

Stock Code: 6023



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

2016 Annual General Meeting

## **Agenda**

May 18, 2016

# Table of Contents

|      |  |    |
|------|--|----|
| I.   | Meeting Procedures .....   | 1  |
| II.  | Meeting Agendas .....  | 2  |
|      | 1. Discussions .....   | 3  |
|      | 2. Reports .....   | 3  |
|      | 3. Acknowledgments.....  | 4  |
|      | 4. Extempore Motions.....  | 5  |
| III. | Attachment   |    |
|      | 1. Amendments to the Articles of Incorporation .....   | 6  |
|      | 2. Comparison Table of the “Regulations Governing the Acquisition or Disposal of Assets”<br>Amendment..... | 8  |
|      | 3. 2015 Business Report .....  | 11 |
|      | 4. Audit Committees' Review Report .....   | 16 |
|      | 5. Codes of Ethical Conduct .....  | 17 |
|      | 6. 2015 Financial Statements and Auditor's Report.....   | 21 |
|      | 7. 2015 Statement of Retained Earnings.....  | 36 |
| IV.  | Appendix   |    |
|      | 1. Current and Minimum Number of Shares Held by Directors.....   | 37 |
|      | 2. Information Relating to Shareholders Meeting Agendas.....   | 38 |
|      | 3. Articles of Incorporation.....  | 39 |
|      | 4. Regulations Governing the Acquisition or Disposal of Assets .....                                       | 43 |
|      | 5. Shareholders Meeting Rules .....  | 53 |

Yuanta Futures Co., Ltd.  
2016 Annual General Meeting Procedures

1. Commence Meeting
2. Chairman Seated
3. Chairman's Speech
4. Discussions
5. Reports
6. Acknowledgments
7. Extempore Motions
8. Dismissal

# Yuanta Futures Co., Ltd.

## 2016 Annual General Meeting Agendas

1. Time: 9 : 00am, May 18, 2016 (Wednesday)
2. Venue: 13F., No.27, Sec. 1, Anhe Rd., Da'an Dist., Taipei City, (The Conference Room of the Futures Association, Republic of China)
3. Commence Meeting
4. Chairman Seated
5. Chairman's Speech
6. Discussions
  - (1) Partial amendments to the Company's "Articles of Incorporation".
  - (2) Partial amendments to the Company's "Regulations Governing the Acquisition or Disposal of Assets".
7. Reports
  - (1) The Company's 2015 Business Report.
  - (2) The Review of the Audit Committee on the Company's 2015 Business Report, Financial Statement, and Allocation of Earnings.
  - (3) The Company's 2015 Remuneration to Employees Report.
  - (4) The amendment of the Company's "Code of Ethical Conduct" Report.
8. Acknowledgments
  - (1) The Company's 2015 Business Reports and Financial Statements.
  - (2) The Company's 2015 Earnings Appropriation.
9. Extempore Motions
10. Dismissal

## I. Discussions

### Proposal 1:

Subject: Partial amendments to the Company's "Articles of Incorporation". (The proposal was submitted by the Board of Directors)

### Details:

1. The Company has the Articles of Incorporation amended as follows in accordance with the Article 235 amendment and Article 235.1 addition of the Company Act:
  - (1) According to the Company Act amendment published on May 20, 2015, in response to the requirement of having employee bonus expensed, the distribution of earnings is not for employees but for shareholders only; therefore, Article 235 Paragraph 2 ~ Paragraph 4 regarding distributing bonus to employees are deleted. In addition, for minimizing the impact of the Company being unable to distribute bonuses to employees as an incentive, the Company implements Article 235.1 addition of the Company Act to prescribe the percentage or ratio of the annual net income as remuneration to employees in the Articles of Incorporation.
  - (2) In response to Article 235 amendment and Article 235.1 addition of the Company Act stated in preceding paragraph, Article 29 Paragraph 1 Clause 1 of the Company's Articles of Incorporation regarding the appropriation of bonuses to employees is amended; also, Paragraph 2 of Article 29 regarding the appropriation of remuneration to employees is added, and the remaining text is rephrased.
2. Please refer to Attachment I for the "Articles of Incorporation" amendment outlines and the updated text enclosed. (Pages 6 ~ 7 of this manual).
3. The topic is ready for discussion.

### Resolution:

### Proposal 2:

Subject: Partial amendments to the Company's "Regulations Governing the Acquisition or Disposal of Assets". (The proposal was submitted by the Board of Directors)

### Details:

1. The Company's "Regulations Governing the Acquisition or Disposal of Assets" will be amended partially in compliance with the law and regulations and the Company's actual practice.
2. Please refer to Attachment II (Pages 8~11 of this manual) for the Company's "Regulations Governing the Acquisition or Disposal of Assets" amendment outlines.
3. The topic is ready for discussion.

### Resolution:

## II. Reports

1. Reported issue: The Company's 2015 Business Report.

Details: (1) Please refer to Attachment III for The Company's 2015 Business Report (Pages 12~17 of this manual).

(2) The report is ready for review.

2. Reported issue: The Review of the Audit Committee on the Company's 2015 Business Report, Financial Statement, and Allocation of Earnings.

- Details: (1) The Company's 2015 financial statements and consolidated financial statements have been audited by its auditors. Audit Committees have finished reviewing the audited financial statements, the Business Report, and the Earnings Appropriation, and issued the Audit Committees' Review Report as shown in Attachment IV (Page 18 of this manual).
- (2) The report is ready for review.
3. Reported issue: The Company's 2015 Remuneration to Employees Report.
- Details: (1) In response to the amendment of the Company Act in May 2015, the Company has the distribution of remuneration to employees in the "Articles of Incorporation" amended accordingly. According to the amended Article 29 of the "Articles of Incorporation," the Company will appropriate an amount equivalent to 0.01% ~ 5% of the annual net income (net income before tax and before deducting the remuneration to employees), if any, net of accumulated losses as remuneration to employees, which can be paid with stock or in cash.
- (2) According to the amended "Articles of Incorporation" in the preceding paragraph, the Company's net income before tax and before deducting the remuneration to employees is audited by the CPA amounted to NT\$938,192,545; also, an amount equivalent to 0.3274276% of the said amount will be appropriated as the 2015 Remuneration to Employees in cash, namely NT\$3,071,901. The said amount in the preceding paragraph had already booked in the 2015 operating expense that was no different from the expense recognized in 2015.
- (3) The report is ready for review.
4. Cause of action: The amendment of the Company's "Code of Ethical Conduct" Report.
- Details: (1) In line with the amendment of the "Guidelines for the Adoption of Code of Ethical Conduct by TWSE/GTSM Listed Companies," the Company's "Code of Ethical Conduct" was amended partially in accordance with SEC Cheng-Kuei-Chien-Tzu No. 10400020852 Letter in order to comply with the law and regulations; also, the amendment was resolved on the 3<sup>rd</sup> Meeting of the 9<sup>th</sup> Board of Directors on June 25, 2015.
- (2) The Company's amended "Code of Ethical Conduct" is enclosed as Attachment V (Pages 19~23 of this manual).
- (3) The report is ready for review.

### III. Acknowledgments

1. Subject: The Company's 2015 Business Reports and Financial Statements. (The proposal was submitted by the Board of Directors)
- Details: (1) The Company's 2015 financial statements and the consolidated financial statements were audited by CPA Se-Kai Lin and CPA Hsiu-Ling Li of PricewaterhouseCoopers and were resolved for acceptance on the 12<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors (March 24, 2016). The audited financial statements and the business report were reviewed by the Audit Committee without any nonconformity identified and with a review report issued.
- (2) For details on the Business report, Independent Auditor's Report, the financial statements and consolidated financial statements, please refer to

Attachments III and IV (Pages 12 ~ 17 and Pages 24 ~ 38 of this manual).

- (3) The agenda has been proposed for acknowledgment.

Resolution:

2. Subject: The Company's 2015 Earnings Appropriation (The proposal was submitted by the Board of Directors)

Details: (1) The 2015 Earnings Appropriation proposal was in compliance with the Company Act and the Company's Articles of Incorporation; also, it was resolved for acceptance on the 12<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors (March 24, 2016). The annual earnings distribution proposal was reviewed by the Audit Committee without any nonconformity identified and with a review report issued.

- (2) The Company's distributable earnings of NT\$757,896,281 (same currency hereinafter) is derived from the beginning unappropriated earnings for an amount of NT\$1,526,893 net of the prior service cost transferred into retained earnings for an amount of NT\$4,404,666 and defined benefit actuarial plan gains and losses transferred into retained earnings for an amount of NT\$16,319,355, and plus the 2015 net income of NT\$777,093,409.

- (3) The 2015 earnings are appropriated for legal reserve of NT\$75,789,628 and special reserve of NT\$151,579,256. The cash dividend of this year is NT\$2.28 per share and for a grand total of NT\$529,589,937. The unappropriated earnings amounted to NT\$937,460 afterwards. Please refer to Attachment VII for further details regarding the earnings appropriation (Page 39 of this manual).

- (4) The 2015 earnings are applied for the distribution of cash dividends, namely NT\$2.28 per share. (It is calculated and rounded up to the dollar in accordance with 232,276,288 common stock shares issued. The total number of odd shares for less than NT\$1 is transferred to the Welfare Committee with the postage fees paid by the shareholders themselves). The Board of Directors will be authorized upon the resolution reached in the shareholders' meeting to have the ex-dividends date determined and the dividends distributed proportionally according to the latest shareholders' registry.

- (5) Should the Company buy back its shares, transfer treasury stocks to employees, encounter conversions of corporate bonds or engage in any transactions that affect the number of outstanding shares before the dividends base date, the Board of Directors shall be authorized to make the necessary changes with regards to dividends payout per shareholder.

- (6) The agenda has been proposed for acknowledgment.

Resolution:

IV. Extempore Motions

V. The meeting was adjourned

Attachment I

**Yuanta Futures Co., Ltd.**  
**Comparison Table of the “Articles of Incorporation” amendment**

| Amendments  | Current existing clauses  | Description   |
|---|---|---|
| <p>Article 29</p> <p>The Company’s annual earnings, if any, after paying taxes, making up losses, and distributing earnings, shall be applied to have 10% legal reserve and 20% special reserve appropriated. The remaining balance thereafter plus the unappropriated earnings of prior periods after reserving part of the earnings as necessary fund for business growth shall be appropriated as shareholders’ dividends and bonus. <u>The appropriation of the legal reserve referred to in the preceding paragraph can be exempted when it is equivalent to the Company’s paid-in capital.</u></p> <p><u>The Company will appropriate an amount equivalent to 0.01% ~ 5% of the annual net income (net income before tax and before deducting the remuneration to employees), if any, net of accumulated losses as remuneration to employees as incentive to the employees and management team.</u></p> <p>The Company optimizes its dividends policy to ensure long-term financial stability while satisfying the needs for future growth, and thereby maximizing shareholders’ interests. Detailed rules are as follows:</p> <p>1. The amount distributed as dividends shall not be lower</p> | <p>Article 29</p> <p>The Company’s annual surpluses are first subject to taxation and reimbursement of losses made in previous years; the remainder is then subject to a 10% provision for legal earnings reserve, and a 20% provision for special earnings reserves. The remaining balance, plus any undistributed earnings carried from previous years, <u>shall be distributed as follows unless retained for business needs:</u></p> <p>1. <u>Employees’ bonuses totaling 0.01% ~ 5%.</u></p> <p>2. The remaining balance to be distributed to ordinary shareholders as cash dividends.</p> <p>The Company optimizes its dividends policy to ensure long-term financial stability while satisfying the needs for future growth, and thereby maximizing shareholders’ interests. Detailed rules are as follows:</p> <p>1. The amount distributed as dividends shall not be lower</p> | <p>1. Paragraph 2, 3, and 4 regarding bonus to employees are deleted in response to Article 235 amendment of the “Company Act.” The distribution of dividends and bonuses is for the shareholders only. Paragraph 1 Clause 1 of this Article regarding the appropriation of bonus to employees is deleted and Paragraph 2 is adjusted and added in accordance with Ching-Shang-Tzu No. 10402413890 Letter of the Ministry of Economic Affairs dated June 11, 2015 regarding Articles of Incorporation. In addition, the clause regarding the exemption of appropriation when the legal reserve equivalent to the Company’s paid-in capital is added.</p> <p>2. Paragraph 2 of this Article is added in response to Article 235.1 addition of the Company Act. First of all, the “bonus to employee” is amended as “remuneration to employees.” Also, define a certain percentage of appropriation as remuneration to employees; however, the percentage of appropriation before and after the adjustment has not been changed, but with the text rephrased in accordance with the law and</p> |



| <b>Amendments</b>   | <b>Current existing clauses</b>   | <b>Description</b>                                 |
|---|---|--|
| <p>than 50% of distributable earnings.</p> <p>2. The Company may decide the weight of dividends issued in cash and in shares based on its business operations and capital requirements projected for the next year. However, cash dividends shall not be lower than 30% of all dividends issued.</p>  | <p>than 50% of distributable earnings.</p> <p>2. The Company may decide the weight of dividends issued in cash and in shares based on its business operations and capital requirements projected for the next year. However, cash dividends shall not be lower than 30% of all dividends issued.</p>  | <p>regulations.</p>                                |
| <p>Article 32</p> <p>The Company's Articles of Incorporation was stipulated on January 14, 1997. The 22nd amendment was completed on May 17, 2013; the 23rd amendment was completed on May 20, 2014; the 24th amendment was completed on May 21, 2015; <u>the 25th amendment was completed on</u>, 2016 and implemented with the resolutions reached in the shareholders' meeting, same as the amendment.</p> | <p>Article 32</p> <p>The Company's Articles of Incorporation was stipulated on January 14, 1997. The 22nd amendment was completed on May 17, 2013; the 23rd amendment was completed on May 20, 2014; the 24th amendment was completed on May 21, 2015 and implemented with the resolutions reached in the shareholders' meeting, same as the amendment.</p> | <p>The current amendment and date is detailed.</p> |

Attachment II

**Yuanta Futures Co., Ltd.**  
**Comparison Table of the “Regulations Governing the Acquisition or Disposal of Assets” amendment**

| Amendments  | Current existing clauses   | Description  |
|---|--|--|
| <p>Article 8</p> <p>(Paragraph 1 not amended, omitted)</p> <p>The decision procedures (including prices determination, reference, and authorization hierarchy) of transaction terms and conditions for the acquisition and disposal of the Company’s long-term and short-term investment portfolio, real estate <u>and equipment</u> are processed in accordance with the governing laws and the related business regulations and fund management provisions of the Company.</p> <p>(Paragraph 3 deleted)</p> | <p>Article 8</p> <p>(Paragraph 1 not amended, omitted)</p> <p>The decision procedures (including prices determination, reference, and authorization hierarchy) of transaction terms and conditions for the acquisition and disposal of the Company’s long-term <u>and</u> short-term investment portfolio and real estate are processed in accordance with the governing laws and the related business regulations and fund management provisions of the Company.</p> <p><u>The Company’s acquisition or disposal of assets, except for Section 1 and Section 2, is processed in accordance with the Company’s authorization hierarchy and the acquisition or disposal amount. If the transaction amount is more than NT\$1,000,000, it shall be assessed by the ad hoc group composed by the department heads and clerks; also, reported to the governing authority for approval before processing.</u></p> | <p>1. Paragraph 2 is completed with the consideration of “equipment” added.</p> <p>2. Due to the Company’s investment scope and quota, the relevant procedures are defined in Paragraph 1 and Paragraph 2 of this Article. Paragraph 3 is to be deleted depending on the authorization levels in order to meet the Company’s actual operation.</p> |
| <p>Article 16</p> <p>(Paragraph 1, 2 not amended, omitted)</p>  | <p>Article 16</p> <p>(Paragraph 1, 2 not amended, omitted)</p>   | <p>Article is numbered in error and shall be corrected.</p>  |

| Amendments   | Current existing clauses   | Description  |
|--|--|--|
| <p>For the acquisition or disposal of operating equipment between the Company and the parent company or the subsidiary, the Board of Directors may authorize the Chairman in accordance with Article 8 Section 2 to have a decision made within the quota and then reported in the most recent board meeting for ratification. When reported to the Board for discussion in accordance with Paragraph 1, it shall fully consider the views of the independent directors. The objections or reservations of independent directors, if any, shall be stated in the minutes of the Board meeting.</p> <p>(Paragraph 3 not amended, omitted)</p> | <p>For the acquisition or disposal of operating equipment between the Company and the parent company or the subsidiary, the Board of Directors may authorize the Chairman in accordance with Article 7 Section 1 Paragraph 3 to have a decision made within the quota and then reported in the most recent board meeting for ratification. When reported to the Board for discussion in accordance with Paragraph 1, it shall fully consider the views of the independent directors. The objections or reservations of independent directors, if any, shall be stated in the minutes of the Board meeting.</p> <p>(Paragraph 3 not amended, omitted)</p> |  |
| <p>Article 20</p> <p>The Company's futures proprietary trading business engaging in futures contracts business at domestic and foreign Futures Exchange that is announced in accordance with Article 5 of Futures Trading Act by the competent authorities, <u>and acquiring foreign futures contracts in accordance with the Regulations Governing Futures Contract Selection and Management at Foreign Futures Exchange defined internally</u> shall comply with the futures proprietary trading business internal control system, governing regulations, and delegation of responsibility.</p>  | <p>Article 20</p> <p>For the Company's futures proprietary business, the engagement in futures trade contracts at the domestic and international Futures Exchange Corporation that are announced by the competent authorities in accordance with Article 5 of the Futures Exchange Act shall be processed in compliance with the futures proprietary business internal control system, regulations, and decentralization of responsibility.</p>  | <ol style="list-style-type: none"> <li>1. The competent authorities have allowed futures merchants to conduct foreign futures contracts other than those authorized in Article 5 of Futures Trading Act; however, the Company shall have the selection and management principle stipulated. The selection and management regulations that are stipulated internally will be enlisted for compliance.</li> <li>2. The Company's leverage trader transaction business has already been approved by the competent authorities. Paragraph 2 is added to define the governing regulations for the Company's leverage margin contract</li> </ol> |

