

# SinoPac Financial Holdings Company Limited

## Minutes of 2020 Annual General Shareholders' Meeting

(Summary Translation)

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(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.)

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**Time/Date:** Wednesday, May 13, 2020, at 9:00 a.m. (Taipei time)

**Venue:** Auditorium at 22F, No.2, Sec. 1, Chongqing S. Rd, Taipei, Taiwan

**Attendance:** The total amount of common shares outstanding is 11,271,054,106. Common shares represented by shareholders present in person and by proxy (including 4,096,633,209 shares represented by shareholders exercising voting rights electronically) are 10,109,583,976 shares, accounting for 89.69% of the total common shares outstanding. The total amount of preferred shares outstanding is 10,000,000. Preferred shares represented by shareholders present in person and by proxy are 10,000,000 shares, accounting for 100% of the total preferred shares outstanding.

**Attendance list of the Board of Directors:**

Director : Stanley CHU, CHIU Cheng-Hsiung, CHEN Chia-Hsien, Chi-Hsing YEH  
Independent Director : James J. SHEU, Chi SCHIVE

**Observers:** Yesin CHEN(Attorney-at-Law), HUANG, Cheng Chieh(Attorney-at-Law) ,  
Edgar TIEN(Attorney-at-Law), WU, Yi-Chun (CPA), KUO, Cheng-Hung (CPA)

**Chairman:** ONG Wen-Chyi, Chairperson of the Board of Directors

**Recorder:** Jenny HUANG

- 1. Chairman called the meeting to order:** The Chairman announced that a quorum under the Company Act is present (including the shares represented by the shareholders present in person and by proxy together with the shares represented by the shareholders exercising voting rights electronically) and called the meeting to order.

## **2. Chairman's Statements (omitted).**

## **3. Reporting Items**

### **Proposal 1**

**Proposed by the board of directors**

Proposal : Business Reports for year 2019

Explanation: The 2019 Business Report is attached hereto as Attachment 1.

- (1) The President provides further information on the business operation of the Company and its primary subsidiaries.

(Noted)

### **Proposal 2**

**Proposed by the board of directors**

Proposal : Audit Committee's Review Report on Financial Statements for year 2019

Explanation: The 2019 Audit Committee's Review Report on Financial Statements is attached hereto as Attachment 2.

- (1) On behalf of the Audit Committee, Independent Director James J. SHEU read out the Committee's Review Report (to everyone in the shareholders' meeting).
- (2) Mr. James J. SHEU, the convenor of the Audit Committee, reported the operation of the Committee and communications between independent directors and internal audit officers, which are as follows:

The Audit Committee held eleven meetings in 2019. The meeting agendas included the annual and semi-annual financial statements, hiring and compensations of external auditors, the internal audit system effectiveness review, the implementation status of compliance system, and risk management matters. The Committee approved to appoint Yi-Chun WU and Cheng-Hung KUO as external auditors.

The communications between independent directors and the chief auditor were exchanged at the meetings whenever necessary, such as in 2019, through twelve Board meetings, nine Audit committee meetings, and one annual directors' forum. The internal audit division reported the annual internal audit plan, audit findings, the follow-up of deficiency and weakness items, and other responsible issues. The duties of independent directors performed in the meetings are effective and recorded. Moreover, the resolutions were followed up by the chief auditor and related divisions.

Please visit the company website for the operation of the Audit Committee and its communication information with the external auditors and internal audit officers.

- (3) Shareholder no. 546203 stated in essence:

Inquiries regarding key auditing items and major accounting estimates in the financial report.

The foregoing statements raised by the shareholder were addressed in detail by Chairman or persons appointed by Chairman.

(Noted)

### **Proposal 3**

### **Proposed by the board of directors**

Proposal : Distribution of compensation for employees and directors for year 2019

Explanation:

- A. Based on Paragraph 2 of Article 36 of the Articles of Incorporation, distribution of compensation for employees and directors shall be determined by a resolution adopted by a majority vote at a board of directors meeting attended by two-thirds or more of the directors and be reported at a shareholders' meeting.
- B. Based on Paragraph 1 of Article 36 of the Articles of Incorporation, for a profitable year, the Company shall set aside equivalent to or more than 0.01 % for employees' compensation and equivalent to or less than 1% for directors' compensation. For the soundness of the Company's continuing operation, the Company's accumulated losses shall first be covered before distributing the compensation. And according to Paragraph 3 of Article 36, the Company shall deduct and set aside an amount equal to the cumulative losses (if any) from its profit before taxes before calculating employees' and directors' compensation.  
Distribution of compensation for employees and directors for year 2019:
  - a. The Company set aside NTD1,500,000 for compensation for employees, 0.012% of the profits following aforementioned calculation, and were distributed in cash.
  - b. The Company set aside NTD33,000,000 for compensation for directors, 0.268% of the profits following aforementioned calculation.
- C. This proposal was approved at the 1st and 2nd meeting of the 3rd Term Remuneration Committee and the 1st , 2<sup>nd</sup>, and 3rd meeting of the 6th Term Board of Directors in 2020.

