxy at the meeting.

Article07. Where the shareholders meeting is convened by the Board of Directors, the meeting shall be presided by the chairman of the Board of Directors. If the chairman is for whatever reason unable to carry out his/her functions at the meeting, the vice chairman shall act in his/her stand. If the Company has no vice chairman or the vice chairman is for whatever reason unable to carry out the function at the meeting either, the chairman shall appoint a standing director to act in his/her stand at the meeting. If the Company has no standing director, the chairman shall appoint a director to act in his/her stand. If above are not applicable, the directors or standing directors (if any) shall elect one from among themselves to preside the meeting.

If the abovementioned position of chairman be filled by a managing director or director, said managing director or director shall be one who has held office for more than six months and understands the company's financial and business conditions. The same applies if the position of chairman is held by a corporate director's representative.

Where the shareholders meeting is convened by any person legally authorized to do so other than the Board of Directors, the meeting shall be presided by the convener.

Where there are two or more conveners, they shall elect one from among themselves to preside the meeting.

The Company may appoint legal counsel(s), certified public accountant(s) and/or the relevant personnel to attend the shareholders' meeting without the right to vote.

Article08. The company shall record the entire meeting either through audio or video.

The abovementioned video and audio materials shall be kept for at least one year. However, in the event that a lawsuit has been filed by shareholder(s) in accordance with Article 189 of the Company Act, said video and audio recordings shall be kept until the end of said lawsuit.

Article09. Whether the shareholders' meeting meets the quorum shall be determined based

on the total amount of shares represented at the meeting which shall be counted according to the numbers of attendance cards received plus voting power exercised by way of electronic transmission.

The chairperson shall call the meeting to order as scheduled, provided that where the number of shares represented at the meeting accounts for less than the majority of the total issued shares, the chairperson may announce to postpone calling the meeting to order twice and only twice for a total duration of not more than one hour. If the quorum is still not met after the above postponement duration has expired and the total number of shares represented at the meeting still accounts for less than one third of the total issued shares of the Company, the chairperson shall announce to abort the meeting.

If the quorum is still not met after the meeting has been twice postponed as provided in the preceding paragraph but the number of shares represented at the meeting exceeds one third of the total issued shares of the Company, temporary resolutions may be adopted in accordance with the first paragraph of Article 175 of the Company Act, in which case, the temporary resolutions adopted shall be notified to all shareholders and the shareholders meeting shall reconvene within one month.

If, before the meeting ends, the total shares represented at the meeting account for half or more of the total issued shares of the Company, the chairperson may submit the temporary resolution adopted to the meeting for voting pursuant to Article 174 of the Company Act.

Article 10. Where the shareholders' meeting is convened by the Board of Directors, the agenda shall be determined by the Board of Directors and the meeting shall proceed according to the agenda except otherwise changed by the resolution adopted by the shareholders' meeting.

Where the shareholders' meeting is convened by any person legally authorized to do so other than the Board of Director, the preceding paragraph shall apply.

The chairperson shall not forthwith announce to adjourn the meeting before the agenda provided in the two preceding paragraphs (including extempore motions) is duly completed except on the resolution adopted by the shareholders' meeting for him/her to do so. In the event the chairperson announces to adjourn the meeting in contravention to these Rules, the other members of the Board of Directors present shall promptly assist the shareholders present at the meeting to duly elect, by a majority vote, one from among the directors present to preside to continue the meeting.

The chairperson shall allow sufficient time for explanation to be given and discussion on each proposal on the agenda and each amendment or extempore motion proposed by the shareholders. The chairperson may announce to conclude the discussion as he/she sees fit and submit the proposal to voting for resolution.

Article 11. The shareholder shall fill out the speaking request form floor before making statement at the meeting and he/she will indicate the gist of his/her statement to make, shareholder account number (or attendance card number) and shareholder name. The chairperson will decide the order for the shareholders to make their

statement.

The shareholder who has only filled out the speaking request form floor without actually doing so shall be deemed not having made any statement. In case of any discrepancy between the gist of statement indicated in the shareholder's speaking request and the actual statement made, the actual statement made shall govern.

The shareholder may speak on each proposal twice and only twice for not more than five minutes each except otherwise approved by the chairperson, provided that the chairperson may stop at any time the shareholder from taking the floor if such shareholder has acted in contravention of these Rules or is making statement out of the scope of the proposal being discussed.