| Amendments   | Current existing clauses   | Description  |
|--|--|--|
| <p><u>The leverage margin contract transactions conducted by the Company's futures leverage traders shall comply with the leverage transaction business internal control system, governing regulations, and delegation of responsibility.</u></p> <p>The Company's engaging in the derivative transactions <u>other than</u> those defined in <u>Paragraph 1 and Paragraph 2</u> is for the purpose of ensuring the Company's operating profit and avoiding the risks resulted from the changes in asset prices, exchange rates, and interest rates shall be in compliance with the regulations in this chapter.</p> | <p>The Company is engaged in derivative instrument transactions to ensure the Company's operating profit and to avoid the risks caused by the changes in asset prices, exchange rates, and interest rates. It shall be handled in accordance with the specifications in this section.</p>  | <p>transactions conducted by leverage traders.</p> <p>3. Update the text of Paragraph 3 in accordance with the addition of Paragraph 1 and stipulation of Paragraph 2.</p> |
| <p>Article 23</p> <p>Risk management measures and internal audit system:</p> <p>(Clause 1 has not been amended, omitted)</p> <p>2. The Audit <u>Department</u> shall examine periodically the adequacy of the derivative transactions internal control and audit the compliance with the procedures for derivatives trading of the Audit Office monthly with an audit report issued. The Audit Committee shall be notified in writing for any serious nonconformity identified.</p> <p>(Paragraph 3, 4 not amended, omitted)</p>   | <p>Article 23</p> <p>Risk management measures and internal audit system:</p> <p>(Clause 1 has not been amended, omitted)</p> <p>2. The Audit <u>Office</u> shall examine periodically the adequacy of the derivative transactions internal control and audit the compliance with the procedures for derivatives trading of the Audit Office monthly with an audit report issued. The Audit Committee shall be notified in writing for any serious nonconformity identified.</p> <p>(Paragraph 3, 4 not amended, omitted)</p> | <p>It is amended in accordance with the current internal organizational structure.</p>   |

| Amendments   | Current existing clauses   | Description   |
|--|--|---|
| <p>Article 26</p> <p>The Company’s derivative transactions, <u>unless otherwise regulated by law and this process</u>, shall be with a memorandum setup independently to document the type, amount, authorization quota, board approval date, and transaction date of the derivatives; also, the matters to be carefully assessed in accordance with Article <u>24</u> Paragraph 1 Clause 1, Article <u>25</u> Paragraph 1 Clause 2 and Paragraph 2 Clause 1.</p> <p>(Paragraph 2, 3 not amended, omitted)</p> | <p>Article 26</p> <p>The Company is engaged in derivative transactions and shall independently set the book for records and inspection, including the types of derivative transactions, amount, authorized quota, date of the approval by the Board of Directors, the transactions date, and the matters to be carefully assessed pursuant to Article <u>23</u> Section 1 Paragraph 1 and Article <u>24</u>, Section 1 Paragraph 2 and Section 2 Paragraph 1.</p> <p>(Paragraph 2, 3 not amended, omitted)</p> | <p>The text in the first part of Paragraph 1 is amended in accordance with Article 20 amendment. In addition, the last part of the paragraph is numbered in error and is corrected accordingly.</p> |
| <p>Article 34</p> <p>For a company that is not a public company involved in a merger, spin-off, acquisition, or assignment of shares, it shall have a contract signed with the Company in accordance with Article <u>29</u>, Article <u>30</u>, and Article <u>33</u>.</p>   | <p>Article 34</p> <p>For a company that is not a public company involved in a merger, spin-off, acquisition, or assignment of shares, it shall have a contract signed with the Company in accordance with Article <u>28</u>, Article <u>29</u>, and Article <u>32</u>.</p>   | <p>Article is numbered in error and shall be corrected.</p>   |

## **Yuanta Futures Co., Ltd. 2015 Business Report**

### I. Market Overview

Looking back at 2015, the global stock market performed positively due to the global economy in the first half of the year activated by the US economic recovery. The futures index had gone up comprehensively in the USA and Europe, to a record high price. However, the global stock market moved reversely in the second half of the year due to the sluggish economy of China, of which, FITX had dropped by 30% from the high level of 10,000 points. The subsequent high market rebound brought the opportunity of high volatility and growing trade volume for futures. The growth of Taiwan's futures and stock option trade volume in 2015 had reached as high as 44% and 26%, respectively. For commodity futures, due to the record high US Dollar Index (USDIX) since March 2003, the price dropped comprehensively, including energy, precious metals, necessities metals and agricultural commodities; also, non-US currencies, such as EURO, AUD, NZD, and CAD are the subject of the futures price adjustment, of which, the price drop of energy commodities is even more evident, indicating the 8 categories of futures had indeed fluctuated severely in 2015.

In addition, the Taiwan Futures Exchange introduced several new instruments in 2015, mainly due to the vigorous development of Taiwan's offshore RMB market. For meeting investor's demand for investment and hedging, the Taiwan Futures Exchange had launched two "RMB Currency Futures – USD/CNH Futures" with the trade subject of USD against RMB exchange rate on July 20. It is the first exchange futures instrument since the establishment of Taiwan futures market and it helps traders use financial instruments flexibly. Moreover, the Taiwan Futures Exchange had launched "TJF" on December 21 of the year with "Tokyo Stock Price Index (TOPIX)" as the trade subject; also, it is the first foreign index futures instrument listed in Taiwan futures market. The listing of the said instrument is not only an attempt of introducing new instrument from abroad, but also an attempt to increase market momentum in Taiwan through introducing new instruments. Investors have more trading options and Taiwan's futures market is entering a new milestone in internationalization. In addition, there were 7 ETF options (such as, Taiwan 50, Bao Shanghai and Shenzhen, FB Securities, Yuanta Securities, FH Shanghai and Shenzhen, CAF50, and Shenzhen 100) launched on the same day TJF listed, enriching the diversification of Taiwan futures market.

### II. Corporate governance

1. Participating in the 10<sup>th</sup>, 11<sup>th</sup>, and 12<sup>th</sup> "Information Disclosure Ranking Results in Taiwan by the Securities and Futures Institute" of the ROC Securities and Futures Institute with the highest honor of "A++" rating received; also, the Company is the one and only futures company in Taiwan to receive such an honor for three consecutive years. It indicates that the Company's dedication to actively deploy new business and promote business; also, value and substantiate the concrete practice of corporate governance.
2. Participating in the 1<sup>st</sup> (2014) "Corporate Governance Evaluation" organized by Stock

Exchange and Taipei Exchange Market with a rating of top five-percent performance among the OTC companies (published on May 2015) received. The Company's dedication to uphold the highest management integrity, to protect shareholders' equity, and to pursue the sustainable development of the Company is highly appreciated.

3. After the merger in April 2012, the Board of Directors had the "Audit Committee" setup to replace the functions of supervisors, to supervise the Company's financial operations, internal control, regulatory compliance, and risk control for emphasizing an open and transparent management philosophy. The Audit Committee had convened 17 meetings in 2015.
4. Through the "corporate governance system assessment" held by the Taiwan Corporate Governance Association, we examined the Company with the corporate governance assessment in response to the considerations of listing commitments and the Company's long-term operation so to make the Company's operating information more transparent, the internal controls better, and shareholder's benefit maximized. The Company was, as well, officially accredited by the Taiwan Corporate Governance Association for both "CG6004" and "CG6006".

### III. Operating results

The Company continued to strengthen the business management in 2015, including improving the profitability of shareholders' equity, substantiating risk management, and implementing the proprietary trading and brokerage business objectives with the operational objectives achieved as follows (the financial data below are based on the Company's consolidated financial statements disclosed):

1. In terms of financial performance, the Company's 2015 net income was NT\$777 million, the highest of the futures brokerage; also, the net EPS was NT\$3.35 and ROE after tax was 10.93%.
2. Business performance: Futures brokerage market share was 20.89% with a turnover of more than 30,090,000 transactions; option brokerage market share was 12.18% with a turnover of more than 46,860,000 transactions; foreign futures market share was 29.87% with a turnover of 8,220,000 transactions; the market shares referred to above are ranked number one in the market and significantly ahead of the industry.
3. Awards: The Company is committed to provide high quality, branding, and excellent services to customers persistently with high transparent operation, sound financial performance, innovation and R&D capabilities, comprehensive risk control mechanism, strict corporate governance, and internal control. The Company's performance had been well recognized in market in 2015:
  - (1) Awarded with the honor of the 1<sup>st</sup> corporate governance "OTC Company Top Five-Percent Performance."
  - (2) Recognized as "Top-Ten Companies" at the 12<sup>th</sup> Golden Torch Award.
  - (3) No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
  - (4) Awarded with the "Best Futures House, Taiwan" by The Asset magazine.

- (5) Awarded with the “NON-BANK FCM OF THE YEAR” by the Futures Options World magazine (FOW).
- (6) Awarded with the “Outstanding Enterprise and “Most Popular Brand” at the 12<sup>th</sup> National Brand Yushan Award.
- (7) Awarded with the “Outstanding Futures Talent” at the 13<sup>th</sup> Golden Goblet Award.
4. The Company’s 2015 income and expense and profitability analysis is summarized as follows:

(1) Changes in a variety of business lines (Expressed in Thousand NT Dollars)

| Item                           | 2015      | 2014      | Difference | Variation |
|--------------------------------|-----------|-----------|------------|-----------|
| Operating gains                | 2,929,929 | 2,274,034 | 655,895    | 28.84%    |
| Operating expenses             | 1,508,095 | 1,113,546 | 394,549    | 35.43%    |
| Operating expenses             | 1,013,880 | 932,635   | 81,245     | 8.71%     |
| Other profits and losses       | 527,166   | 772,168   | -245,002   | -31.73%   |
| Earnings before tax            | 935,120   | 1,000,021 | -64,901    | -6.49%    |
| Current period net profit      | 777,093   | 871,045   | -93,952    | -10.79%   |
| After-tax EPS (NTD)            | 3.35      | 3.75      | -0.40      | -10.67%   |
| Return on shareholders' equity | 10.93%    | 12.05%    | -1.12%     | -9.29%    |

- (2) Operating income and expense and profitability: The Company’s 2015 earnings amounted to NT\$2,929,929 thousand, representing an increase of NT\$655,895 thousand (28.84%) from the NT\$2,274,034 thousand of the previous year, mainly due to the increase of brokerage fee income. The Company’s 2015 expense amounted to NT\$2,521,975 thousand, representing an increase of NT\$475,794 thousand (23.25%) from the NT\$2,046,181 thousand of the previous year, mainly due to the increase of operating expense resulted from the increase of related earnings. Other profit and loss amounted to NT\$527,166 thousand, representing a decrease of NT\$245,002 thousand (31.73%) from the NT\$772,168 thousand of the previous year, mainly due to the sale of stock in Futures Exchange in 2014 with a profit of NT\$277,164 thousand generated. The 2015 net income before tax amounted to NT\$935,120 thousand, representing a decrease of NT\$64,901 thousand (6.49%) from the NT\$1,000,021 thousand of the previous year. The net income amounted to NT\$777,093 thousand, representing a decrease of NT\$93,952 thousand (10.79%) from the NT\$871,045 thousand of the previous year.



(3) Profitability:

Return on net worth: The 2015 after-tax earnings of NT\$777,093 thousand and shareholders' equity of NT\$6,777,107 thousand represented a 10.93 % return on shareholders' equity. Compared to last year's after-tax earnings NT\$871,045 thousand, shareholders' equity NT\$7,448,028 thousand, and 12.05% return on shareholders' equity, decreased by 9.29%.

Net profit margin: The 2015 after-tax earnings of NT\$777,093 thousand and revenues totaling NT\$2,929,929 thousand represented a 26.52% net profit margin. Compared to last year's after-tax earnings NT\$871,045 thousand, revenues NT\$2,274,034 thousand, and 38.30% net profit margin, decreased by 11.78%.

Net income EPS: The 2015 EPS was NT\$3.35, representing a decrease of 10.67% from the EPS NT\$3.75 of the previous year.

IV. Research and development:

1. Diversified research report:

The Company's Research Department had the 2014 diversified research practice extended into the year 2015. The importance of functional uniqueness was stressed in 2015 as follows:

- (1) APP 24hrs market news: Provide investors with direct information to help investors immediately grasp the commodity futures trend with the latest news in order to make more comprehensive operation judgment.
- (2) APP news morning call: Provide investors with the latest market information of the USA and Europe and FTX, including the information of change in bargaining power, so that investors can know early in the morning about the change in international market occurred in the night before.
- (3) Special Report "Hot" Series: Focus on reviewing the technical and fundamental aspect of hot commodities futures; also, provide economic data in-depth so that investors can grasp the most recent development of the eight categories of futures.
- (4) Professional article "Technical indicators taking you into the options trading": Collaborate with the Advisory Business Department to publish it, including the research result in this publication so that the majority of potential customers can be guided through this article to enter the option strategy trading market and to provide investors with diversified and strategic commodity trading.

In addition, the Research Department had the relevant research reports published on the platform in 2015 in response to investors' demand for information and professional interpretation, of which, with particular emphasis on overseas futures market analysis and targeting on diversified and functional research to continue meeting customer's demand in 2016.

2. Program trading project:

The Company is committed to developing program trading and the number of users

increased by 158% in 2015, indicating that investor's willingness of accepting program trading is higher than before. In response to the overall market demand, the Company's Advisory Business Department has successfully launched a series of program trading curriculum with fees charged. A total of 10 series of curriculums are offered annually, including the course topics of; program trading prep classes, MTC grammar strategy combat course, and MTC stock market combat course.

In addition, we provide investors who do not know how to write programs with an alternative with Yuanta's MULTICHARTS "Yuanta strategy winners" strategic lease service in order to help investors take the first step in program trading. The relevant services will be promoted continuously in 2016.

The Company, for providing customers with the most professional knowledge of program trading, has hosted program trading investment seminars frequently and used innovative concepts to research and develop the relevant program trading systems forcefully in order to achieve the ultimate goal of protecting customer's trading profits.

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

1. Steady growth of brokerage market share: Create markets differentiated services and enhance global business capacity.
2. Actively support the domestic futures options and overseas futures business of the IB channel.
3. Increase customers margin AUM: Provide foreign corporations, domestic financial corporations, and large institutional shareholders with a friendly investment environment based on an image of stable finance.
4. Continue to launch new products in compliance with the policy of Taiwan Futures Exchange.
5. Utilize related proprietary transaction technology and strengthen asset management capabilities.
6. Continue to improve the Company's operation and management system: Integrate and optimize regulatory compliance, internal control and audit, corporate governance, and risk management structure in order to reduce operational risk.
7. Develop futures advisory business, from educating customers in-depth to teaching customers to write their trading strategy and logics into the programs, to conduct testing, to increase opportunities for profitable trading and to help business grow comprehensively for a more profound risk control.
8. Exert the high transparency of finance and business of GTSM-listed companies and strict corporate governance, enhance the performance of internal operations, fully implement corporate internal control system, establish a high-quality image, and ensure its status as an indicator in Taiwan futures market.
9. Incorporate the resources and channel scale of financial holdings and develop into an

international futures company with transactions of securities, non-securities, bulk materials, and foreign currencies, etc.

10. Cooperate with the Holdings to actively deploy Asian markets, to establish Taiwan, Korea, and Hong Kong transaction information network, and to provide a complete service structure.

In prospect, the Company will, based on an operating strategy of integrity, excellence, stability, and innovation, improve futures professionalism and visibility of the Company in Taiwan and Asian markets, to strengthen brokerage channels, IB services, legal services, futures advisory, and investment management; also, develop competitiveness on IT platform, risk control, interactive marketing services, and research and development, and pioneer the deployment of Asian market and seek new sources of business operation and profit growth toward becoming the best general futures service business entity [in Asia-Pacific region](#) within the market openness and regulatory scope authorized by the competent authorities.

Chairman:

General Manager:

Accounting Supervisor:

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

### **Audit Committees' Review Report**

For the Company's 2015 consolidated financial statements, financial statements and the 2015 business report and statement of retained earnings presented by the Board of Directors, in which, the financial statements were audited by CPA Se-Kai Lin and CPA Hsiu-Ling Li of PricewaterhouseCoopers with an adjusted unqualified opinion stated in the independent auditor's report.

The statements referred to above were audited by the Audit Committee without any nonconformity found and a report was issued with the unanimous agreement of the committee members in accordance with Article 219 of the Company Law. Please bring attention to the presentation.

Best regards

The 2016 Annual General Meeting of Yuanta Futures Co., Ltd.

The Audit Committee of Yuanta Futures Co., Ltd.

Convener Mr. Lai, Kun-Hung

March 24, 2016

## **Attachment V**

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

## **Codes of Ethical Conduct**

Resolved in the 11<sup>th</sup> board meeting of the 7<sup>th</sup> term on February 23, 2012.

The amendment resolved in the 3<sup>rd</sup> board meeting of the 9<sup>th</sup> term on June 25, 2015.

### **Article 1 (Purpose and basis)**

The Code of Ethical Conduct is stipulated for compliance in order to guide the Company's employees to act in line with ethical standards and to help the Company's stakeholders have a better understanding of the Company's code of ethical conduct.

### **Article 2 (Terminology of the Code of Ethical Conduct)**

The staff in the Code of Ethical Conduct refers to the board directors, managers, and other employees.

The management in the Code of Ethical Conduct refers to the President, Vice President, Junior President, and other managers who are authorized for business operation and authorized to sign documents on behalf of the Company.

The employee in the Code of Ethical Conduct refers to the management and other employees.

### **Article 3 (Code of Ethical Conduct)**

The Company's staff shall comply with the laws and regulations and the Code of Ethical Conduct while performing job duty and shall pursue the highest standard of code of conduct.

The Company's board directors and managers shall set a good example to others and fulfill the requirements of this Code of Ethical Conduct.

### **Article 4 (Team spirit and principle of good faith)**

The Company's staff, while performing duties, shall uphold proactive, dedicate, and responsible attitude, abandon selfishness, focus on teamwork, and shall abide by the principle of good faith.