(Noted)

### **Proposal 4**

### **Proposed by the board of directors**

Proposal: Report on the Issuance of 2020 Unsecured Ordinary Corporate Bonds

Explanation:

- A. The report is submitted in accordance with Article 246 of the Company Act.
- B. To repay NT\$5 billion of commercial paper due on January 15, 2020, SinoPac Holdings was approved by the Taipei Exchange in the Letter Zheng-Gui-Zai-Zi No. 10800139601 dated January 6, 2020 to issue NT\$5 billion of unsecured ordinary

corporate bonds.

C. More information on the issuance regulation is attached hereto as Attachment 3.

(1) Shareholder no. 842691 stated in essence:

Inquiries regarding unconsolidated entities in the financial report, invested assets under balance sheet, the balance sheet of SinoPac Securities (Cayman) Holdings Ltd, bank loan loss provision, and actions responding to COVID-19.

The foregoing statements raised by the shareholder were addressed in detail by Chairman or persons appointed by Chairman.

(2) Shareholder no. 546203 stated in essence:

Inquiries regarding overseas investment such as in China and in the United States.

The foregoing statements raised by the shareholder were addressed in detail by Chairman or persons appointed by Chairman.

#### **4. Ratification Items**

##### **Proposal 1**

##### **Proposed by the board of directors**

Proposal : Business Reports and Financial Statements for year 2019

Explanation:

- A. The 2019 Financial Statements of the Company, were audited by Wu, Yi-Chun CPA and Kuo, Cheng-Hung CPA, both of Deloitte & Touche, Taiwan who issued an unmodified opinion report.
- B. The aforementioned Business Reports and Financial Statements were approved at the 3rd meeting of the 6th Term Board of Directors in 2020 and examined by the Audit Committee.
- C. The 2019 Business Reports and Financial Statements are attached hereto as Attachment 1 and Attachment 4.

(1) Shareholder no. 842691 stated in essence:

Inquiries regarding loan loss provision, the mandated fund of a third party by SinoPac Securities Investment Trust Co. Ltd, and the operation management in China.

The foregoing statements raised by the shareholder were addressed in detail by Chairman or persons appointed by Chairman.

(2) The Chairman appointed shareholder Chang- Shing WU ( shareholder no. 526980) and shareholder Sheng-Yung LIN (shareholder no. 527580) as the monitoring personnel for Ratification, Discussion and Election Items, and appointed personnel from the Register and Transfer Agency Division at SinoPac Securities as the counting personnel.

(3) Shareholder no. 546203 stated in essence:

Inquiries regarding FinTech trends such as AI.

The foregoing statements raised by the shareholder were addressed in detail by Chairman or persons appointed by Chairman.

### **Resolutions :**

The number of shares represented by the shareholders present at the time of voting was 10,109,109,299. The voting result revealed that 8,729,888,788 votes were cast in favor of the proposal (including 2,732,198,571 votes cast electronically), accounting for 86.35% of the total attending voting shares, whereas 108,423 votes were cast opposing the proposal (including 108,423 votes cast electronically), accounting for 0.00% of the total attending voting shares . There was no spoilt vote, accounting for 0.00% of the total attending voting shares . 1,379,112,088 votes were abstained or refrained (including 1,364,326,215 votes cast electronically), accounting for 13.65% of the total attending voting shares . Given the votes in favor of the proposal were beyond the quorum required, the proposal was approved as proposed.

### **Proposal 2**

### **Proposed by the board of directors**

Proposal : Proposal for distribution of 2019 earnings

Explanation:

- A. The beginning retained earnings of the year 2019 was NTD1,274,626,840, after deducting NTD140,161,270 on the disposal losses of investments in equity instruments measured at fair value through other comprehensive income, deducting NTD142,988,990 on the 2019 remeasurement of defined benefit plans, adding the 2019 net income of NTD12,477,020,884 and setting aside legal reserve of NTD1,219,387,062, reversal of special reserve of NTD365,543,603, the distributable retained earnings was NTD12,614,654,005.
- B. Based on the Articles of Incorporation, proposal for distribution of 2019 earnings is as follows,
  - a. Cash dividends of Common Stock: NTD7,889,737,875 (NTD0.7 per share)  
The amount of cash dividends per share shall be calculated and truncated to NTD1. The fractional amounts of dividends less than NTD1 are summed to be recognized as other income of the Company.
  - b. Unappropriated retained earnings: NTD4,724,916,130
- C. In accordance with Article 66-9 of the Income Tax Act, the net income and other comprehensive income of 2019 shall be applied first for the purpose of the distribution of earnings.
- D. In the event the number of outstanding shares to be affected by, buyback of shares, conversion of preferred stocks to common stocks, disposal of shares by shareholders, etc., it is proposed that the Board of Directors be authorized to

adjust the cash dividends to be distributed to each share.