No shareholder may interrupt the shareholder taking the floor without the consent of both of the chairperson and the shareholder taking the floor. The chairperson shall restrain any shareholder from acting in breach of the above.

An institutional shareholder who is represented by two or more appointed representatives at the meeting will have its statement on the same proposal made (if any) by one and only one of its appointed representatives.

The chairperson may personally respond to the statement made by the shareholder or appoint the relevant personnel to do so.

Article12. The votes at the shareholders' meeting will be counted based on the number of shares.

The non-voting shares represented at the meeting shall be disregarded for the purpose of counting votes for adopting the resolution.

Shareholders who have personal conflict of interests against the Company on certain proposal shall not vote on that proposal, either for himself/herself or for another shareholder by proxy.

The non-voting shares provided in the preceding paragraph shall be excluded from the calculation of voting shares represented at the meeting.

Except trust businesses or stock affair agency approved by the competent securities authority, a proxy acting on behalf of two or more shareholders at the meeting will have the voting right by proxy representing not exceeding 3% of the total issued shares of the Company. Any vote cast by the proxy in excess of the said representation limit will be ignored.

Article13. The shareholder will have one vote for each share held except where there is limitation on the voting right or the voting right is denied by operation of the second paragraph of Article 179 of the Company Act.

The voting power at a shareholders' meeting may be exercised by way of electronic transmission described in the shareholders' meeting notice. A shareholder who exercises his/her voting power at a shareholders meeting by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person, but shall be deemed to have waived his/her voting power in respective of

any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting.

In case a shareholder elects to exercise his/her/its voting power by way of electronic transmission, his/her declaration of intention shall be served to the company two days prior to the scheduled meeting date of the shareholders' meeting, whereas if two or more declarations of the same intention are served to the company, the first declaration of such intention received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

In case a shareholder who has exercised his/her voting power by way of electronic transmission intends to attend the shareholders' meeting in person, he/she shall serve a separate declaration of intention to rescind his/her previous declaration of intention made in exercising the voting power two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her/its voting power. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised by way of electronic transmission shall prevail.

In case a shareholder has exercised his/her voting power by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting in his/her behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.

Except as otherwise provided by the Company Act or the Articles of Incorporation of the Company, the resolution of a shareholders meeting shall be adopted by the majority vote represented at the meeting. For the purpose of voting, the chairperson shall announce the total number of votes represented and currently present at the meeting or appoint a personnel to do so each time before calling for voting on each proposal. The resolutions, whether agreement/disagreement/waiver, shall be uploaded to the MOPS website on the day which shareholder' meeting was held.

Upon voting for resolution on a proposal, if no opposition is expressed by shareholders present at the meeting, and shareholders either through electronic or written form, in response to the chairperson's invitation for opinion on that proposal, the resolution shall be deemed adopted unanimously and operate as one adopted by voting. In case an opposition is expressed, the proposal shall be voted in accordance with the preceding paragraph.

Where there is revision or substitute proposal on the same proposal, the chairperson shall combine them with that proposal for the purpose of determining their order of voting. If one of the proposals is adopted, the other proposals shall be deemed vetoed and no voting on them will be necessary.

The chairperson shall appoint vote supervisor and vote counter during the voting and the vote supervisor shall also be a shareholder. The vote counting for voting or election motions at the shareholders' meeting shall be conducted publicly at the meeting venue, after vote counting has been completed, the voting results shall be announced on the spot (including the tallied number of votes) and recorded accordingly.

Article14. The election of a director and or supervisor shall be in accordance with the relevant bylaw of the Company and the result of the election, including list of elected directors and Independent Directors and the number of votes they received, shall be announced on site.

The ballots of the election provided in the preceding paragraph shall be sealed and signed by the personnel supervising the voting and properly kept for at least one year or up through the conclusion of the shareholder action (if any) initiated under Article 189 of the Company Act.

Article15. Each resolution adopted by the shareholders' meeting must be taken down in the meeting minutes which must be signed or impressed with the seal of the chairperson with a copy thereof sent to the shareholders each within twenty (20) after the end of the meeting.

The Company may publish the meeting minutes provided in the preceding paragraph on the MOPS website.

The meeting minutes shall accurately indicate the year, month, date, venue, name of the chairperson, method of adopting resolutions, gist of the proceeding and the conclusion of the meeting and shall be properly kept throughout the standing of the Company.