### **Article 5 (Equal job opportunity and prohibition of discrimination)**

The Company respects a diversified society and gives employees equal job opportunity and career development without practicing any differential treatment or any form of discrimination due to personal gender, race, religion, political parties, sexual orientation, rank, nationality, or age.

### **Article 6 (Healthy and safe working environment)**

The Company shall provide the Company's staff with a healthy and safe working environment.

The Company's staff shall jointly safeguard the healthy and safe working environment, without any sexual harassment or other violence, threatening behavior committed.

### **Article 7 (Respect for privacy and prohibition of spreading rumors)**

The Company's staff shall respect each other's privacy and may not spread rumors or slander that is detrimental to others.

### **Article 8 (Confidentiality obligations)**

The Company's staff shall have the matters, confidential information, or customer data that have learned from job duties carefully managed; also, such information may not be disclosed to others or used for other than the intended use without the consent of the Company, same as after resignation.

The confidential information in the preceding paragraph includes all unpublished information that is likely to be used by the competitors or the data leakage may be detrimental to the Company or customers.

Article 9 (Correct data production and storage)

The Company's staff shall ensure that the document or electromagnetic data they are responsible for are produced accurately and comprehensively for proper storage. Any document or electromagnetic data found missing, damaged, or with concealment or false content shall be reported to the department head for investigating the root cause.

Article 10 (Proper protection of the Company's assets)

The Company's staffs are responsible for protecting the Company's assets and ensure their effective and lawful use in business operation without jeopardizing the operational capabilities of the Company.

The Company's staff while carrying out duties shall protect data, information systems, and network equipment from any interference, destruction, and invasion in order to protect the confidentiality, integrity, and availability of the information of the Company.

Article 11 (Prohibition of insider trading)

The Company's staff shall have the information that is learned from job duties and may affect futures and securities price kept in confidence in accordance with the Futures Trading Act and Securities Exchange Act before it becomes public and shall not use such confidential information for any insider trading.

Article 12 (Prohibition of illegal personal gains from work)

The Company's staff shall not take advantage of the job position to reap personal gains.

The Company's staff shall defend the legitimate rights and interests of the Company and avoid the following circumstances from occurring:

1. Reap personal gains by taking advantage of the corporate property, information, or the job position.
2. Fail to compete with the Company in due process, or conduct any act within the business scope of the Company for themselves or on behalf of any third party.

When there is an opportunity for the Company to generate profits, the Company's staff shall strive to help generate legitimate interests for the Company.

Article 13 (Prohibition of conflict of interest)

The Company's staff shall not engage in any loaning of fund, major assets trading, offering guarantee or other transactions that are in conflict of interest against the Company on behalf of themselves or others.

Article 14 (Prevention of conflicts of interest)

The board directors shall exercise a high degree of self-discipline. The board directors or the legal persons they represented that have a conflict of interest against the proposals to be resolved in the board meetings and that may be detrimental to the Company's interest, or a resolution reached by the directors or the board to have themselves excused from attending the board meeting due to a conflict of interest shall not attend the meeting.

When board directors believe that they cannot handle business operation objectively or to the advantage of the Company, or, may have a conflict of interest in certain matters, they shall take the initiative to clarify it and handle it legally and properly, otherwise, they shall recuse themselves from handling the matters.

When board directors and managers, due to their job position and authority, or their spouses, parents, children, or second-degree cousins and their employers have involved in the business operation of the Company, they shall take the initiative to clarify it and handle it legally and properly, otherwise, they shall have themselves excused from handling the matters.

Article 15 (Fair trade and treatment)

The Company's staff shall treat the trade counterparties fairly without any unfair or unethical conduct committed, including:

1. Making improper mutual interest.
2. Spreading rumors about customers, traders, competitors, and employees.
3. Deliberately misrepresenting the quality or content of the Company's products or services.
4. Other illegal gains collected through manipulation, concealment, and abuse of information that is learned from the job duties, making false statements, or practicing unfair trading.

The Company's staff when dealing with the related party or affiliated companies shall base on the principle of equality and comply with regulations, requirements of the competent authority, and the specifications of the Company without any preferential treatment.

Article 16 (Prohibition of gifts, bribes, or illegal gains)

The Company's staff when performing duties shall not request, contract, deliver, or accept any gift, hospitality, kickbacks, bribes, or other illegal gains in any form on behalf of themselves, companies, or any third party. Unless the gift or hospitality is otherwise a social practice or allowed according to Company policy.

Article 17 (Obligation of reporting authentic transaction)

The Company's staff when performing duties and dealing with others shall base on the principle of good faith to report the transaction without any concealment or false statement that is detrimental to the interest of the Company.

Article 18 (Respect for the intellectual property rights of others)

The Company's staff, when performing duties, shall respect and use the intellectual property rights of others legally.

Article 19 (Limitation of engaging in political parties)

The Company's staff may not engage in any activities of political parties at workplace or during working hours; also, may not use company resources for such purpose. Specific public activities carried out by the public relations staff is not subject to such limitation.

Article 20 (Prohibition of encouraging others to participate in political activities)

The Company's board directors and managers may not request the Company's staff at work place or during working hours to make a donation to political parties, to support a specific political party or candidate, or to engage in political activities.

Article 21 (Compliance)

The Company's staff shall comply with the laws and regulations, including Futures Trading Act, Securities Exchange Act, Money Laundering Control Act, and Fair Trade Act.

Article 22 (Incentives for reporting illegal acts)

The Company's board directors and managers shall enhance the advocacy of moral values, encourage the Company's staff, when discovering or reasonably suspecting any breach of regulations or Code of Ethical Conduct, to report it to the direct supervisor, internal chief auditor, or other responsible personnel in accordance with the governing law without any malicious accusation intended.

The Company is prohibited from carrying out any revenge or threat against a whistleblower stated in the preceding paragraph. The Company shall have any revenge, threats, or harassment handled immediately.

Article 23 (Disciplinary act and relief procedures)

The Company shall have the staff who are involved in serious violation of the relevant laws investigated for criminal and civil liability to protect the interests of the Company and its shareholders. Other violation against this Code of Ethical Conduct shall be disciplined according to personnel regulations. The responsible supervisors who have failed to have such violation corrected or handled in accordance with the Company's requirements will be held accountable.

The responsible department shall have the Company's staff who are involved in serious violation of this Code of Ethical Conduct reported for a disciplinary action in accordance with the reporting procedure. The staff facing a disciplinary action may have an objection, if any, raised within ten days upon receiving the notice of disciplinary action with a written request issued for a review. The Company shall refer to the appeal of the disciplined parties for further process.

If the board director's or manager's violation of this Code of Ethical Conduct is found guilty in the first instance by a court of law or by the decision of the Company's Board of Directors with a disciplinary action delivered, the Company shall immediately have the date of violation, fact of violation, violation of the Code of Ethical Conduct, and disciplinary action disclosed in MOPS.

Article 24 (Exemption applicability procedures)

The board director's or manager's being exempted from complying with the Code of Ethical Conduct, if any, shall be with the consent of over three fourth of the attending directors with over two third of the directors presented at the board meeting.

Under the circumstance stated in the preceding paragraph, the Company shall promptly disclose in MOPS the date such exemption resolved in the board meeting, the opposition or reservation of the independent directors, the exemption application period, root cause, and criteria.

Article 25 (Disclosure)

The Code of Ethical Conduct shall be disclosed in the Company's website, annual reports, prospectus, and MOPS, so is the amendment.

Article 26 (Stipulation and implementation of guidelines)

The Company shall have the guidelines stipulated for the principles and related matters disclosed.

The violation committed by the staff of the Company's subsidiaries shall be disciplined in accordance with the Code of Ethical Conduct; also, the subsidiaries shall have it reported



to the Company promptly for further process.

Article 27 (The announcement and implementation of the Code of Ethical Conduct)

The Code of Ethical Conduct shall be implemented with the approval of the Board of Directors and reported in the shareholders' meeting, so is the amendment.

## Attachment VI

### Auditor's Report

(2016) Tsai-Shen-Pao-Tzu No. 15003125

To Yuanta Futures Co., Ltd.:

We have audited the accompanying proprietary balance sheet of Yuanta Futures Co., Ltd. as of December 31, 2015 and 2014 and the related individual statements of income, retained earnings, and cash flows for the years then ended. These individual financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yuanta Futures Co., Ltd. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants."

PwC Taiwan

Ms. Lin, Se-Kai

CPA

Ms. Li, Hsiu-Ling

Securities and Futures Bureau, Financial Supervisory  
Commission, Executive Yuan

Approval Document No.:  
Chin-Kuan-Cheng-6-0960072936

Chin-Kuan-Cheng-6-0960038033

March 24, 2016

Yuanta Futures Co., Ltd.  
Individual Balance Sheet  
December 31, 2015 and 2014

Unit: NTD thousand

| Assets                    | Additional notes   | December 31, 2015 |                      | (After adjustment)<br>December 31, 2014 |                      | (After adjustment)<br>1 January 2014 |                      |            |
|---------------------------|--|-------------------|----------------------|---|----------------------|--------------------------------------|----------------------|------------|
|                           |  | Amount            | %                    | Amount                                  | %                    | Amount                               | %                    |            |
| <b>Current assets</b>     |  |                   |                      |   |                      |                                      |                      |            |
| 111100                    | Cash and cash equivalents                                      | 6(1) and 7        | \$ 3,989,794         | 7                                       | \$ 5,474,176         | 15                                   | \$ 5,041,864         | 14         |
| 112000                    | Financial assets at fair value through profit or loss- current | 6(2) and 11       | 566,309              | 1                                       | 123,052              | -                                    | 10,059               | -          |
| 113400                    | Available-for-sale financial assets - current                  | 6 (4)             | 37,876               | -                                       | 52,151               | -                                    | 28,440               | -          |
| 114070                    | Customers' margin accounts                                     | 6(3) and 7        | 49,756,070           | 88                                      | 30,083,366           | 80                                   | 29,912,214           | 81         |
| 114080                    | Futures trading margin receivable                              |                   | 703                  | -                                       | 16                   | -                                    | -                    | -          |
| 114100                    | Stock Borrowing Margin (SBL) - paid                            | 7                 | 25,901               | -                                       | -                    | -                                    | -                    | -          |
| 114110                    | Notes receivables  |                   | -                    | -                                       | -                    | -                                    | 162                  | -          |
| 114130                    | Accounts receivable  |                   | 31,148               | -                                       | 9,735                | -                                    | 2,923                | -          |
| 114140                    | Accounts receivable - related parties                          | 7                 | 5,200                | -                                       | 4,982                | -                                    | 2,944                | -          |
| 114150                    | Prepayments  |                   | 4,635                | -                                       | 4,125                | -                                    | 7,680                | -          |
| 114170                    | Other receivable   |                   | 8,675                | -                                       | 37,207               | -                                    | 30,566               | -          |
| 114180                    | Other receivables - related parties                            | 7                 | 26,054               | -                                       | 7,775                | -                                    | 65,484               | -          |
| 114600                    | Current Income Tax Asset                                       |                   | 453                  | -                                       | 453                  | -                                    | 366                  | -          |
| 119000                    | Other current assets   |                   | 31                   | -                                       | 5                    | -                                    | 16                   | -          |
| 110000                    | <b>Total of Current Assets</b>                                 |                   | <u>54,452,849</u>    | <u>96</u>                               | <u>35,797,043</u>    | <u>95</u>                            | <u>35,102,718</u>    | <u>95</u>  |
| <b>Non-Current assets</b> |  |                   |                      |   |                      |                                      |                      |            |
| 123400                    | Available-for-sale financial assets - non-current              | 6 (4)             | 1,079,719            | 2                                       | 899,218              | 2                                    | 911,235              | 2          |
| 124100                    | Investments accounted for by the equity method                 | 6 (5)             | 511,034              | 1                                       | 219,949              | 1                                    | 232,320              | 1          |
| 125000                    | Property and equipment   | 6 (8)             | 68,683               | -                                       | 79,803               | -                                    | 116,594              | -          |
| 127000                    | Intangible assets  | 6 (9)             | 31,355               | -                                       | 34,522               | -                                    | 40,694               | -          |
| 128000                    | Deferred income tax assets                                     | 3 (1) and 6(25)   | 17,758               | -                                       | 8,363                | -                                    | 9,428                | -          |
| 129010                    | Business guaranty bond   | 6(6) and 7        | 185,000              | -                                       | 185,000              | 1                                    | 185,000              | 1          |
| 129020                    | Settlement / clearance fund                                    | 6 (7)             | 491,338              | 1                                       | 479,669              | 1                                    | 490,030              | 1          |
| 129030                    | Guarantee deposits paid  | 7                 | 9,585                | -                                       | 9,768                | -                                    | 12,147               | -          |
| 129040                    | Deferred expenses  |                   | -                    | -                                       | -                    | -                                    | 1,199                | -          |
| 129130                    | Prepayment for equipment purchase                              |                   | 3,392                | -                                       | 7,919                | -                                    | 3,891                | -          |
| 120000                    | <b>Total of Non-Current Assets</b>                             |                   | <u>2,397,864</u>     | <u>4</u>                                | <u>1,924,211</u>     | <u>5</u>                             | <u>2,002,538</u>     | <u>5</u>   |
| 906001                    | <b>Total assets</b>  |                   | <u>\$ 56,850,713</u> | <u>100</u>                              | <u>\$ 37,721,254</u> | <u>100</u>                           | <u>\$ 37,105,256</u> | <u>100</u> |

(Continued next page)

Yuanta Futures Co., Ltd.  
Individual Balance Sheet  
December 31, 2015 and 2014

| Liabilities and equity         | Additional notes  | December 31, 2015 |                      | (After adjustment)<br>December 31, 2014 |                      | Unit: NTD thousand<br>(After adjustment)<br>1 January 2014 |                      |            |
|--------------------------------|---|-------------------|----------------------|---|----------------------|--|----------------------|------------|
|                                |   | Amount            | %                    | Amount                                  | %                    | Amount   | %                    |            |
| <b>Current liabilities</b>     |   |                   |                      |   |                      |  |                      |            |
| 212000                         | Financial liabilities at fair value through profit or loss- current | 11                | \$ 10,069            | -                                       | \$ 5,989             | -  | \$ 1,178             | -          |
| 214080                         | Futures traders' equity   | 6(3) and 7        | 49,595,196           | 87                                      | 29,930,972           | 79   | 29,823,326           | 80         |
| 214130                         | Accounts payable  |                   | 138,829              | -                                       | 92,968               | -  | 47,771               | -          |
| 214140                         | Accounts payable - related parties                                  | 7                 | 25,938               | -                                       | 25,285               | -  | 16,750               | -          |
| 214160                         | Agency Receipts   |                   | 5,185                | -                                       | 4,950                | -  | 3,496                | -          |
| 214170                         | Other payable   |                   | 185,359              | 1                                       | 143,007              | 1  | 143,602              | 1          |
| 214180                         | Other payables - related parties                                    | 7                 | 434                  | -                                       | 466                  | -  | 183                  | -          |
| 214600                         | Current Income Tax Liability  |                   | 46,257               | -                                       | 17,493               | -  | 14,331               | -          |
| 219000                         | Other current liabilities   |                   | 6,858                | -                                       | 7,948                | -  | 5,774                | -          |
| 210000                         | <b>Total of current liabilities</b>                                 |                   | <u>50,014,125</u>    | <u>88</u>                               | <u>30,229,078</u>    | <u>80</u>  | <u>30,056,411</u>    | <u>81</u>  |
| <b>Non-current liabilities</b> |   |                   |                      |   |                      |  |                      |            |
| 225100                         | Liabilities reserve- non-current                                    | 3 (1) and 6(10)   | 59,481               | -                                       | 39,440               | -  | 46,667               | -          |
| 228000                         | Deferred income tax liabilities                                     | 6 (25)            | -                    | -                                       | 4,708                | -  | 1,958                | -          |
| 220000                         | <b>Total of non-current liabilities</b>                             |                   | <u>59,481</u>        | <u>-</u>                                | <u>44,148</u>        | <u>-</u>   | <u>48,625</u>        | <u>-</u>   |
| 906003                         | <b>Total liabilities</b>  |                   | <u>50,073,606</u>    | <u>88</u>                               | <u>30,273,226</u>    | <u>80</u>  | <u>30,105,036</u>    | <u>81</u>  |
| <b>Share capital</b>           |   |                   |                      |   |                      |  |                      |            |
| 301010                         | Ordinary shares capital   | 6 (11)            | 2,322,763            | 4                                       | 2,322,763            | 6  | 2,322,763            | 6          |
| <b>Capital reserve</b>         |   |                   |                      |   |                      |  |                      |            |
| 302000                         | Capital reserve   | 6 (12)            | 940,976              | 2                                       | 1,940,976            | 5  | 1,940,976            | 5          |
| <b>Retained earnings</b>       |   |                   |                      |   |                      |  |                      |            |
| 304010                         | Legal earnings reserve  | 6 (14)            | 561,535              | 1                                       | 474,475              | 1  | 409,088              | 1          |
| 304020                         | Special earnings reserve  | 6 (13)            | 1,375,086            | 2                                       | 1,200,965            | 3  | 1,090,016            | 3          |
| 304040                         | Undistributed earnings  | 3 (1) and 6(14)   | 757,898              | 1                                       | 871,514              | 3  | 653,020              | 2          |
| <b>Other equity</b>            |   |                   |                      |   |                      |  |                      |            |
| 305000                         | Other equity  | 6 (15)            | 818,849              | 2                                       | 637,335              | 2  | 584,357              | 2          |
| 906004                         | <b>Total equity</b>   |                   | <u>6,777,107</u>     | <u>12</u>                               | <u>7,448,028</u>     | <u>20</u>  | <u>7,000,220</u>     | <u>19</u>  |
| 906002                         | <b>Total liabilities and equity</b>                                 |                   | <u>\$ 56,850,713</u> | <u>100</u>                              | <u>\$ 37,721,254</u> | <u>100</u>   | <u>\$ 37,105,256</u> | <u>100</u> |

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd.  
Individual comprehensive income statements  
January 1 to December 31, 2015 and 2014