- E. The Company issued Class A preferred shares on May 15, 2009, based on the Articles of Incorporation, dividends of class A preferred shares A NTD1,044,000 was recognized as interest expense of 2019.
- F. This proposal was approved at the 3rd meeting of the 6th Term Board of Directors in 2020 and reviewed by the Audit Committee.
- G. The Distribution of 2019 earnings is attached hereto as Attachment 5.

### **Resolutions :**

The number of shares represented by the shareholders present at the time of voting was 10,109,109,299. The voting result revealed that 8,765,943,187 votes were cast in favor of the proposal (including 2,768,173,395 votes cast electronically), accounting for 86.71% of the total attending voting shares , whereas 190,511 votes were cast opposing the proposal (including 190,511 votes cast electronically), accounting for 0.00% of the total attending voting shares . 1,000 votes were spoilt vote, accounting for 0.00% of the total attending voting shares . 1,342,974,601 votes were abstained or refrained (including 1,328,269,303 votes cast electronically), accounting for 13.29% of the total attending voting shares . Given the votes in favor of the proposal were beyond the quorum required, the proposal was approved as proposed.

## **5. Discussion and Election Items**

### **Proposal 1**

### **Proposed by the board of directors**

Proposal : Proposal moves for holding election of the Seventh Term of the Board of Directors (four general directors and three independent directors) of the Company.

Explanation:

- A. According to Article 17 of the Articles of Incorporation, “The Company shall have a Board comprising seven (7) to eleven (11) members. The number of the directors to be elected within the above range is set by the Board. The Company adopts the candidate nomination system for election of the directors. Directors shall be elected from among the list of candidates for directors by shareholders in their meetings in accordance with the laws. Among the number of the directors prescribed in the preceding paragraph, the number of independent directors shall be no less than three (3) and also no less than one-fifth of the total number of the directors.”
- B. At this meeting, the Company proposes to elect seven directors, namely four general directors and three independent directors, for the Seventh Term of the Board, which will have a duration of three years from May 13, 2020, to May 12,

2023.

- C. This proposal was approved at the 2nd and 3rd meeting of the Sixth Term of the Board of Directors in 2020.
- D. The list of director candidates of this election is attached hereto as Attachment 6.
- E. The election of directors shall be held in accordance with the Company's "Procedures for Election of Directors".

**Voting Results:**

Director

Shi-Kuan CHEN (Representative of Hsinex International Corp.) : 8,750,584,415 votes

Stanley CHU (Representative of Hsinex International Corp.) : 8,729,971,241 votes

Wei-Thyr TSAO (Representative of Xing Yuan Co., Ltd.) : 8,687,147,029 votes

Chi-Hsing YEH (Representative of Xing Yuan Co., Ltd.) : 8,686,661,017 votes

Independent Director

Chi SCHIVE : 8,705,808,531 votes

James J. SHEU : 8,705,775,691 votes

Wei-Ta PAN : 8,698,968,406 votes

**Proposal 2:** Proposal moves for releasing directors of the Seventh Term of the Board of Directors from non-competition restrictions

**Explanation:**

- A. Pursuant to Article 209 of the Company Act, director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- B. A director of the Company, if engaging in acts of participation in other business operations similar or identical to the Company's scope of operation, shall, pursuant to Article 209 of the Company Act, request the Shareholders' Meeting to exempt the director from non-competition restrictions and to release the director from the requirement to disgorge his income from competitive activities.
- C. Please refer to Attachment 7 for the material information regarding the directors' competitive acts to be released by the Company.

**Resolutions :**

The number of shares represented by the shareholders without counting votes of conflict of interests at the time of voting was 9,934,092,692. The voting result revealed that 8,506,886,580 votes were cast in favor of the proposal (including 2,684,893,616 votes cast electronically), accounting for 85.63% of the total attending voting shares

without counting votes of conflict of interests, whereas 8,641,306 votes were cast opposing the proposal (including 8,641,306 votes cast electronically), accounting for 0.08% of the total attending voting shares without counting votes of conflict of interest. Zero vote were spoilt vote, accounting for 0.00% of the total attending voting shares without counting votes of conflict of interests . 1,418,564,806 votes were abstained or refrained (including 1,403,098,287 votes cast electronically), accounting for 14.29% of the total attending voting shares without counting votes of conflict of interests . Given the votes in favor of the proposal were beyond the quorum required, the proposal was approved as proposed.

## **6. Questions and Motions**

- (1) Shareholder no. 537175 stated in essence: Thank Chairman Ong and the management team for the dedicated effort to SinoPac Holdings.
- (2) Shareholder no. 809290 stated in essence: Inquiries regarding investment targets.
- (3) Shareholder no. 956368 stated in essence: Inquiries regarding the on-site voting time.

## **7. Adjournment : at 10:29 AM the same day.**

(The Minutes only reflected the main contents of the meeting. Please refer to the recording for the exact contents and proceeding of the meeting.)

Chairman: ONG Wen-Chyi, Chairman of the Board of Directors

Minutes taken down by Jenny HUANG