(Delete this item)

Article16. The Company shall count the number of shares represented by the requesters and proxies present at the meeting, produce and clearly display at the meeting a statistic statement thereof according to the required form.

For each resolution adopted the publication of which is required by law or which belongs to the TWSE-required material information, the Company shall, within the applicable time limit, transmit it to the MOPS.

Article17. The working staff of the meeting shall each wear an ID tag or badge.

The chairperson may direct the order-maintaining personnel or security guard to maintain the order of the meeting. The order-maintaining personnel or security guard shall each wear a badge or ID tag bearing their designation when performing their functions at the meeting.

The chairperson may stop the shareholder from making statements by using any equipment other than those readily facilitated by the meeting (if any).

If the shareholder ignores the chairperson's request for him/her to retrain himself/herself from acting in contravention of these Rules at the cost of the proceeding of the meeting, the chairperson may direct the order-maintaining personnel or security guard at the meeting to escort such shareholder out of the venue of the meeting.

Article18. The chairperson may call the meeting to a break as he/she sees fit. In the event of force majeure, the chairperson may suspend the meeting and

announce the appropriate date and hour to resume the meeting. In the event that the venue of the shareholders' meeting is kept from being available for use before the agenda (including extempore motions) is discussed in full, the shareholders' meeting may adopt the resolution for continuing the meeting elsewhere. The shareholders' meeting may adopt the resolution pursuant to Article 182 of the Company Act to re-schedule or resume the meeting within five days.

Article 19. These Rules and all subsequent amendments shall come into force after being adopted by the shareholders' meeting.

These Rules were duly established on April 16th, 1998 and the first amendment was approved on June 25th, 2010. The second amendment was approved on June 24th, 2011. The third amendment was approved on June 22th, 2012. The fourth amendment was approved on June 19th, 2013.

The fifth amendment was approved on June 18th, 2014. The sixth amendment was approved on June 22th, 2017.

Rules for Governing the Election of Directors of President Securities Corp.

1. Election of directors of the President Securities Corporation (hereinafter referred to as the Corporation), unless otherwise provided in the Company Act, Securities and Exchange Act or the Corporation's bylaws, shall be conducted in accordance with these rules.
2. Election of directors of the Corporation shall be conducted at the shareholders' meeting.
3. Election of directors of the Corporation shall be conducted through cumulative voting; each share shall confer voting rights equal in number to the number of directors to be elected; votes may be cast for a single candidate or allocated to multiple candidates.
- 3-1 Election of directors of the Corporation shall be conducted using the candidate nomination system. The Corporation's independent directors and non-independent directors shall be concurrently elected, but with their ballots separately calculated.
- 3-2 For election of directors, shareholders can exercise voting rights either through present or electronic.
4. At an election of directors of the Corporation as conducted in accordance with the quota as provided by the laws, candidates that receive the highest number of voting rights shall be elected as directors. When two or more candidates receive identical number of votes and the number of elected candidates exceeds the stipulated number of posts, said candidates shall draw lots to decide the appointments, and the chairperson shall draw lots on behalf of non-attendee(s).
5. Matters pertaining to the monitoring and counting of ballots shall be handled by ballot counters and a scrutineer as designated by the chairperson at the start of the election.
6. During the preparation of ballots, the Corporation shall indicate the number of voting rights on each ballot in accordance with the respective shareholder attendance identification number. This is not applicable to voters exercising their voting rights through electronic means and ballots shall not be separately prepared for such voters. Said voters shall carry out voting through the website platform as indicated in the notice of meeting.
7. Should a candidate be a shareholder, voters are required to fill in said candidate's name and shareholder number in the "Candidate" column of the ballot; should a candidate be a non-shareholder, voters shall fill in said candidate's full-name and ID number. In the event that the candidate is a shareholder that is a government agency or juristic person, voters shall fill in said government agency or juristic person's name in the "Candidate" column of the ballot, and may also fill in the name of said government agency or juristic person's representative. Should there be more than one representative, only one representative's name may be included in the ballot.
8. A ballot shall be deemed invalid under any of the following circumstances:
 - 1) Ballot cast was not prepared by the Corporation.