Unit: NTD thousand  
(except EPS in NTD)

| Item                    | Additional notes   | 2015            |                     | (After adjustment)<br>2014 |                     |              |
|-------------------------|--|-----------------|---------------------|----------------------------|---------------------|--------------|
|                         |  | Amount          | %                   | Amount                     | %                   |              |
| <b>Revenue</b>          |  |                 |                     |                            |                     |              |
| 401000                  | Brokerage commission   | 6(16) and 7     | \$ 2,715,603        | 93                         | \$ 2,049,079        | 90           |
| 410000                  | Net loss on disposal of operating securities   | 6 (17)          | ( 27,813)           | ( 1)                       | ( 13,051)           | -            |
| 421300                  | Dividend income  |                 | 5,386               | -                          | 10,137              | 1            |
| 421500                  | Net profit of securities trade measured at the fair value through profit or loss                     |                 | 7,741               | -                          | 4,076               | -            |
| 421600                  | SBL and reverse sell margin-trading-short - net loss   |                 | ( 157)              | -                          | -                   | -            |
| 424200                  | security commission earned   | 7               | 3,398               | -                          | 3,588               | -            |
| 424300                  | Settlement and clearance fees  | 6(18) and 7     | 90,325              | 3                          | 97,032              | 4            |
| 424400                  | Net gains in the derivative financial instruments  | 6 (2) (19)      | 121,807             | 4                          | 111,567             | 5            |
| 424800                  | Management fee income  |                 | -                   | -                          | 52                  | -            |
| 424900                  | Consultancy fee income   |                 | 13,770              | 1                          | 7,077               | -            |
| 428000                  | Other operating revenue (loss)   | 7               | ( 207)              | -                          | 177                 | -            |
| 400000                  | <b>Total revenues</b>  |                 | <u>2,929,853</u>    | <u>100</u>                 | <u>2,269,734</u>    | <u>100</u>   |
| <b>Expense</b>          |  |                 |                     |                            |                     |              |
| 501000                  | Brokerage commission expenses  | 6 (20)          | ( 491,601)          | ( 17)                      | ( 351,358)          | ( 15)        |
| 502000                  | Proprietary trade service charge   | 6 (20)          | ( 14,094)           | -                          | ( 11,153)           | ( 1)         |
| 521200                  | Financial costs  | 7               | ( 29,071)           | ( 1)                       | ( 15,158)           | ( 1)         |
| 524100                  | Futures commission expenses  | 6(21) and 7     | ( 560,895)          | ( 19)                      | ( 412,989)          | ( 18)        |
| 524300                  | Clearance and settlement service expenses  |                 | ( 412,434)          | ( 14)                      | ( 322,736)          | ( 14)        |
| 531000                  | Employee Benefit expenses  | 3 (1) and 6(23) | ( 555,612)          | ( 19)                      | ( 480,857)          | ( 21)        |
| 532000                  | Depreciation and amortization expenses   | 6 (22)          | ( 58,291)           | ( 2)                       | ( 68,678)           | ( 3)         |
| 533000                  | Other operating expenses   | 6(22) and 7     | ( 380,863)          | ( 13)                      | ( 356,912)          | ( 16)        |
| 500000                  | <b>Total Expense</b>   |                 | <u>( 2,502,861)</u> | <u>( 85)</u>               | <u>( 2,019,841)</u> | <u>( 89)</u> |
| <b>Operating profit</b> |  |                 |                     |                            |                     |              |
| 601100                  | Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method | 6 (5)           | ( 15,384)           | ( 1)                       | ( 23,400)           | ( 1)         |
| 602000                  | Other profits and losses   | 6(24) and 7     | <u>523,512</u>      | <u>18</u>                  | <u>773,528</u>      | <u>34</u>    |
| 902001                  | <b>Earnings before tax</b>   |                 | <u>935,120</u>      | <u>32</u>                  | <u>1,000,021</u>    | <u>44</u>    |
| 701000                  | Income tax expense   | 3 (1) and 6(25) | ( 158,027)          | ( 6)                       | ( 128,976)          | ( 6)         |
| 902005                  | <b>Current period net profit</b>   |                 | <u>777,093</u>      | <u>26</u>                  | <u>871,045</u>      | <u>38</u>    |

(Continued next page)

**Yuanta Futures Co., Ltd.**  
**Individual comprehensive income statements**  
**January 1 to December 31, 2015 and 2014**

Unit: NTD thousand  
(except EPS in NTD)  
(After adjustment)

| Item   | Additional notes   | 2015        |   | 2014       |         |
|--|--|-------------|---|------------|---------|
|  |  | Amount      | % | Amount     | %       |
| <b>Other general gains and losses</b>                              |  |             |   |            |         |
| <b>Items that are not reclassified as profit and loss:</b>         |  |             |   |            |         |
| 805510   | Defined benefit plan revaluation amount and volume   | 6 (10)      |   |            |         |
|  |  | (\$ 19,662) | - | \$ 5,538   | -       |
| 805599   | Income tax related to accounts not being reclassified  |             |   |            |         |
|  |  | 3,343       | - | ( 941)     | -       |
| <b>Accounts to be reclassified to profit or loss subsequently:</b> |  |             |   |            |         |
| 805610   | Exchange differences arising from translating the financial statements of foreign operations                             | 6 (15)      |   |            |         |
|  |  |             |   | 7,812      | -       |
| 805620   | Unrealized valuation gains on financial asset available for sale   | 6 (4) (15)  |   |            |         |
|  |  |             |   | 175,045    | 6       |
| 805660   | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under the equity method | 6 (15)      |   |            |         |
|  |  |             |   | ( 1,343)   | -       |
| <b>Other comprehensive income (post-tax profit or loss)</b>        |  |             |   |            |         |
|  |  |             |   | 165,195    | 6       |
| <b>Total comprehensive income for the period</b>                   |  |             |   |            |         |
|  |  |             |   | \$ 942,288 | 32      |
| <b>Earnings per ordinary share</b>                                 |  |             |   |            |         |
|  | 6 (26)   |             |   |            |         |
|  | <b>Base earnings per share</b>   |             |   | \$ 3.35    | \$ 3.75 |

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd.  
Individual statement of changes in equity  
January 1 to December 31, 2015 and 2014

Unit: NTD thousand

|   | Additional notes | Capital reserve         |                     |                             | Retained earnings      |                          |                        | Other equity   |  | Total equity        |
|---|------------------|-------------------------|---------------------|-----------------------------|------------------------|--------------------------|------------------------|--|--|---------------------|
|   |                  | Ordinary shares capital | Share Premium       | Consolidated Premium Amount | Legal earnings reserve | Special earnings reserve | Undistributed earnings | Exchange differences arising from translating the financial statements of foreign operations | Unrealized gains or losses on financial asset available for sale |                     |
| <b>2014 (After adjustment)</b>                                  |                  |                         |                     |                             |                        |                          |                        |  |  |                     |
| Balance at January 1, 2014                                      | 6 (11)           | \$ 2,322,763            | \$ 1,894,643        | \$ 46,333                   | \$ 409,088             | \$ 1,090,016             | \$ 657,865             | (\$ 12,314 )   | \$ 596,671   | \$ 7,005,065        |
| Influence of the application and reclassification in retrospect |                  | -                       | -                   | -                           | -                      | -                        | ( 4,845 )              | -  | -  | ( 4,845 )           |
| Balance on January, 1 2014 after adjustment                     |                  | 2,322,763               | 1,894,643           | 46,333                      | 409,088                | 1,090,016                | 653,020                | ( 12,314 )   | 596,671  | 7,000,220           |
| Dividend allocation and distribution for 2013 (Note 1)          | 6 (14)           |                         |                     |                             |                        |                          |                        |  |  |                     |
| Legal earnings reserve  |                  | -                       | -                   | -                           | 65,387                 | -                        | ( 65,387 )             | -  | -  | -                   |
| Special earnings reserve  |                  | -                       | -                   | -                           | -                      | 130,774                  | ( 130,774 )            | -  | -  | -                   |
| Reversal of Special earnings reserve                            |                  | -                       | -                   | -                           | -                      | ( 19,825 )               | 19,825                 | -  | -  | -                   |
| Cash dividends to shareholders                                  |                  | -                       | -                   | -                           | -                      | -                        | ( 480,812 )            | -  | -  | ( 480,812 )         |
| 2014 net profit   |                  | -                       | -                   | -                           | -                      | -                        | 871,045                | -  | -  | 871,045             |
| 2014 Other comprehensive profit                                 |                  | -                       | -                   | -                           | -                      | -                        | 4,597                  | 11,029   | 41,949   | 57,575              |
| Balance at December 31, 2014                                    |                  | <u>\$ 2,322,763</u>     | <u>\$ 1,894,643</u> | <u>\$ 46,333</u>            | <u>\$ 474,475</u>      | <u>\$ 1,200,965</u>      | <u>\$ 871,514</u>      | <u>(\$ 1,285 )</u>   | <u>\$ 638,620</u>  | <u>\$ 7,448,028</u> |
| <b>2015</b>   |                  |                         |                     |                             |                        |                          |                        |  |  |                     |
| Balance at January 1, 2015                                      | 6 (11)           | \$ 2,322,763            | \$ 1,894,643        | \$ 46,333                   | \$ 474,475             | \$ 1,200,965             | \$ 871,514             | (\$ 1,285 )  | \$ 638,620   | \$ 7,448,028        |
| Dividend allocation and distribution for 2014 (Note 2)          | 6 (14)           |                         |                     |                             |                        |                          |                        |  |  |                     |
| Legal earnings reserve  |                  | -                       | -                   | -                           | 87,060                 | -                        | ( 87,060 )             | -  | -  | -                   |
| Special earnings reserve  |                  | -                       | -                   | -                           | -                      | 174,121                  | ( 174,121 )            | -  | -  | -                   |
| Cash dividends to shareholders                                  |                  | -                       | -                   | -                           | -                      | -                        | ( 613,209 )            | -  | -  | ( 613,209 )         |
| Distribution of cash dividends from capital surplus             |                  | -                       | ( 1,000,000 )       | -                           | -                      | -                        | -                      | -  | -  | ( 1,000,000 )       |
| 2015 net profit   |                  | -                       | -                   | -                           | -                      | -                        | 777,093                | -  | -  | 777,093             |
| 2015 Other comprehensive profit                                 |                  | -                       | -                   | -                           | -                      | -                        | ( 16,319 )             | 7,812  | 173,702  | 165,195             |
| Balance at December 31, 2015                                    |                  | <u>\$ 2,322,763</u>     | <u>\$ 894,643</u>   | <u>\$ 46,333</u>            | <u>\$ 561,535</u>      | <u>\$ 1,375,086</u>      | <u>\$ 757,898</u>      | <u>\$ 6,527</u>  | <u>\$ 812,322</u>  | <u>\$ 6,777,107</u> |

Note 1: Employee bonus of NT\$2,935 and remuneration for directors and supervisors of NT\$500 has been deducted from the comprehensive income statements of 2013.

Note 2: Employee bonus of \$2,890 and remuneration for directors and supervisors of \$700 has been deducted from the comprehensive income statements of 2014.

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd.  
Individual Cash Flow Statement  
January 1 to December 31, 2015 and 2014

|  | Additional notes | 2015           | Unit: NTD thousand<br>(After adjustment)<br>2014 |
|--|------------------|----------------|--|
| <u>Cash flow from operating activities</u>   |                  |                |  |
| Pre-tax profit for the current period  |                  | \$ 935,120     | \$ 1,000,021                                     |
| Adjustments  |                  |                |  |
| Income and expenses having no effect on cash flows   |                  |                |  |
| Depreciation   | 6 (22)           | 52,219         | 57,827   |
| Amortizations  | 6 (22)           | 6,072          | 10,851   |
| Interest income  | 6 (24)           | ( 463,263 )    | ( 411,576 )                                      |
| Interest expenses  |                  | 29,071         | 15,158   |
| Gains from disposal of financial assets available for sale   | 6 (4)            | ( 2,235 )      | ( 278,912 )                                      |
| Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method | 6 (5)            | 15,384         | 23,400   |
| Gains from disposal of property or equipment   |                  | -              | ( 85 )   |
| Prepaid equipment amount recognized as expense   |                  | -              | 96   |
| Dividend income  |                  | ( 37,086 )     | ( 38,548 )                                       |
| Changes in assets/liabilities relating to operating activities                                       |                  |                |  |
| Net changes in assets relating to operating activities   |                  |                |  |
| Financial assets at fair value through profit or loss- current                                       |                  | ( 443,257 )    | ( 112,993 )                                      |
| Customers' margin accounts   |                  | ( 19,672,704 ) | ( 171,152 )                                      |
| Futures trading margin receivable  |                  | ( 687 )        | 16   |
| Stock Borrowing Margin (SBL) - paid  |                  | ( 25,901 )     | -  |
| Notes receivables  |                  | -              | 162  |
| Accounts receivable  |                  | ( 21,413 )     | ( 6,812 )  |
| Accounts receivable - related parties  |                  | ( 218 )        | ( 2,038 )  |
| Prepayments  |                  | ( 510 )        | 3,555  |
| Other receivable   |                  | ( 218 )        | ( 269 )  |
| Other receivables - related parties  |                  | ( 15,311 )     | 59,859   |
| Other current assets   |                  | ( 26 )         | 11   |
| Net changes in liabilities relating to operating activities  |                  |                |  |
| Financial liabilities at fair value through profit or loss- current                                  |                  | 4,080          | 4,811  |
| Futures traders' equity  |                  | 19,664,224     | 107,646  |
| Accounts payable   |                  | 45,861         | 45,197   |
| Accounts payable - related parties   |                  | 653            | 8,535  |
| Agency Receipts  |                  | 235            | 1,454  |
| Other payable  |                  | 43,303         | 3,523  |
| Other payables - related parties   |                  | 14             | 86   |
| Other current liabilities  |                  | ( 1,090 )      | 2,174  |
| Liabilities reserve- non-current   |                  | 379            | ( 1,689 )  |
| Net cash provided by operating activities  |                  | 112,696        | 320,276  |
| Interest received  |                  | 489,045        | 403,054  |
| Income tax paid  |                  | ( 140,023 )    | ( 123,027 )                                      |
| Dividends received   |                  | 37,086         | 38,548   |
| Interest paid  |                  | ( 30,068 )     | ( 19,079 )                                       |
| Net cash inflow from operating activities  |                  | 468,736        | 619,772  |
| <u>Cash flow from investing activities</u>   |                  |                |  |
| Acquisition of available-for-sale financial assets   |                  | ( 96,267 )     | ( 50,362 )                                       |
| Proceeds from disposal of financial assets available for sale  |                  | 107,321        | 359,529  |
| Increase in Investments accounted for by the equity method   |                  | ( 300,000 )    | -  |
| Purchase of property and equipment   | 6 (8)            | ( 15,914 )     | ( 12,235 )                                       |
| Proceeds from disposal of property or equipment  |                  | -              | 450  |
| Increase in intangible assets  | 6 (9)            | ( 1,947 )      | ( 1,400 )  |
| Decrease (Increase) in settlement / clearance fund   |                  | ( 11,669 )     | 10,361   |
| Decrease in Guarantee deposits paid  |                  | 183            | 2,379  |
| Increase in installment on equipment   |                  | ( 20,658 )     | ( 13,865 )                                       |
| Net cash inflow (outflow) from investing activities  |                  | ( 338,951 )    | 294,857  |
| <u>Cash flow from financing activities</u>   |                  |                |  |
| Cash dividends distribution  | 6 (14)           | ( 1,613,209 )  | ( 480,812 )                                      |
| Net cash outflow from financing activities   |                  | ( 1,613,209 )  | ( 480,812 )                                      |
| Impact of change in exchange rate on cash and cash equivalent  |                  | ( 958 )        | ( 1,505 )  |
| Increase (decrease) in cash and cash equivalents for the current period                              |                  | ( 1,484,382 )  | 432,312  |
| Opening balance of cash and cash equivalents   |                  | 5,474,176      | 5,041,864  |
| Closing balance of cash and cash equivalents   |                  | \$ 3,989,794   | \$ 5,474,176                                     |

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng



Auditor's Report

(2016) Tsai-Shen-Pao-Tzu No. 15003135

To Yuanta Futures Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Yuanta Futures Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, of changes in shareholders' equity and of cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Yuanta Futures Co. Ltd. and subsidiaries as of December 31, 2015 and 2014, the financial performance and their cash flows for the January 1 to December 31, 2015 and 2014, in conformity with the "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants" and "International Financial Reporting Standards", "International Accounting Standards", interpretations and public announcements of interpretations endorsed by the Financial Supervisory Commission of the Republic of China.

Yuanta Futures Co., Ltd. has compiled its 2015 and 2014 individual financial statements, for which we issued unqualified opinion.

PwC Taiwan

Ms. Lin, Se-Kai

CPA

Ms. Li, Hsiu-Ling

Securities and Futures Bureau, Financial Supervisory  
Commission, Executive Yuan

Approval Document No.:

Chin-Kuan-Cheng-6-0960072936

Chin-Kuan-Cheng-6-0960038033

March 24, 2016

Yuanta Futures Co., Ltd. and its subsidiaries  
Consolidated Balance Sheet  
December 31, 2015 and 2014

|                           |  | December 31, 2015 |                      | (After adjustment)<br>December 31, 2014 |                      | Unit: NTD thousand<br>(After adjustment)<br>1 January 2014 |                      |            |
|---------------------------|--|-------------------|----------------------|---|----------------------|--|----------------------|------------|
| Assets                    | Additional<br>notes  | Amount            | %                    | Amount                                  | %                    | Amount   | %                    |            |
| <b>Current assets</b>     |  |                   |                      |   |                      |  |                      |            |
| 111100                    | Cash and cash equivalents                                      | 6(1) and 7        | \$ 4,387,745         | 8                                       | \$ 5,644,233         | 15   | 5,222,284            | 14         |
| 112000                    | Financial assets at fair value through profit or loss- current | 6(2) and 11       | 566,309              | 1                                       | 123,052              | -  | 10,059               | -          |
| 113400                    | Available-for-sale financial assets - current                  | 6 (4)             | 37,876               | -                                       | 52,151               | -  | 28,440               | -          |
| 113500                    | Held-to-maturity financial assets-current                      | 6 (5)             | -                    | -                                       | 30,614               | -  | 29,644               | -          |
| 114070                    | Customers' margin accounts                                     | 6(3) and 7        | 49,756,070           | 87                                      | 30,087,385           | 80   | 29,973,105           | 81         |
| 114080                    | Futures trading margin receivable                              |                   | 703                  | -                                       | 16                   | -  | -                    | -          |
| 114100                    | Stock Borrowing Margin (SBL) - paid                            | 7                 | 25,901               | -                                       | -                    | -  | -                    | -          |
| 114110                    | Notes receivables  |                   | -                    | -                                       | -                    | -  | 162                  | -          |
| 114130                    | Accounts receivable  |                   | 31,148               | -                                       | 9,735                | -  | 2,923                | -          |
| 114140                    | Accounts receivable - related parties                          | 7                 | 5,200                | -                                       | 4,982                | -  | 2,944                | -          |
| 114150                    | Prepayments  |                   | 4,797                | -                                       | 4,642                | -  | 10,880               | -          |
| 114170                    | Other receivable   |                   | 9,222                | -                                       | 38,838               | -  | 31,762               | -          |
| 114180                    | Other receivables - related parties                            | 7                 | 26,183               | -                                       | 7,776                | -  | 65,486               | -          |
| 114600                    | Current Income Tax Asset                                       |                   | 453                  | -                                       | 453                  | -  | 366                  | -          |
| 119000                    | Other current assets   |                   | 31                   | -                                       | 5                    | -  | 16                   | -          |
| 110000                    | <b>Total of Current Assets</b>                                 |                   | <u>54,851,638</u>    | <u>96</u>                               | <u>36,003,882</u>    | <u>95</u>  | <u>35,378,071</u>    | <u>95</u>  |
| <b>Non-Current assets</b> |  |                   |                      |   |                      |  |                      |            |
| 123400                    | Available-for-sale financial assets - non-current              | 6 (4)             | 1,178,756            | 2                                       | 899,218              | 3  | 911,235              | 3          |
| 124100                    | Investments accounted for by the equity method                 | 6 (6)             | 8,519                | -                                       | 9,326                | -  | 10,564               | -          |
| 125000                    | Property and equipment   | 6 (9)             | 70,570               | -                                       | 80,954               | -  | 120,415              | -          |
| 127000                    | Intangible assets  | 6 (10)            | 35,166               | -                                       | 41,599               | -  | 40,694               | -          |
| 128000                    | Deferred income tax assets                                     | 3 (1) and 6(26)   | 17,758               | -                                       | 8,363                | -  | 9,428                | -          |
| 129010                    | Business guaranty bond   | 6(7) and 7        | 185,000              | 1                                       | 185,000              | 1  | 185,000              | 1          |
| 129020                    | Settlement / clearance fund                                    | 6 (8)             | 491,338              | 1                                       | 479,669              | 1  | 490,030              | 1          |
| 129030                    | Guarantee deposits paid  | 7                 | 9,715                | -                                       | 10,961               | -  | 13,065               | -          |
| 129040                    | Deferred expenses  |                   | -                    | -                                       | -                    | -  | 1,199                | -          |
| 129130                    | Prepayment for equipment purchase                              |                   | 3,392                | -                                       | 7,919                | -  | 7,811                | -          |
| 120000                    | <b>Total of Non-Current Assets</b>                             |                   | <u>2,000,214</u>     | <u>4</u>                                | <u>1,723,009</u>     | <u>5</u>   | <u>1,789,441</u>     | <u>5</u>   |
| 906001                    | <b>Total assets</b>  |                   | <u>\$ 56,851,852</u> | <u>100</u>                              | <u>\$ 37,726,891</u> | <u>100</u>   | <u>\$ 37,167,512</u> | <u>100</u> |

(Continued next page)

Yuanta Futures Co., Ltd. and its subsidiaries  
Consolidated Balance Sheet  
December 31, 2015 and 2014

Unit: NTD thousand

| Liabilities and equity                              | Additional notes  | December 31, 2015    |            | (After adjustment)<br>December 31, 2014 |            | (After adjustment)<br>1 January 2014 |            |
|---|---|----------------------|------------|---|------------|--------------------------------------|------------|
|   |   | Amount               | %          | Amount                                  | %          | Amount                               | %          |
| <b>Current liabilities</b>                          |   |                      |            |   |            |                                      |            |
| 212000  | Financial liabilities at fair value through profit or loss- current | 11                   |            |   |            |                                      |            |
|   |   | \$ 10,069            | -          | \$ 5,989                                | -          | \$ 1,178                             | -          |
| 214080  | Futures traders' equity   | 6(3) and 7           |            |   |            |                                      |            |
|   |   | 49,595,196           | 87         | 29,934,989                              | 79         | 29,884,112                           | 81         |
| 214130  | Accounts payable  |                      |            |   |            |                                      |            |
|   |   | 138,829              | -          | 92,968                                  | -          | 47,771                               | -          |
| 214140  | Accounts payable - related parties                                  | 7                    |            |   |            |                                      |            |
|   |   | 25,938               | -          | 25,285                                  | -          | 16,750                               | -          |
| 214160  | Agency Receipts   |                      |            |   |            |                                      |            |
|   |   | 5,206                | -          | 4,974                                   | -          | 3,529                                | -          |
| 214170  | Other payable   |                      |            |   |            |                                      |            |
|   |   | 186,477              | 1          | 144,603                                 | 1          | 145,039                              | -          |
| 214180  | Other payables - related parties                                    | 7                    |            |   |            |                                      |            |
|   |   | 434                  | -          | 466                                     | -          | 183                                  | -          |
| 214600  | Current Income Tax Liability  |                      |            |   |            |                                      |            |
|   |   | 46,257               | -          | 17,493                                  | -          | 14,331                               | -          |
| 219000  | Other current liabilities   |                      |            |   |            |                                      |            |
|   |   | 6,858                | -          | 7,948                                   | -          | 5,774                                | -          |
| 210000  | <b>Total of current liabilities</b>                                 |                      |            |   |            |                                      |            |
|   |   | <u>50,015,264</u>    | <u>88</u>  | <u>30,234,715</u>                       | <u>80</u>  | <u>30,118,667</u>                    | <u>81</u>  |
| <b>Non-current liabilities</b>                      |   |                      |            |   |            |                                      |            |
| 225100  | Liabilities reserve- non-current                                    | 3 (1) and 6(11)      |            |   |            |                                      |            |
|   |   | 59,481               | -          | 39,440                                  | -          | 46,667                               | -          |
| 228000  | Deferred income tax liabilities                                     | 6 (26)               |            |   |            |                                      |            |
|   |   | -                    | -          | 4,708                                   | -          | 1,958                                | -          |
| 220000  | <b>Total of non-current liabilities</b>                             |                      |            |   |            |                                      |            |
|   |   | <u>59,481</u>        | <u>-</u>   | <u>44,148</u>                           | <u>-</u>   | <u>48,625</u>                        | <u>-</u>   |
| 906003  | <b>Total liabilities</b>  |                      |            |   |            |                                      |            |
|   |   | <u>50,074,745</u>    | <u>88</u>  | <u>30,278,863</u>                       | <u>80</u>  | <u>30,167,292</u>                    | <u>81</u>  |
| <b>Attributable to owners of the parent company</b> |   |                      |            |   |            |                                      |            |
| <b>Share capital</b>                                |   |                      |            |   |            |                                      |            |
| 301010  | Ordinary shares capital   | 6 (12)               |            |   |            |                                      |            |
|   |   | 2,322,763            | 4          | 2,322,763                               | 6          | 2,322,763                            | 6          |
| <b>Capital reserve</b>                              |   |                      |            |   |            |                                      |            |
| 302000  | Capital reserve   | 6 (13)               |            |   |            |                                      |            |
|   |   | 940,976              | 2          | 1,940,976                               | 5          | 1,940,976                            | 5          |
| <b>Retained earnings</b>                            |   |                      |            |   |            |                                      |            |
| 304010  | Legal earnings reserve  | 6 (15)               |            |   |            |                                      |            |
|   |   | 561,535              | 1          | 474,475                                 | 1          | 409,088                              | 1          |
| 304020  | Special earnings reserve  | 6 (14)               |            |   |            |                                      |            |
|   |   | 1,375,086            | 2          | 1,200,965                               | 3          | 1,090,016                            | 3          |
| 304040  | Undistributed earnings  | 3 (1) and 6(15)      |            |   |            |                                      |            |
|   |   | 757,898              | 1          | 871,514                                 | 3          | 653,020                              | 2          |
| <b>Other equity</b>                                 |   |                      |            |   |            |                                      |            |
| 305000  | Other equity  | 6 (16)               |            |   |            |                                      |            |
|   |   | 818,849              | 2          | 637,335                                 | 2          | 584,357                              | 2          |
| 906004  | <b>Total equity</b>   |                      |            |   |            |                                      |            |
|   |   | <u>6,777,107</u>     | <u>12</u>  | <u>7,448,028</u>                        | <u>20</u>  | <u>7,000,220</u>                     | <u>19</u>  |
| 906002  | <b>Total liabilities and equity</b>                                 |                      |            |   |            |                                      |            |
|   |   | <u>\$ 56,851,852</u> | <u>100</u> | <u>\$ 37,726,891</u>                    | <u>100</u> | <u>\$ 37,167,512</u>                 | <u>100</u> |

Please refer to the notes enclosed in the consolidated financial reports that are an integral part of the consolidated financial statements.

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd. and its subsidiaries  
Consolidated comprehensive income statements  
January 1 to December 31, 2015 and 2014

Unit: NTD thousand  
(except EPS in NTD)  
(After adjustment)

| Item                    | Additional notes   | 2015            |                     | 2014         |                     |              |
|-------------------------|--|-----------------|---------------------|--------------|---------------------|--------------|
|                         |  | Amount          | %                   | Amount       | %                   |              |
| <b>Revenue</b>          |  |                 |                     |              |                     |              |
| 401000                  | Brokerage commission   | 6(17) and 7     | \$ 2,715,679        | 93           | \$ 2,052,421        | 90           |
| 410000                  | Net loss on disposal of operating securities   | 6 (18)          | ( 27,813)           | ( 1)         | ( 13,051)           | -            |
| 421300                  | Dividend income  |                 | 5,386               | -            | 10,137              | 1            |
| 421500                  | Net profit of securities trade measured at the fair value through profit or loss       |                 | 7,741               | -            | 4,076               | -            |
| 421600                  | SBL and reverse sell margin-trading-short - net loss                                   |                 | ( 157)              | -            | -                   | -            |
| 424200                  | security commission earned   | 7               | 3,398               | -            | 3,588               | -            |
| 424300                  | Settlement and clearance fees  | 6(19) and 7     | 90,325              | 3            | 97,032              | 4            |
| 424400                  | Net gains in the derivative financial instruments                                      | 6 (2) (20)      | 121,807             | 4            | 111,567             | 5            |
| 424800                  | Management fee income  |                 | -                   | -            | 52                  | -            |
| 424900                  | Consultancy fee income   |                 | 13,770              | 1            | 7,077               | -            |
| 428000                  | Other operating revenue (loss)   | 7               | ( 207)              | -            | 1,135               | -            |
| 400000                  | <b>Total revenues</b>  |                 | <u>2,929,929</u>    | <u>100</u>   | <u>2,274,034</u>    | <u>100</u>   |
| <b>Expense</b>          |  |                 |                     |              |                     |              |
| 501000                  | Brokerage commission expenses  | 6 (21)          | ( 491,601)          | ( 17)        | ( 351,358)          | ( 15)        |
| 502000                  | Proprietary trade service charge   | 6 (21)          | ( 14,094)           | ( 1)         | ( 11,153)           | ( 1)         |
| 521200                  | Financial costs  | 7               | ( 29,071)           | ( 1)         | ( 15,158)           | ( 1)         |
| 524100                  | Futures commission expenses  | 6(22) and 7     | ( 560,895)          | ( 19)        | ( 413,141)          | ( 18)        |
| 524300                  | Clearance and settlement service expenses  |                 | ( 412,434)          | ( 14)        | ( 322,736)          | ( 14)        |
| 531000                  | Employee Benefit expenses  | 3 (1) and 6(24) | ( 563,211)          | ( 19)        | ( 491,646)          | ( 22)        |
| 532000                  | Depreciation and amortization expenses   | 6 (23)          | ( 62,662)           | ( 2)         | ( 72,903)           | ( 3)         |
| 533000                  | Other operating expenses   | 6(23) and 7     | ( 388,007)          | ( 13)        | ( 368,086)          | ( 16)        |
| 500000                  | <b>Total Expense</b>   |                 | <u>( 2,521,975)</u> | <u>( 86)</u> | <u>( 2,046,181)</u> | <u>( 90)</u> |
| <b>Operating profit</b> |  |                 |                     |              |                     |              |
| 601000                  | Share of profit of associates and joint ventures accounted for under the equity method | 6 (6)           | ( 807)              | -            | ( 1,238)            | -            |
| 602000                  | Other profits and losses   | 6(25) and 7     | <u>527,973</u>      | <u>18</u>    | <u>773,406</u>      | <u>34</u>    |
| 902001                  | <b>Earnings before tax</b>   |                 | <u>935,120</u>      | <u>32</u>    | <u>1,000,021</u>    | <u>44</u>    |
| 701000                  | Income tax expense   | 3 (1) and 6(26) | ( 158,027)          | ( 6)         | ( 128,976)          | ( 6)         |
| 902005                  | <b>Current period net profit</b>   |                 | <u>777,093</u>      | <u>26</u>    | <u>871,045</u>      | <u>38</u>    |

(Continued next page)

Yuanta Futures Co., Ltd. and its subsidiaries  
Consolidated comprehensive income statements  
January 1 to December 31, 2015 and 2014

Unit: NTD thousand  
(except EPS in NTD)  
(After adjustment)

| Item   | Additional notes   | 2015        |   | 2014              |             |
|--|--|-------------|---|-------------------|-------------|
|  |  | Amount      | % | Amount            | %           |
| <b>Other general gains and losses</b>                              |  |             |   |                   |             |
| <b>Items that are not reclassified as profit and loss:</b>         |  |             |   |                   |             |
| 805510   | Defined benefit plan revaluation amount and volume   | 6 (11)      |   |                   |             |
|  |  | (\$ 19,662) | - | \$ 5,538          | -           |
| 805599   | Income tax related to accounts not being reclassified  |             |   |                   |             |
|  |  | 3,343       | - | ( 941)            | -           |
| <b>Accounts to be reclassified to profit or loss subsequently:</b> |  |             |   |                   |             |
| 805610   | Exchange differences arising from translating the financial statements of foreign operations | 6 (16)      |   |                   |             |
|  |  |             |   | 7,812             | -           |
| 805620   | Unrealized valuation gains on financial asset available for sale                             | 6 (4) (16)  |   |                   |             |
|  |  |             |   | 11,029            | 1           |
|  |  |             |   | <u>173,702</u>    | <u>6</u>    |
|  |  |             |   | <u>41,949</u>     | <u>2</u>    |
|  |  |             |   | <u>165,195</u>    | <u>6</u>    |
|  |  |             |   | <u>57,575</u>     | <u>3</u>    |
|  |  |             |   | <u>\$ 942,288</u> | <u>32</u>   |
|  |  |             |   | <u>\$ 928,620</u> | <u>41</u>   |
|  |  |             |   | <u>\$ 777,093</u> | <u>27</u>   |
|  |  |             |   | <u>\$ 871,045</u> | <u>38</u>   |
|  |  |             |   | <u>\$ 942,288</u> | <u>32</u>   |
|  |  |             |   | <u>\$ 928,620</u> | <u>41</u>   |
|  |  |             |   | <u>\$</u>         | <u>3.35</u> |
|  |  |             |   | <u>\$</u>         | <u>3.75</u> |

Please refer to the notes enclosed in the consolidated financial reports that are an integral part of the consolidated financial statements.