- 2) Blank ballot cast into the ballot box.
 - 3) Handwriting is illegible.
 - 4) Name (full name) of election candidate in ballot is identical to that of another shareholder, and it is not distinguished by the inclusion of a shareholder number or ID number.
 - 5) Name and/or shareholder number of candidate, who is a shareholder, is inconsistent with records in shareholder register; name and/or ID number of candidate, who is a non-shareholder, is found to be inconsistent after verification.
 - 6) A single ballot containing names of two or more candidates.
 - 7) Other texts, excluding the name (full name) and shareholder number (ID number) of candidates, are found within the ballot. Not applicable if ballot was handled in accordance with Article VII.
- 9. Counting of votes will commence immediately after voting is completed, and election results will be announced at the meeting by the chairperson or master of ceremonies.
 - 10. The Board of Directors shall respectively issue notices of appointment to elected directors.
 - 11. These rules are required to be passed at a shareholders' meeting before their implementation; any amendment to these rules are also required to be approved at a shareholders' meeting.
- The company will set up an audit committees to replace supervisors since the tenth Board of Meeting. The adjustment of supervisors' regulations will cease to apply till the tenth Board election.

ARTICLES OF INCORPORATION OF PRESIDENT SECURITIES CORP.

Chapter I General Provisions

Article 1:

This Company is duly incorporated under the provisions set forth Company Law regarding companies limited by shares in the full name of PRESIDENT SECURITIES CORPORATION (Hereinafter referred to as the Company).

Article 2:

The Company shall engage in the following business:

1. H301011, a securities dealer.
2. H408011, an aid on futures transaction
3. H401011, a futures dealer
4. H105011, a trustee

Article 2-1:

The scope of business of the Corporation shall be as follows:

12. To underwriter valuable securities
13. To buy and sell valuable securities in centralized trading markets as a principal;
14. To be consigned to buy and sell valuable securities in centralized trading markets;
15. To buy and sell valuable securities in its own business location;
16. To be consigned to buy and sell valuable securities in its own business location;
17. To act as an agent for stock affairs in valuable securities;
18. To engage in short-buy and margin sales for trading in valuable securities;
19. To render aid in futures trading;
20. To be consigned to buy and sell foreign valuable securities;
21. To engage concurrently in proprietary futures trading.
22. To engage concurrently in trustee
23. To be consigned to buy and sell foreign valuable securities;
24. To operate securities-related business of foreign exchange and permit by the Central Bank of Republic of China. (Taiwan)
25. To engage in other securities related businesses as approved by the competent authorities.

Article 2-2:

The Company may, within the scope as permitted by law, render guarantee services to subsidiaries.

Article 3:

The Company is headquartered in Taipei and may have branches duly set in appropriate locations elsewhere as approved by the government.

Article 4:

This article was deleted.

Chapter II Shares

Article 5:

The Company has New Taiwan Dollars Fifteen Billion Only, divided into 1.5 billion shares at Ten New Taiwan Dollars par value for which the board of directors is authorized with full powers to issue

in installments.

Article 5-1:

When the Company acts as a shareholder of limited liabilities, the total amount of external investment by the Company is free of the maximum limitation at 40% of the paid-in capital as set forth in Article 13 of the Company Law.

Article 6:

The company issuing and printing shares shall assign its share certificates with serial numbers, and the share certificates shall be affixed with the signatures or personal seals of the director representing the company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof.

The company may be exempted from printing any share certificate or it may either print a single share certificate or a consolidated share certificate for the shares issued. The Company shall appoint a centralized securities custody institution to make recordation of the issue of such shares.

Article 7:

For transfer of the Company's shares, both the shareholder and the transferee shall jointly apply hereto for transfer procedures and entry into roster of shareholders, provided, that no transfer of shares shall be made within one month prior to a shareholders' regular meeting or fifteen days prior to an extraordinary meeting or within five days prior to allocation of dividend, bonus or other interests.

Article 8:

The share certificates hereof are the registered ones. The shareholders hereof shall have their names and addresses duly registered into roster of shareholders and have their impression cards of registered seals filed herein. The same is required in case of a change. The stock affairs of the Company shall be duly handled according to "Regulations Governing Stock Affairs of Public Offering Companies" promulgated by the competent authorities of the government except as otherwise provided by the laws and securities regulations.

Chapter III Shareholders' meeting

Article 9:

The shareholders' meeting hereof is in regular and extraordinary ones.

The former is called once per annum within six months from closing of each fiscal year.