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou,  
Hsiao-Ling

Accounting Supervisor: Mr. Chou,  
Yu-Cheng

Yuanta Futures Co., Ltd. and its subsidiaries  
Consolidated statement of changes in equity  
January 1 to December 31, 2015 and 2014

Unit: NTD thousand

|   | Additional notes | Attributable to owners of the parent company |                                  |   |                        |                          |                        |  |  | Total equity        |
|---|------------------|--|----------------------------------|---|------------------------|--------------------------|------------------------|--|--|---------------------|
|   |                  | Capital reserve                              |                                  |   | Retained earnings      |                          |                        | Other equity   |  |                     |
|   |                  | Ordinary shares capital                      | Capital reserves - share premium | Capital reserves - gains on consolidation | Legal earnings reserve | Special earnings reserve | Undistributed earnings | Exchange differences arising from translating the financial statements of foreign operations | Unrealized gains or losses on financial asset available for sale |                     |
| <b>2014 (After adjustment)</b>                                  |                  |  |                                  |   |                        |                          |                        |  |  |                     |
| Balance at January 1, 2014                                      | 6 (12)           | \$ 2,322,763                                 | \$ 1,894,643                     | \$ 46,333                                 | \$ 409,088             | \$ 1,090,016             | \$ 657,865             | (\$ 12,314 )   | \$ 596,671   | \$ 7,005,065        |
| Influence of the application and reclassification in retrospect |                  | -  | -                                | -   | -                      | -                        | ( 4,845 )              | -  | -  | ( 4,845 )           |
| Balance on January 1, 2014 after adjustment                     |                  | 2,322,763                                    | 1,894,643                        | 46,333                                    | 409,088                | 1,090,016                | 653,020                | ( 12,314 )   | 596,671  | 7,000,220           |
| <b>Dividend allocation and distribution for 2013</b>            |                  |  |                                  |   |                        |                          |                        |  |  |                     |
| Legal earnings reserve  | 6 (15)           | -  | -                                | -   | 65,387                 | -                        | ( 65,387 )             | -  | -  | -                   |
| Special earnings reserve  |                  | -  | -                                | -   | -                      | 130,774                  | ( 130,774 )            | -  | -  | -                   |
| Reversal of Special earnings reserve                            |                  | -  | -                                | -   | -                      | ( 19,825 )               | 19,825                 | -  | -  | -                   |
| Cash dividends to shareholders                                  |                  | -  | -                                | -   | -                      | -                        | ( 480,812 )            | -  | -  | ( 480,812 )         |
| 2014 net profit   |                  | -  | -                                | -   | -                      | -                        | 871,045                | -  | -  | 871,045             |
| 2014 Other comprehensive profit                                 | 6 (16)           | -  | -                                | -   | -                      | -                        | 4,597                  | 11,029   | 41,949   | 57,575              |
| Balance at December 31, 2014                                    |                  | <u>\$ 2,322,763</u>                          | <u>\$ 1,894,643</u>              | <u>\$ 46,333</u>                          | <u>\$ 474,475</u>      | <u>\$ 1,200,965</u>      | <u>\$ 871,514</u>      | <u>(\$ 1,285 )</u>   | <u>\$ 638,620</u>  | <u>\$ 7,448,028</u> |
| <b>2015</b>   |                  |  |                                  |   |                        |                          |                        |  |  |                     |
| Balance at January 1, 2015                                      | 6 (12)           | \$ 2,322,763                                 | \$ 1,894,643                     | \$ 46,333                                 | \$ 474,475             | \$ 1,200,965             | \$ 871,514             | (\$ 1,285 )  | \$ 638,620   | \$ 7,448,028        |
| <b>Dividend allocation and distribution for 2014</b>            |                  |  |                                  |   |                        |                          |                        |  |  |                     |
| Legal earnings reserve  | 6 (15)           | -  | -                                | -   | 87,060                 | -                        | ( 87,060 )             | -  | -  | -                   |
| Special earnings reserve  |                  | -  | -                                | -   | -                      | 174,121                  | ( 174,121 )            | -  | -  | -                   |
| Cash dividends to shareholders                                  |                  | -  | -                                | -   | -                      | -                        | ( 613,209 )            | -  | -  | ( 613,209 )         |
| The distribution of cash dividends from capital surplus         |                  | -  | ( 1,000,000 )                    | -   | -                      | -                        | -                      | -  | -  | ( 1,000,000 )       |
| 2015 net profit   |                  | -  | -                                | -   | -                      | -                        | 777,093                | -  | -  | 777,093             |
| 2015 Other comprehensive profit                                 | 6 (16)           | -  | -                                | -   | -                      | -                        | ( 16,319 )             | 7,812  | 173,702  | 165,195             |
| Balance at December 31, 2015                                    |                  | <u>\$ 2,322,763</u>                          | <u>\$ 894,643</u>                | <u>\$ 46,333</u>                          | <u>\$ 561,535</u>      | <u>\$ 1,375,086</u>      | <u>\$ 757,898</u>      | <u>\$ 6,527</u>  | <u>\$ 812,322</u>  | <u>\$ 6,777,107</u> |

Please refer to the notes enclosed in the consolidated financial reports that are an integral part of the consolidated financial statements.

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd. and its subsidiaries  
Consolidated cash flow statement  
January 1 to December 31, 2015 and 2014

Unit: NTD thousand

|  | Additional notes | 2015           | (After adjustment)<br>2014 |
|--|------------------|----------------|----------------------------|
| Cash flow from operating activities  |                  |                |                            |
| Consolidated pre-tax net profit  |                  | \$ 935,120     | \$ 1,000,021               |
| Adjustments  |                  |                |                            |
| Income and expenses having no effect on cash flows                                     |                  |                |                            |
| Depreciation   | 6 (23)           | 53,324         | 59,330                     |
| Amortizations  | 6 (23)           | 9,338          | 13,573                     |
| Interest income  | 6 (25)           | ( 468,078 )    | ( 416,406 )                |
| Interest expenses  |                  | 29,071         | 15,158                     |
| Gains from disposal of financial assets available for sale                             | 6 (4)            | ( 2,235 )      | ( 278,912 )                |
| Share of profit of associates and joint ventures accounted for under the equity method | 6 (6)            | 807            | 1,238                      |
| Losses from disposal of property or equipment  |                  | 431            | 1,618                      |
| Prepaid equipment amount recognized as expense   |                  | -              | 96                         |
| Dividend income  |                  | ( 37,086 )     | ( 38,548 )                 |
| Changes in assets/liabilities relating to operating activities                         |                  |                |                            |
| Net changes in assets relating to operating activities                                 |                  |                |                            |
| Financial assets at fair value through profit or loss-current                          |                  | ( 443,257 )    | ( 112,993 )                |
| Customers' margin accounts   |                  | ( 19,668,685 ) | ( 114,280 )                |
| Futures trading margin receivable  |                  | ( 687 )        | ( 16 )                     |
| Stock Borrowing Margin (SBL) - paid  |                  | ( 25,901 )     | -                          |
| Notes receivables  |                  | -              | 162                        |
| Accounts receivable  |                  | ( 21,413 )     | ( 6,812 )                  |
| Accounts receivable - related parties  |                  | ( 218 )        | ( 2,038 )                  |
| Prepayments  |                  | ( 155 )        | 6,238                      |
| Other receivable   |                  | ( 217 )        | ( 271 )                    |
| Other receivables - related parties  |                  | ( 15,440 )     | 59,859                     |
| Other current assets   |                  | ( 26 )         | 11                         |
| Net changes in liabilities relating to operating activities                            |                  |                |                            |
| Financial liabilities at fair value through profit or loss-current                     |                  | 4,080          | 4,811                      |
| Futures traders' equity  |                  | 19,660,207     | 50,877                     |
| Accounts payable   |                  | 45,861         | 45,197                     |
| Accounts payable - related parties   |                  | 653            | 8,535                      |
| Agency Receipts  |                  | 232            | 1,445                      |
| Other payable  |                  | 42,825         | 3,682                      |
| Other payables - related parties   |                  | 14             | 86                         |
| Other current liabilities  |                  | ( 1,090 )      | 2,174                      |
| Liabilities reserve- non-current   |                  | 379            | ( 1,689 )                  |
| Net cash provided by operating activities  |                  | 97,854         | 302,146                    |
| Interest received  |                  | 495,117        | 407,398                    |
| Income tax paid  |                  | ( 140,023 )    | ( 123,027 )                |
| Dividends received   |                  | 37,086         | 38,548                     |

|   |                      |              |
|---|----------------------|--------------|
| Interest paid   | ( 30,068 )           | ( 19,079 )   |
| Net cash inflow from operating activities                               | 459,966              | 605,986      |
| Cash flow from investing activities                                     |                      |              |
| Acquisition of available-for-sale financial assets                      | ( 196,914 )          | ( 50,362 )   |
| Proceeds from disposal of financial assets available for sale           | 107,321              | 359,529      |
| Decrease in held-to-maturity financial assets                           | 32,283               | 162          |
| Purchase of property and equipment                                      | 6 (9) ( 18,166 )     | ( 12,674 )   |
| Proceeds from disposal of property or equipment                         | -                    | 450          |
| Increase in intangible assets   | 6 (10) ( 1,947 )     | ( 1,400 )    |
| Decrease (Increase) in settlement / clearance fund                      | ( 11,669 )           | 10,361       |
| Decrease in Guarantee deposits paid                                     | 1,246                | 2,104        |
| Increase in installment on equipment                                    | ( 20,658 )           | ( 19,744 )   |
| Net cash inflow (outflow) from investing activities                     | ( 108,504 )          | 288,426      |
| Cash flow from financing activities                                     |                      |              |
| Cash dividends distribution   | 6 (15) ( 1,613,209 ) | ( 480,812 )  |
| Net cash outflow from financing activities                              | ( 1,613,209 )        | ( 480,812 )  |
| Impact of change in exchange rate on cash and cash equivalent           | 5,259                | 8,349        |
| Increase (decrease) in cash and cash equivalents for the current period | ( 1,256,488 )        | 421,949      |
| Opening balance of cash and cash equivalents                            | 5,644,233            | 5,222,284    |
| Closing balance of cash and cash equivalents                            | \$ 4,387,745         | \$ 5,644,233 |

Please refer to the notes enclosed in the consolidated financial reports that are an integral part of the consolidated financial statements.

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng



Attachment VII

Yuanta Futures Co., Ltd.  
The 2015 Statement of Retained Earnings

Unit: NTD

| Item  | Amount         |
|---|----------------|
| I. Amount available for distribution:                                     |                |
| Opening undistributed earnings  | \$ 1,526,893   |
| Less: Prior service costs transferred to retained earnings account        | (4,404,666 )   |
| Less: Defined benefit actuarial gains and recognized as retained earnings | (16,319,355 )  |
| Unappropriated adjusted earnings (accumulated losses)                     | (19,197,128 )  |
| Add: 2015 after-tax net profit  | 777,093,409    |
| Distributable earnings for the year                                       | \$ 757,896,281 |
| II. Distribution within the year:   |                |
| Legal earnings reserve (10%)  | \$ 75,789,628  |
| Special earnings reserve (20%)  | 151,579,256    |
| Cash dividends to shareholders (\$2.28 per share)                         | 529,589,937    |
| Closing undistributed earnings  | \$ 937,460     |

Chairman:

General Manager:

Accounting Supervisor:

## Appendix 1

### Current and Minimum Number of Shares Held by Directors and Supervisors

- I. The Company has a paid-up capital of NTD\$2,322,762,880, issued in 232,276,288 ordinary shares.
- II. According to the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” the minimum shareholding of the Company’s board directors is 12,000,000 shares. The Company has an Audit Committee established; therefore, there is no requirement on the minimum shareholding of the supervisors.
- III. As at the book closure date of this annual general meeting (March 20, 2016), the shareholders registry showed total shares held by Directors at 159,467,282, of which have complied with Section 26 of The Securities Exchange Act. The details are as follows:

Ex-transfer date on March 20, 2016

| Title   | Name  | Number of shares held<br>(shares) | Shareholding<br>percentage (%) |
|---|---|-----------------------------------|--------------------------------|
| Chairman  | Yuanta Financial Holding Co., Ltd.<br>Representative: Mr. Lin, Tien-Fu        | 159,467,282                       | 68.65%                         |
| Director  | Yuanta Financial Holding Co., Ltd.<br>Representative: Ms. Chou,<br>Hsiao-Ling |                                   |                                |
| Director  | Yuanta Financial Holding Co., Ltd.<br>Representative: Mr. Ho, Ming-Hung       |                                   |                                |
| Director  | Yuanta Financial Holding Co., Ltd.<br>Representative: Mr. Kung,<br>Shao-Hsing |                                   |                                |
| Director  | Yuanta Financial Holding Co., Ltd.<br>Representative: Ms. Chen, Hsiu-Mei      |                                   |                                |
| Director  | Yuanta Financial Holding Co., Ltd.<br>Representative: Mr. Kuo, Yu-Hung        |                                   |                                |
| Independent<br>Director                                 | Mr. Huang, Jung-Hsien   | 0                                 | 0                              |
| Independent<br>Director                                 | Mr. Lay, Kun-Hung   | 0                                 | 0                              |
| Independent<br>Director                                 | Mr. Kuo, Tu-Mu  | 0                                 | 0                              |
| <b>Total shares<br/>held by<br/>Directors<br/>Total</b> |   | 159,467,282                       | 68.65%                         |

## Appendix 2

### Information Relating to Shareholders' Meeting Agendas

#### I. Shareholders' meeting agendas

1. According to Article 172-1 of The Company Act, shareholders who own more than 1% of The Company's outstanding shares are entitled to submit one agenda for discussion during the annual general meeting. The submission shall be made in writing and is limited to 300 words.
2. The Company has accepted shareholders' proposed agendas for this year's annual general meeting between March 7, 2016 and March 16, 2016. This information has been published on the Market Observation Post System.
3. The Company received no proposals from existing shareholders during that period.

## Appendix 3

# Yuanta Futures Co., Ltd.

## The Company's Articles of Incorporation (Before amendments)

### Chapter One General Principles

- Article 1 The Company is incorporated according to The Company Act, and is named Yuanta Futures Co., Ltd.
- Article 2 The Company's industry classifications are:
- H401011 Futures Merchant.
  - H405011 Futures Consultation Services.
  - H304011 Security-investing Advices.
  - H407011 Futures Management.
  - H301011 Securities Brokerage.
  - H310011 Futures Introducing Broker.
  - H404011 Leverage Transaction Merchants.
- Article 2-1 The Company's business activities are:
1. Securities brokerage.
  2. Proprietary futures trading.
  3. Futures consultation services.
  4. Securities investment advice.
  5. Futures management.
  6. Proprietary trading of securities listed on Taiwan Stock Exchange.
  7. Proprietary trading of securities within business premise.
  8. Futures introducing agency.
  9. Leverage Transaction Merchants.
  10. Other business functions approved by the competent authority.
- Article 3 The Company is headquartered in Taipei City, the Republic of China, and may have branches or offices set up elsewhere at home or abroad as necessary as resolved by the Board of Directors, subject to approval by the competent authority.
- Article 4 Public announcements of the Company shall be duly made in accordance with Article 28 of The Company Act.

### Chapter Two Share capital

- Article 5 The Company's authorized capital is NTD2.5 billion, which can be raised in multiple issues at NT\$10 per share.
- Article 6 The Company issues its shares in non-tangible forms, and shall register them to the Central Securities Depository.
- Article 7 Shareholders shall provide their names and residential or registered addresses, along with their signature specimen cards, to The Company. This information shall be

registered into the shareholders' registry.

Article 8 (Deleted)

Article 9 The Company's share administration practices shall comply with "Printing Specifications for the Certificates of Publicly Traded Shares".

Article 10 The Company's shareholders' registry will be closed within 60 days before the annual general meeting, within 30 days before the extraordinary shareholders' meeting, or within 5 days before the base date for distributing dividends or other entitlements.

Article 11 All other matters relating to share administration shall comply with The Company Act and other relevant regulations.

### **Chapter Three Shareholders Meetings**

Article 12 The Company holds two types of shareholders' meetings:

1. The annual general meeting is held at least once a year, and within six months after the end of an accounting period unless otherwise permitted by The Company Act.
2. Extraordinary shareholders' meetings may be held whenever necessary, subject to compliance with the relevant laws.

Article 13 The convention of an annual general shareholders' meeting shall be communicated to shareholders in writing or electronic form with detailed date, venue, and agendas at least 30 days in advance, and 15 days for extraordinary shareholders' meetings, in advance. The Company may distribute the above-mentioned notices to shareholders holding less than one thousand shares by way of public announcements instead.

Article 14 All Company shareholders are entitled to one vote for every share held, except for the circumstances described in Article 179 of The Company Act where shareholders cannot exercise their voting rights.

Article 15 If a shareholder is unable to attend the shareholders' meeting in person, a proxy can be appointed by completing the Company's proxy form and by specifying the scope of delegated authority. Unless otherwise regulated by The Company Act, shareholders shall delegate their proxies in compliance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies". The above-mentioned proxy form shall be delivered at least 5 days before the shareholders' meeting. If duplicate forms are received, the one submitted earlier shall prevail. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous proxy arrangement.

Article 16 Unless otherwise specified in The Company Act, shareholders' meetings are convened by the Board of Directors. Shareholders' meetings shall be chaired by the Chairmen. If the Chairman is unable to perform his/her duties due to leave of absence or any reasons, the Vice Chairman will take the Chairman's place in the meeting. If the Vice Chairman is also absent, the Chairman may appoint one of the directors to act on behalf. If no one is appointed, the remaining directors will appoint one among themselves to perform the Chairman's duties on behalf.

Article 17 Except otherwise regulated by The Company Act, a shareholders' meeting resolution is passed when more than half of all outstanding shares are represented in the meeting, and is approved by more than half of all voting rights represented during the meeting.

Article 18 Shareholders' meeting resolutions shall be compiled into detailed minutes, signed and stamped by the meeting Chairman, and distributed to every shareholder within 20 days after the meeting. The distribution can be made by way of public announcement. The

minutes shall detail the date and venue of the meeting, the meeting Chairman's name, the method of resolution, and the summary and results of meeting agendas. These minutes shall be retained indefinitely. Shareholders' attendance sheets and proxy forms shall be retained as required by the relevant regulations. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above-mentioned documents shall be retained until the end of the litigation.

#### **Chapter Four The Board of Directors, Directors and Managers**

Article 19 The Company may have a total of 7~11 Directors (including 3 Independent Directors); they are elected by shareholders to serve a term of three years, which can be renewed if elected at the end of the term. The amount of shares held by Directors shall comply with all relevant securities regulations.

The Company shall appoint the above-mentioned Independent Directors by way of candidate nomination according to Article 14-2 and 183 of The Securities Exchange Act.

The Directors (including independent directors) elections were held in accordance with a nomination system. Shareholders who are with over 1% shareholding and the Board of Directors may propose the list of nominees for directors for the review of the Board of Directors and with the qualified candidates presented in the shareholders' meeting to be elected by the shareholders.

The nomination and announcement of Director candidates shall comply with The Company Act, the Securities Exchange Act, and other relevant regulations.

Article 20 The Board of Directors exercises the following authorities:

1. Approval of the Company's business strategies and plans.
2. Approves the Company's budgets and reviews period-end closing.
3. Approval of the Company's foundation rules.
4. Approval of major policies within the Company.
5. Decides the increase/decrease of raised capital, and certifies the issuance of share certificates.
6. Drafts the Company's earnings appropriation proposals.
7. Resolves the Company's corporate bond issuance.
8. Decisions regarding buybacks of the Company's shares.
9. Appoints the Company's managers and finance, accounting, risk management, legal & compliance, and internal audit executives.
10. Approves the acquisition or disposal of major assets.
11. Sets the dates for the Company's annual general meetings or extraordinary shareholders' meetings.
12. Approves managers' performance and remuneration standards, and the remuneration to individual directors.

Article 20-1 The Company shall assemble a Remuneration Committee, for which the Board of Directors is authorized to create its foundation rules according to the relevant regulations.

Article 21 The Chairman of the Board of Directors shall be appointed with the presence of more than two thirds of all directors, and the supports from more than half of all present

directors. The Chairman represents the Company in all dealings. If necessary, a Vice Chairman can be appointed through the same procedure. If the Chairman is unable to perform his/her duties due to leave of absence or any reasons, the Vice Chairman will take the Chairman's place. If the Vice Chairman is also absent, the Chairman may appoint one of the directors to act on behalf. If no one is appointed, the remaining directors will appoint one among themselves to perform the Chairman's duties on behalf.

Board of Directors meetings are convened by the Chairman. However, the first meeting of a newly-elected board shall be convened by the director receiving the highest number of votes during the shareholders' meeting. The first meetings among newly-elected boards shall take place within 15 days after the election.

The convention of a Board of Directors meeting shall be advised to all Directors with detailed agenda at least 7 days in advance. However, meetings can be held in shorter notices in case of emergency.

The notice of convening the board meeting can be made electronically or by fax with the consent of the counterparty.

Article 22 Unless otherwise regulated by The Company Act, all resolutions to Board of Directors meeting agendas shall be discussed among more than half of all directors, and agreed by more than half of all directors present at the meeting. The meeting minutes shall be signed or stamped by the meeting Chairman and the recorder, and distributed to all Directors within 20 days after the meeting. This document shall also be included as part of the Company's key files and kept properly over the Company's existence.

The preparation and distribution of meeting minutes can be made in electronic form.

Article 23 If a Director is unable to attend the Board of Directors meeting in person, another director can be appointed as proxy, subject to compliance with Article 205 of The Company. The proxy arrangement shall be supported by a proxy form. If the Board of Directors meeting proceeds by way of video conferencing, those who participate in the meeting using video conferencing are considered to have attended the meeting in person.

Article 24 (Deleted)

Article 25 The Company has the "Audit Committee" composed by all the independent directors in accordance with Article 14-4 of the Securities and Exchange Act.

The size, terms, responsibilities, authorities, and meeting rules relating to the Audit Committee shall comply with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and be governed under a separate set of Audit Committee Foundation Rules.

Article 26 The Company employs one General Manager and several managers; the appointment, dismissal, and remuneration of whom shall comply with Article 29 of The Company Act.

The General Manager and managers shall carry out corporate operations according to the Board of Directors' resolutions and the relevant laws.

Article 27 As a guideline, salaries to the Chairman and Vice Chairman shall be set between 50% to 200% of the General Manager's salary. The actual sum is subject to the Board of Directors' approval.

Other remunerations and benefits to the Chairman and the Vice Chairman shall be granted according to The Company's relevant policies or in reference to industry peers. The Board of Directors is authorized to determine the level of compensation for

Chairman's/Vice Chairman's resignation based on their participation and contribution to The Company, and in reference to industry peers.

The Board of Directors is authorized to determine Independent Directors' remuneration in reference to industry peers. However, they are not entitled to earnings distributions under Article 29.

Article 27-1 The Company may acquire liability insurance for board directors in accordance with the resolutions reached by the Board of Directors.

### **Chapter Five Accounting**

Article 28 The Company's fiscal year is from January 1 to December 31. The Board of Directors shall have the following statements prepared at the end of the fiscal year and presented in the shareholders' meeting for acceptance in accordance with the governing procedures:

1. Business Report.
2. Financial statements.
3. Earnings distribution or loss reimbursement proposal.

Article 29 The Company's annual surpluses are first subject to taxation and reimbursement of losses made in previous years; the remainder is then subject to a 10% provision for legal earnings reserve, and a 20% provision for special earnings reserves. The remaining balance, plus any undistributed earnings carried from previous years, shall be distributed as follows unless retained for business needs:

1. Employees' bonuses totaling 0.01% ~ 5%.
2. The remaining balance to be distributed to ordinary shareholders as cash dividends.

The Company optimizes its dividends policy to ensure long-term financial stability while satisfying the needs for future growth, and thereby maximizing shareholders' interests. Detailed rules are as follows:

1. The amount distributed as dividends shall not be lower than 50% of distributable earnings.
2. The Company may decide the weight of dividends issued in cash and in shares based on its business operations and capital requirements projected for the next year. However, cash dividends shall not be lower than 30% of all dividends issued.

### **Chapter Six Additional Rules**

Article 30 The Board of Directors is authorized to determine the Company's foundation rules and levels of authority.

Article 31 Any matter not addressed in the Articles of Incorporation shall be governed by The Company Act and the relevant regulations.

Article 32 The Company's Articles of Incorporation was stipulated on January 14, 1997. The 22nd amendment was completed on May 17, 2013; the 23rd amendment was completed on May 20, 2014; the 24th amendment was completed on May 21, 2015 and implemented with the resolutions reached in the shareholders' meeting, same as the amendment.



**Yuanta Futures Co., Ltd.**  
**“Regulations Governing the Acquisition or Disposal of Assets”**  
**(Before amendments)**

Resolved in the shareholders' meeting on May 23, 2012  
The amendment was resolved in the shareholder's meeting on May 17, 2013  
The amendment was resolved in the shareholder's meeting on May 23, 2014

**Chapter One General Principles**

Article 1 The Company has these Guidelines stipulated to strengthen asset management and substantiate information disclosure.

Article 2 The Company's acquisition or disposal of assets is processed in accordance with the “Regulations Governing the Acquisition or Disposal of Assets.” The requirements otherwise provided by the law and regulations or the Financial Supervisory Commission (hereinafter referred to as the “competent authorities”) shall be followed.

Article 3 If the Company's acquisition or disposal of assets in accordance with the Guidelines or other law shall be approved by the Board of Directors; also, there is director's recorded or documented objections filed, the director's objections shall be delivered to the Audit Committee.

For the discussion of these Guidelines and the proposal for the acquisition or disposal of assets, the Company shall invite the independent directors to attend the meeting, have the opinions of each independent director considered sufficiently, and have their supporting or opposing opinions and reasons documented in the minutes of meeting.

Article 4 The scope of assets defined in the Guidelines is as follows:

1. Investment in stocks, government bonds, corporate bonds, financial bonds, fund-based securities, depositary receipts, call (put) warrants, beneficial securities, and asset-backed securities.
2. Real estate (including land, housing and construction, investment real estate, and land use rights) and equipment .
3. Membership card.
4. Intangible assets including patents, copyrights, trademarks, and charter.
5. Financial institutions claims (including receivables, foreign exchange discount and loans, and nonperforming loans).
6. Derivatives.
7. The acquisition or disposal of assets by merger, spins-off, acquisition, or assignment of shares lawfully.
8. Other important assets.

Article 5 The terminologies used in the operating procedures are as follows:

1. Derivatives: Refers to the forward contracts, options contracts, futures contracts, leveraged margin contracts, swaps contracts, and the compound contracts of the instruments referred to above with the values derived from assets, interest rate, exchange rate, index, or other interests. The term forward contracts exclude

insurance contract, performance contract, post-sale service contract, long-term lease contract, and long-term purchases (sales) contract.

2. The acquisition or disposal of assets by merger, spins-off, acquisition, or assignment of shares lawfully: Refers to the acquisition or disposal of assets by merger, spins-off, or purchase in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act, or other laws, or, assignment of other company's shares by issuing stock shares in accordance with Article 156 Section 8 of the Company Law (hereinafter referred to as "assignment of shares").
3. Related party and subsidiaries: It is recognized in accordance with the "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants."
4. Professional appraisers: Refers to the real estate appraiser or other appraisers conducting real estate and equipment appraisal by law.
5. Date of occurrence: Refers to the contract date, payment date, commission closing date, the date of settlement, the board resolution date, or other date with the counterparty and transaction amount confirmed whichever is earlier. The investment that shall be with the approval of the competent authorities is based on the date referred to above or the date received the approval of the competent authorities whichever is earlier.
6. Investment in Mainland China: Refers to the investment in Mainland China in accordance with the "Regulations Governing Investment or Technical Cooperation in Mainland China" of the Investment Commission, MOEA.

Article 6 For the appraisal report or the opinions obtained from the CPAs, attorney, or security underwriter by the Company, the professional appraisers and their appraising personnel, CPAs, attorneys, security underwriters, and the trade parties shall be not be related.

## **Chapter II Operating procedures**

### **Section 1 Acquisition or disposal of assets**

Article 7 The total amount of the non-operating real estate or securities acquired by the Company and its subsidiaries; also, the quota of individual security acquired are processed in accordance with the governing laws and the related business regulations and fund management provisions of the Company.

Article 8 The Company's investment scope and amount may not go beyond the regulations of the Futures Act.

The decision procedures (including prices determination, reference, and authorization hierarchy) of transaction terms and conditions for the acquisition and disposal of the Company's long-term and short-term investment portfolio and real estate are processed in accordance with the governing laws and the related business regulations and fund management provisions of the Company.

The Company's acquisition or disposal of assets, except for Section 1 and Section 2, is processed in accordance with the Company's authorization hierarchy and the acquisition or disposal amount. If the transaction amount is more than NT\$1,000,000, it shall be assessed by the ad hoc group composed by the department heads and clerks; also, reported to the governing authority for approval before processing.

Article 9 The Company's acquisition or disposal of real estate or equipment, except for the transactions conducted with government agencies, commissioned to build by land

owner, commissioned to build by lessee, and the transaction amount exceeding 20% of the paid-in capital or NT\$300 million, shall be with the appraisal report collected from the professional appraisers before the date of occurrence in accordance with the following requirements:

1. If the transaction price is determined by referring to an attributive price, a specific price, or a special price for a good cause, the transaction shall be presented to the Board of Directors for resolutions. The changes in trading conditions shall be processed the same.
2. The transaction amounted to NT\$1 billion or more shall be appraised by two or more professional appraisers.
3. For the professional appraiser's with one of the following results, unless the appraisal result of the assets acquired is higher than the transaction amount or the appraisal result of the assets disposed is lower than the transaction amount, it shall be processed in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the ROC Accounting Research and Development Foundation (hereinafter referred to as the "Accounting Research and Development Foundation"); also, express an opinion on the cause of the nonconformity and the adequacy of the transaction price:
  - (1) The spread between the appraisal result and the transaction amount exceeds 20%.
  - (2) The appraisal spread between the two or more appraisers exceeds 10% of the transaction amount.
4. The date of the appraisal report issued for the appraisal performed before the professional appraisal contract date may not be more than three months from the contract date. However, if it is applicable to the same present value announced and is not over six months, the original professional appraiser may have an opinion issued.

Attention shall be paid to the following matters when contact a professional appraiser to issue an appraisal report or to express an opinion:

1. The professional appraiser and its appraising personnel and the trade party shall be not related.
2. The professional appraisers and its appraising personnel are without any convicted criminal act or are not sentenced in the court of law.
3. If an appraisal report shall be issued by two or more professional appraisers, the two different professional appraisers or appraising personnel shall be not related.

Article 10 For the acquisition or disposal of securities, the Company shall collect the latest financial statements audited or reviewed by the CPAs of the underlying company before the date of occurrence as a reference for evaluating the transaction prices. In addition, for the transactions amount over 20% of the paid-in capital or NT\$300 million, the commissioned CPA shall comment on the reasonableness of the transaction prices. If a professional report is needed by the CPAs, it shall be handled in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the Accounting Research and Development Foundation. However, the securities are offered publicly with a quote available in the market or otherwise authorized by the competent authorities; it is not subject to this restriction.

Article 11 For the acquisition or disposal of membership cards or intangible assets with the transactions amount over 20% of the paid-in capital or NT\$300 million, except for the

transactions conducted with government agencies, the commissioned CPA shall comment on the reasonableness of the transaction prices before the date of occurrence in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the Accounting Research and Development Foundation.

Article 11.1 The transactions amount in the first three clauses shall be calculated in accordance with Article 35 Section 2. Also, the term “within one year” refers to the one year prior to the date of occurrence excluding the appraisal report issued by the professional appraiser or the CPA’s opinions acquired in accordance with the guidelines.

Article 12 For the Company’s acquisition or disposal of assets by the court auction process, the supporting documents issued by the court can be used instead of the appraisal report or CPA’s opinions.

Article 13 The Finance Department is to prepare the property catalog for the Company’s fixed assets in accordance with the relevant evidences. The Administration Office is to have the inventory count list prepared at the end of each year with the participation of the Audit Office, if necessary. The assets other than the ones referred to above and the supporting documents shall be inventory counted by the Finance Department from time to time; also, shall be cross examined against the bookkeeping.

Article 14 The Administration Office shall have the Company’s obsolete or missing assets identified during the inventory count reported and processed in accordance with the provision referred to above and the Guidelines Governing Profit-seeking Enterprise Income Tax Audit.

## **Section II Related party transactions**

Article 15 In addition to processing the related decision procedures and assessing the reasonableness of trade conditions in accordance with the provision referred to above and in this section, the appraisal report issued by the professional appraiser or the CPA’s opinions shall be acquired in accordance with the guidelines referred to above for the acquisition or disposal of assets by the Company from the related party with a transaction amount over 10% of the Company’s total assets. The calculation of the transaction amount referred to above shall be processed in accordance with Article 11.1.

The legal form and the real relationship shall be considered in determining whether the counterparty is a related party.

Article 16 For the acquisition or disposal of related party’s assets by the Company, or for the acquisition or disposal of assets other than real assets for an amount over to 20% of paid-in capital, 10% of total assets, or NT\$300 million, except for the trade of bonds, RP or RS, or the purchase or redemption of the domestic money market funds, the following information shall be submitted to the Board of Directors for approval and to the Audit Committee for acknowledgement before having the transaction contract signed and payment made:

1. The purpose, necessity, and expected benefits of the acquisition or disposal of real estate and assets.
2. The reasons for selecting the related party as the counterparty.
3. The information used to assess the reasonableness of the trade terms and conditions for the acquisition of real estate from the related party in accordance with Article 17 and Article 18.
4. The matters of the related party’s original acquisition date and price, counterparty, and the relationship with the Company and the related party.

5. The monthly cash income and expense forecast within the year from the month of the contract signed; also, assess the necessity of the trade and the reasonableness of the use of funds.
6. Acquire the appraisal report from the professional appraisers or the opinions of the CPAs in accordance with the provisions referred to above.
7. The restrictions and other important stipulations of the transaction.

The transactions amount referred to above shall be calculated in accordance with Article 35 Section 2. Also, the term “within one year” refers to the one year prior to the date of occurrence excluding the part that had already been resolved in the board meeting and accepted by the Audit Committee.

For the acquisition or disposal of operating equipment between the Company and the parent company or the subsidiary, the Board of Directors may authorize the Chairman in accordance with Article 7 Section 1 Paragraph 3 to have a decision made within the quota and then reported in the most recent board meeting for ratification. When reporting the matter to the Board of Directors for discussion in accordance with the requirements stated in the first section, the opinions of the independent directors shall be taken into account. The objections or reservations of the independent directors, if any, shall be detailed in the minutes of meeting.

The matters to be acknowledged by the Audit Committee in advance as stated in Paragraph 1 shall be with the consent of the majority and governed by the competent authorities.

#### Article 17

The Company shall assess the reasonableness of the transaction costs for the acquisition of real estate from the related party in accordance with the following methods:

1. Based on the transactions price of the related party plus the necessary funds interest cost and buyer’s cost by law, the necessary funds interest cost is calculated in accordance with the weighted average interest rate of the loans in the year the assets purchased provided that it shall not be higher than the non-financial industry’s highest loan interest rate announced by the Ministry of Finance.
2. If the related party has the underlying subject used as collateral for a loan from financial institutions, the financial institutions are to assess the gross lending value of the subject matter. However, the actual accumulated lending value of the subject matter granted by the financial institutions shall reach over 70% of the assessed gross lending value for a lending period over one year. However, it is not applicable if the financial institutions and the counterparty are related.

For the combined purchase of the same underlying land and house, the transaction costs of land and house can be assessed by any of the methods referred to above.

The cost of the real estate acquired by the Company from the related party shall be assessed in accordance with Section 1 and Section 2; also, a CPA shall be commissioned to review and express an opinion.

The acquisition of real estate by the Company from the related parties that fall into one of the following situations shall be handled in accordance with Article 16 instead of the provisions referred in the last three sections:

1. The acquisition of real estate by a related party is by inheritance or gift.
2. The related party’s contracting for the acquisition of real estate is over five years from the date of the trade contract signed.

3. Acquire property by signing with the related party a construction contract, including joint construction contract, proprietary-land construction, or leased-land construction.

Article 18

If the assessment result is lower than the transaction price in accordance with Section 1 and Section 2 referred to above, the Company is to have it processed in accordance with Article 19. However, as a result due to the following circumstances and with the objective evidence presented and an appraisal report collected from the professional real estate appraiser and a reasonable opinion issued by the CPAs, it is not subject to the limitations:

1. The related party that has obtained prime land or rental land for construction shall submit the proof of complying with the following conditions:
  - (1) The prime land is assessed in accordance with the methods referred to above. House is assessed in accordance with the sum of the construction costs and a reasonable profit exceeding the actual transaction price. The term “reasonable construction profit” is based on the average gross profit rate in the last three years of the related party’s construction department or the latest gross profit rate of the construction industry announced by the Ministry of Finance whichever is lower.
  - (2) The successful trade of other floors of the same underlying house and land or the successful trade of the unrelated party in the neighborhood within one year with the similar floor area; also, the trade conditions are assessed to be equivalent in accordance with the reasonable floors or regional spread in general practice of real estate trade.
  - (3) The lease of other floors of the same underlying house and land or the lease of the unrelated party within one year are assessed to be equivalent in accordance with the reasonable floors or spread in general practice of real estate lease.
2. The Company finds that the trade terms of acquiring the real estate from the related parties are similar to the successful trade of the unrelated party in the neighborhood within one year with the similar floor area.

The term “successful trade” in the neighborhood referred to above means for the underlying subject on the same street or an adjacent street/block within the 500m-radius or with the similar announced present value. The term “similar floor area” means for the successful trade by other non-related party is for not less than 50% of the floor area of the underlying subject. The term “within one year” means for the one year prior to the date of occurrence for the acquisition of real estate.