The latter may be duly called when considering it is necessary.

Article 10:

The notices to a shareholders' meeting shall be duly served to shareholders in accordance with Company Law or other laws concerned.

Article 11:

Each share hereof is entitled to one voting power. A shareholder who is unavailable to attend a shareholders' meeting may duly issue a power of attorney with the Company provided form with scope of authorized power to appoint a proxy for the meeting. In the event a proxy is authorized by two or more shareholders, the voting power exceeding 3% of the total issued shares shall be discarded.

The aforementioned power of attorney shall be served to the Company five days in advance of the Company. In case of multiple authorization, it shall be taken on the first come first served basis unless the preceding authorization is declared withdrawn.

Article 12:

The following issues are subject to resolutions to be adopted in the shareholders' meeting:

1. Establishment and amendment of the Articles of Incorporation.
2. Election of directors.
3. Approval of reports worked out by the board of directors and profit allocation of profit and coverage of loss.
4. Increase, decrease of capital.
5. Major affairs otherwise and issues as required by the Company.

Unless otherwise provided for in the Company Law, resolutions in the shareholders' meeting shall be adopted by a majority vote in the meeting attended by shareholders representing a majority of the total issued shares.

Chapter IV Directors

Article 13:

The Company has nineteen directors (four independent and fifteen non-independent directors), to be elected by shareholders' meeting from among the persons with disposing capacity, both having three-year tenure of office and eligible for reelection. The candidates' qualifications shall live up to requirements of Company Law, Securities and Exchange Law and related regulations.

Directors shall be elected from among the nominees listed in the roster of candidates by adopting candidate nomination system.

The election of independent and non-independent shall be held together but the votes shall be calculated separately.

Article 13-1:

The Company according to Article 14-4, Securities and Exchange Law, establish the Audit Committee, composed of the entire number of independent directors.

Audit Committee and among independent directors shall compliance and follow by internal rules in this company and the Government related regulations.

Article 14:

The total registered shares held by all directors shall not be less than specified percentage and the shareholding and auditing shall be subject to requirements promulgated by the competent authorities of the government.

Article 15:

By attendance of two-thirds majority of directors and a majority vote of the attending directors, three~five managing directors shall be elected and, in the same manner, one chairman shall be duly elected. In case of no managing directors, one chairman and one vice chairman shall be elected from among directors in the same manner. The chairman shall chair the shareholders' meeting, board of directors meeting and board of managing directors meeting internally, and represent the Company externally.

Article 16:

Meetings of the board of directors shall be convened by the chairman of the board of directors.

Unless otherwise provided for in the Company Law, the resolutions in the board of directors meeting shall be adopted by a majority vote in the meeting attended by a majority of directors.

The Convene Notice of the meeting of board may serve to the directors by writing, E-mail or facsimile.

In the chairman's absence, the vice chairman shall act in the place. In absence of both, the chairman shall appoint a managing director to act in place otherwise one managing director shall be

elected from among themselves to act in the place. A director unavailable to the meeting may duly authorize another director to attend a board meeting on his behalf.

Article 17:

The board of directors shall have the following functions:

1. To work out the Company's business plans;
2. To work out organizational regulations, major articles and contracts;
3. To work out budgeting and account closing;
4. To propose for capital increase, decrease;
5. To propose profit allocation or loss coverage;
6. To appoint, discharge managerial officers and key staff;
7. To resolve establishment and dissolution of a branch;
8. To resolve major business affairs otherwise;
9. To exercise other functions endowed by laws and shareholders' meeting.

Article 17-1:

The Board of Directors may, complying with the law or taking into account the necessity, set up any functional committees whose functions, responsibilities, qualifications of committee members, process of exercising the power and so forth to be formulated by the board of directors.

Article 18:

This article was deleted.

Article 19:

The board of directors is authorized to determine the remuneration for directors taking into account the extent and value of the participation for the management of the Corporation and the standards of the industry. Independent directors receive fixed monthly compensation and shall not participate in the allocation of remuneration to directors and supervisors set forth in Article 23.

Article 19-1

The Company may act as a policyholder of liability insurance for the benefit of directors, supervisors, and managers. The board of directors is authorized to determine the limit of liability and the related matters.

Chapter V Managerial officers

Article 20:

The Company has one president to enforce issues as resolved in the board of directors and take charge of overall business operation of the Company, to be nominated by the chairman and duly appointed and discharged in the board of directors. The Company has a certain number of vice president, be nominated by the president and duly appointed and discharged in the board of directors.

Chapter VI Accounting

Article 21:

The fiscal year hereof is beginning January 1 until December 31 each calendar year.

Article 22:

Upon closing of each fiscal year, the board of directors shall work out the following documents according to Article 228 of the Company Law to be audited by Audit Committee thirty days in advance of shareholders' regular meeting and the Audit Committee shall issue a report accordingly to be approved by the shareholders' meeting:

1. Business report

2. Financial statements
3. Proposals of profit allocation or loss coverage

Article 23:

In an effort to encourage employees and management, the Company will distribute compensation to employees and the Directors from pre-tax profits. Where the company has pre-tax profits, the total value of funds to be distributed among employees shall not be less than 1.6% of pre-tax profits; while the total value of funds to be distributed among the Directors shall not be more than 2% of pre-tax profits. If the company has losses carried forward, compensation should only be paid to employees and Directors after funds have been set aside as reserve for such losses.

Employees' compensation should be paid in the form of cash or company shares. A resolution regarding compensation to be distributed should be passed at a Board of Director's meeting by a majority vote at a meeting attending by two-thirds or more of the Directors, after which the results should be reported to the shareholders.

Only those individuals meeting the specific criteria of employees shall be considered employees for the purposes of the employees' compensation distributions.

Article 23-1:

If there are surplus profits after the closing of the books in a given fiscal year, then, after paying applicable taxes and making up losses from previous years, the company should set aside 10% of remaining profits as legal reserve, 20% as special reserve, and any other reserves as required by applicable laws or regulations, and, if any profits still remain, the board of directors shall put forth a motion to the shareholders for distribution of the remaining profits to shareholders.

In the event that the remaining profits represent less than 5% of the value of the company's paid-in capital, then no such distribution is necessary.

The Company's dividend policy should be based on the long-term financial structure and stability of the Company so as to allow for continued growth, which creates the best value for shareholders.

The dividend distribution in a given year shall not be less than 70% of the surplus profits available for distribution. Stock dividends should not account for less than 10% of the total dividend distributed, and cash shall not account for more than 50% of the total dividend distributed. However, the Company may take into consideration the actual status of the Company's operations and future capital needs when determining an appropriate ratio of cash and shares for the dividend distribution.

Chapter VII Bylaws

Article 24:

The organizational rules and operational rules shall be separately worked out by the board of directors.

Article 25:

Any matters inadequately provided for herein shall be subject to Company Law and managerial regulations concerned.

Article 26:

These Articles were duly established on November 26, 1988 and the first amendment was approved on December 28, 1988; -----; the twenty eighth amendment on June 19, 2020.

The Impact of the Stock Dividend Issuance on Business Performance, EPS and Shareholders Return Rate

In accordance with the regulation of Letter No. (91)Tai-Tsai-Zheng-1-002534 issued by the Securities and Futures Commission on April 16, 2002, the Company is not obligated to disclose these information since it did not publish any financial forecasts.

Shareholdings of Directors

1. In accordance with Article 26 of the Securities and Exchange Act:
The aggregate minimum shareholding for all directors is 33,596,107 shares.
2. As of the date of record for the General Shareholder Meeting, i.e., April 19, 2021, the total shareholdings of directors were as follows:

Title	Name	Shares Held	Shares Ratio%
Chairman	KAI NAN INVESTMENT CO.,LTD	40,628,089	2.902
Director	LEG HORN INVESTMENT CO.,LTD	12,656,178	0.904
Director	DUH, BOR-TSANG	4,273,744	0.305
Director	HUI TUNG INVESTMENT CO.,LTD	10,403,534	0.743
Director	TA LE INVESTMENT HOLDING CO.,LTD	7,316,067	0.523
Director	JUANG, JING-YAU	3,060	0
Director	CANKING INVESTMENT CORP.,LTD	17,257,228	1.233
Director	CHUNA F.R.P. CORPORATION.	10,200,000	0.729
Independent Director	LIANG, YANN-PING	0	0
Independent Director	HORNG , YUAN-CHUAN	0	0
Independent Director	PAI , CHUN-NAN	0	0
Independent Director	SONG, YUNG-FONG	0	0
TOTAL		102,737,900	7.339