Article 19

If the assessment result of the acquisition of real estate from the related party is lower than the transaction price in accordance with Article 17 and Article 18, the Company is to have the following matters processed:

1. A special reserve is to be appropriated in respect of the spread between the transaction price and the evaluation costs of the real estate in accordance with Article 41 Section 1 of the Securities and Exchange Act; also, the special reserve may not be distributed or capitalized for stock dividends. If the Company has the investment in other company valued under the equity method, the Company is to have special reserve appropriated proportionally to the shareholding ratio in respect of the invested company’s appropriated amount in accordance with Article 41 Section 1 of the Securities and Exchange Act.
2. The Audit Committee shall apply mutatis mutandis with Article 218 of the

Company Law.

3. The process referred in Paragraph 1 and Paragraph 2 shall be presented to the shareholders' meeting; also, the transaction details shall be disclosed in the annual report and prospectus.

If the Company has a special reserve appropriated in accordance with the provision referred to above, the special reserve can be used with the approval of the competent authorities as soon as the high-price assets acquired is with the devaluation recognized, is disposed of, is appropriately compensated or restored, or is evidenced without any unreasonableness.

The acquisition of real estate by the Company from the related party that is evidenced not in compliance with general business practices shall be handled in accordance with the two sections referred to above.

### **Section III Engaged in derivative transactions**

Article 20 For the Company's futures proprietary business, the engagement in futures trade contracts at the domestic and international Futures Exchange Corporation that are announced by the competent authorities in accordance with Article 5 of the Futures Exchange Act shall be processed in compliance with the futures proprietary business internal control system, regulations, and decentralization of responsibility.

The Company is engaged in derivative instrument transactions to ensure the Company's operating profit and to avoid the risks caused by the changes in asset prices, exchange rates, and interest rates. It shall be handled in accordance with the specifications in this section.

Article 21 Transaction principles and guidelines

1. Transacted instrument

The Company has engaged in derivative transactions for the purpose of hedging and to the extent of the instruments approved by the competent authorities and with the transaction approved in advance by the Board of Directors.

2. Operating or hedging strategy

- (1) Set the individual and total contract amount of the hedging transactions.
- (2) Periodically evaluates the derivative gain or loss and performance status
- (3) Rigorously assess the credit standing and professional competence of the counterparty.
- (4) Each transaction and the related operations are processed in accordance with the Futures Trading Act, the relevant laws and regulations, and the Company's Articles of Incorporation.

3. Delineation of rights and obligations

- (1) The rights and obligations of each department and division are as follows:
  1. Finance Department: Counterparty assessment, trade execution, trade confirmation, trade control, bookkeeping, and announcement and reporting matters stipulated by the competent authorities.
  2. Administration Office: Trade contracts and trade evidences management
  3. Audit Office: Trade procedures and trade operation audit
  4. Risk Management Department: Trade risk assessment, control of risk monitoring, and follow-up and performance evaluations

5. Trade Clearing Department: Trade settlement and clearing operations

- (2) The personnel responsible for trade execution and confirmation and settlement referred to above shall not be inter-exchangeable. Moreover, risk assessors, monitoring personnel, and controllers shall not be in the same department with the staff referred to above. Department heads shall report to the Board of Directors or the management that is not responsible for trade or position decision-making.
4. Performance evaluation: The Finance Department has based on the realized net profit or loss after each contracted trade date to evaluate performance in accordance with the types of instruments traded; also, to compare and review profit and loss and performance periodically and report to the Chairman for review.
5. Total contract amount: The Company may not engage in derivative transactions for a total contract amount exceeding the actual business needs, instead, it shall be limited to the amount of the hedged items; also, the individual contract amount and the total contract amount is limited to 20% of the Company's net worth.
6. Upper limit of loss: The Company has engaged in derivative transactions for the purpose of hedging; therefore, there is not necessary to set the upper limit of loss.

Article 22 Authorized quota

1. Board of Directors: Authorize the type and amount of derivatives contract in accordance with the scope defined in Paragraph 5 referred to above.
2. Chairman: Authorizes individual derivatives and trade department's upper limit of outstanding contract, upper limit of net positions, and counterparty list.

Article 23 Risk management measures and internal audit system:

1. The scope of risk management includes credit, market price, liquidity, cash flow, operations, and legal risk management.
2. Audit Office shall examine periodically the adequacy of the derivative transactions internal control and audit the compliance with the procedures for derivatives trading of the Audit Office monthly with an audit report issued. The Audit Committee shall be notified in writing for any serious nonconformity identified.
3. The Risk Management Department shall monitor the risk of the derivative transactions whether it is within the Company's tolerable range with a risk assessment report produced periodically for the senior management authorized by the Board of Directors.
4. The Company shall consult the compliance officer or public legal counsel for any derivative transaction involving legal matters.

Article 24 Regular assessment methods and nonconformity handling

1. Finance Department shall have the not-available-for-trade holding position and the changes in market evaluated at least twice a month; also, the evaluation report shall be presented to the senior management authorized by the Board of Directors.
2. The Board of Directors shall authorize the senior management to periodically monitor and evaluate the appropriateness of the risk management measures, the compliance of the derivative transactions engaged in, the performance of the derivative transactions complying with the defined business strategy, and the risks within the Company's tolerable range. Take necessary responsive measures for



any nonconformity identified and report it to the Board of Directors immediately.

**Article 25 Supervision and management**

The Board of Directors is to supervise and manage the Company's derivatives transactions in accordance with the following principles:

1. Appoint the management to monitor and control the risk of derivative transactions at any time.
2. Periodically evaluate the performance of the derivative transactions complying with the defined business strategy and the risks within the Company's tolerable range.

The senior management authorized by the Board of Directors shall have the derivative transactions managed in accordance with the following principles:

1. Periodically evaluate the appropriateness of the risk management measures in accordance with the procedures for derivatives trading.
2. Supervise transactions and profit and loss and report nonconformities upon identification with necessary responsive measures exercised; also, immediately report to the Board of Directors. The presence and comment of the independent directors at the board meeting is mandatory.

The personnel who are authorized to engage in derivatives for the purpose other than business shall have the information of itemized transaction and the related gains and losses submitted to the latest Board of Directors upon the completion of the transaction.

**Article 26** The Company is engaged in derivative transactions and shall independently set the book for records and inspection, including the types of derivative transactions, amount, authorized quota, date of the approval by the Board of Directors, the transactions date, and the matters to be carefully assessed pursuant to Article 23 Section 1 Paragraph 1 and Article 24, Section 1 Paragraph 2 and Section 2 Paragraph 1.

The Company's subsidiary that is engaged in derivatives transactions shall be promoted to stipulate the Procedures for Derivatives Trading in accordance with the Company's Regulations Governing the Acquisition or Disposal of Assets and the Procedures.

The Company shall have the derivative transaction of the Company and its non-public subsidiary up to the last month published and reported monthly in accordance with the governing law and regulations.

**Section IV Corporate Merger, spins-off, acquisition, and assignment of shares**

**Article 27** For the process of corporate merger, spins-off, acquisition, or assignment of shares, the Company shall have a CPA, lawyer, or securities underwriter invited to comment on the reasonableness of the exchange ratio, acquisition price, cash distributed to the shareholders, and the other assets and then presented in the board meeting for resolutions.

**Article 28** For the process of corporate merger, spins-off, or acquisition, the Company shall have the important stipulations content and related matters composed for the reference of the shareholders prior to the shareholders' meeting, including the opinions of experts stated in Paragraph 1 in preceding paragraph and the notice of the shareholders' meeting for the reference of shareholders whether to agree to the corporate merger, spins-off, and acquisition, unless it is otherwise provided by other law exempting from convening a shareholders' meeting for the proposal of corporate merger, spins-off, or

acquisition.

However, the corporate merger, spins-off, or acquisition that does not have to be resolved in the shareholders' meeting according to other governing regulations is not subject to the requirement.

For the merger, spins-off, or acquisition of a company, if the shareholders' meeting of either party cannot be convened and a resolution cannot be reached due to insufficient attendance, insufficient ballots, or other legal restriction, or the proposal is vetoed in the shareholders' meeting, the Company of merger, spins-off, or acquisition shall immediately explain the root cause to the public, the subsequent operations, and the expected date of the shareholders' meeting.

Article 29 For the merger, spins-off, or acquisition of a company, unless otherwise required by law or due to special factors shall report to the competent authorities in advance, the board meeting and the shareholders' meeting shall be convened in the same day to resolve the matters related to the corporate merger, spins-off, and acquisition.

For the assignment of shares of a company, unless otherwise required by law or due to special factors shall report to the competent authorities in advance, the board meeting shall be convened in the same day.

For the merger, spins-off, acquisition, or assignment of shares of a listed company or the Company with stock traded at the securities business premise, the following information shall be composed in writing and reserved for five years for inspection:

1. Personnel information: Including the title, name, and identity card number (or passport number for foreigners) of the personnel involved in a merger, spins-off, acquisition, or assignment of shares, or, the plan executor.
2. Date of significant events: Including the date of signing a letter of intent or memorandum, commissioning a financial or legal adviser, signing a contract, and convening a board meeting.
3. Important documents and minutes of meeting: Including the documents of the merger, spins-off, acquisition, or assignment of shares plans, letters of intent or memorandum, important contracts, minutes of board meeting.

For the merger, spins-off, acquisition, or assignment of shares of a listed company or the Company with stock traded at the securities business premise, the Company shall have the information stated in Paragraph 1 and Paragraph 2 in the Section referred to above reported on-line to the competent authorities for records in the designated format within 2 days after the resolution reached by the Board of Directors.

For the merger, spins-off, acquisition, or assignment of shares of a non-listed company or the Company without stock traded at the securities business premise, the Company shall have an agreement signed with it in accordance with the provisions in Section 3 and Section 4 referred to above.

Article 30 The personnel participate in or are aware of the merger, spins-off, acquisition, or assignment of shares plan shall issue a written commitment of confidentiality not to disclose the plan to any third party before it is made known to the public and not to purchase the stock or equity-type securities of the companies related to the merger, spins-off, acquisition, or assignment of shares in their own names or others'.

Article 31 For the Company's participating in the merger, spins-off, acquisition, or assignment of shares, the swap ratio or purchase price, except for in the following circumstances, shall not be changed arbitrarily; also, the tolerable changes of the swap ratio or purchase price shall be detailed in the merger, spins-off, acquisition, or assignment of

shares contract:

1. Process cash capital increase and issue convertible bonds, stock dividends, bonds with stock option, preferred shares with stock option, stock options certificate, and other equity-type securities.
2. Disposal of major assets that affects the Company's financial operations.
3. The occurrence of significant disasters and major changes in technology that affects the Company's shareholders' equity or securities price.
4. The adjustment of treasury stock repurchased lawfully by any company that participates in the merger, spins-off, acquisition, or assignment of shares.
5. Changes in the entity or number of companies involved in the merger, spins-off, acquisition, or assignment of shares.
6. The other conditions for tolerable changes are defined in the contract and have been publicly disclosed.

Article 32 The subsidiary of the Company that participates in the merger, spins-off, acquisition, or assignment of shares shall have the rights and obligations in the merger, spins-off, acquisition, or assignment of shares detailed in the contract, including the following information:

1. Event of default.
2. The principle for the process of the equity-type securities issued or treasury stock repurchased by the discontinued or spins-off company due to a merger.
3. The treasury stock to be repurchased lawfully by the involving company and the principle for its process after the base date for the calculation of stock swap ratio.
4. The process for the changes in the entity and the number of companies involved
5. The expected progress of the project and the schedule of completion.
6. The process of convening a shareholders' meeting when the project is not completed on time.

Article 33 If the Company and the Company that participates in the merger, spins-off, acquisition, or assignment of shares intends to go for another merger, spins-off, acquisition, or assignment of shares after disclosing information publicly, unless the number of companies involved is reduced and a resolution is reached in the shareholders' meeting with the Board of Directors authorized to have the authorization changed so the involving company needs not to have a shareholders' meeting convened again for resolutions, the completed procedures or legal act in the original merger, spins-off, acquisition, or assignment of shares shall be processed again by the involving companies.

Article 34 For the Company that is not a public company involved in a merger, spins-off, acquisition, or assignment of shares, it shall have a contract signed with the Company in accordance with Article 28, Article 29, and Article 32.

### **Chapter III Disclosure of information**

Article 35 The Company shall have the acquisition or disposal of assets that fall into one of the following circumstances reported in the designated format on-line at the information network designated by the competent authorities within 2 days from the date of occurrence:

1. The acquisition or disposal of real estate from and to the related party, or the acquisition or disposal of assets other than real estate from and to the related party

for an amount exceeds 20% of the paid-in capital, 10% of the total assets, or NT\$300 million. However, bond trades, RP and RS bonds and purchase or redemption of domestic money market funds are not subject to this restriction.

2. Process merger, spins-off, acquisition, or assignment of shares.
3. Engaged in derivatives transaction with a loss up to the limit of the total or individual contract amount regulated in this procedure.
4. The amount of the assets trade other than the ones in the three paragraphs referred to above, the disposal of credit by the financial institutions, or the investment in Mainland China for an amount exceeds 20% of the paid-in capital or NT\$300 million. Except for in the following circumstances:
  - (1) Bond trade.
  - (2) RS and RP, and the purchase or redemption of the domestic money market funds.
  - (3) The acquisition or disposal of assets that are operating equipment and the counterparty is not a related party; also, the trade amount does not exceed NT\$500 million.
  - (4) The Company expects to invest less than NT\$500 million for the acquisition of real estate with the methods of commissioned to build by land owner, commissioned to build by lessee, jointly built by separate estate, jointly built by percentage, and jointly built by separate sales.

The transaction amount referred to above is calculated in accordance with the following:

1. Amount per transaction.
2. The accumulated amount of the acquisition or disposal of the same underlying subject with the same counterparty within one year.
3. The accumulated amount of the acquisition or disposal (itemized accumulation of acquisition and disposal) of real estate of the same development project within one year.
4. The accumulated amount of the acquisition or disposal (itemized accumulation of acquisition and disposal) of the same security.

The term “within one year” referred to above means the one year prior to the date of occurrence excluding the part that had already been announced in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”

The Company shall have the derivative transaction of the Company and its non-public subsidiary up to the last month published in the designated format on-line at the information network designated by the competent authorities before the 10<sup>th</sup> day of each month.

The Company shall have the mandatory announcements that are found with nonconformity or omission re-announced entirely.

The Company shall have the contract, minutes of meeting, book, appraisal reports, the opinions of CPAs, attorneys, or underwriters related to the acquisition or disposal of assets ready at the Company’s premise for at least 5 years unless otherwise provided by law.

If the competent authorities has the Company’s investment in Mainland China

authorized after it is announced and reported by the Company in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” the information of the original announcement date, the invested company in China, the expected investment amount, counterparty, and the approval date of the competent authorities shall be disclosed on the Market Observation Post System (MOPS).

The Company shall have the announcement and reporting made on behalf of the non-public subsidiary.

Article 36 If the transactions reported and announced by the Company in accordance with the provision referred to above are found with any of the following circumstances, the Company shall have the related information announced and reported on-line at the information network designated by the competent authorities within 2 days from the date of occurrence:

1. The originally signed trade contract is modified, terminated, or revoked.
2. Merger, spins-off, acquisition, or assignment of shares is not completed in accordance with the deadline stated in the contract signed.
3. Changes are made to the original announcement and report.

#### **Chapter IV Additional Rules**

Article 37 The Company has the subsidiary’s acquisition or disposal of assets controlled in accordance with the governing law and the “Regulations Governing the Acquisition or Disposal of Assets by Public Companies.”

Article 38 The personnel in violation of the procedures will be disciplined and punished in accordance with the Company’s Personnel Management Rules.

Article 39 The Company is to have the acquisition or disposal of assets of the non-public subsidiary announced and reported in accordance with Chapter III on behalf of the non-public subsidiary.

Article 34, Section 1, Paragraph 5 referred to above regarding the announcement and reporting standard of reaching the limit of 20% of paid-in capital or 10% of the total assets that is applicable to the subsidiary is based on the Company’s paid-in capital or total assets.

Article 40 The requirement of 10% of the total assets stated in the Procedures is based on the total assets in the latest proprietary or independent financial statements governed by the “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants.”

Article 41 The Procedures will be implemented with the approval of the Board of Directors and the resolution reached in the shareholders’ meeting, so is the amendment.

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

### **Shareholders Meeting Rules**

The amendment was enacted in the shareholder's meeting on June 7, 2005  
The amendment was resolved in the shareholder's meeting on March 22, 2007  
The amendment was resolved in the shareholder's meeting on June 2, 2009  
The amendment was resolved in the shareholder's meeting on October 6, 2011  
The amendment was resolved in the shareholder's meeting on October 6, 2011  
The amendment was resolved in the shareholder's meeting on May 23, 2012  
It was resolved for re-set in the shareholder's meeting on May 17, 2013  
The amendment was resolved in the shareholder's meeting on May 21, 2015

Article 1 For the purpose of establishing the Company's shareholder's meeting governance system, developing monitoring functions, and enhancing the management mechanism, the Rules are stipulated in accordance with Article 5 of the Company's "Corporate Governance Best-Practice Principles" for compliance.

Article 2 The Company's "Shareholders Meeting Rules' Meetings," unless otherwise provided by the law and regulations or Articles of Incorporation, shall be processed in accordance with the Rules.

Article 3 The Company's shareholders' meetings, unless otherwise provided by the law and regulations, shall be convened by the Board of Directors.

The preparation and upload of the Company's notice of shareholders' meeting and Agenda Handbook is processed in accordance with the Company Law, Securities and Exchange Act, Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbook of Public Companies, and the regulations published by the competent authorities.

The notice and announcement of convening the board meeting can be made electronically with the consent of the counterparty.

Director appointment or dismissal, Articles of Incorporation amendment, company dissolution, merger, spins-off, or the matters stated in Article 185 Sections 1 of the Company Law and Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" shall be cited in the reason for convening the meeting instead of in the motion.

Shareholders with over 1% shareholding of the shares issued may have proposals presented in writing to the Company's General Shareholders' Meeting. However, it is limited to one proposal and the more than one proposals presented will not be discussed in the meeting. The Board of Directors may not have the proposals presented by shareholders that fall in the scope of Article 172-1 Section 4 of the Company Law included for discussion.

The Company shall have the shareholders proposals, admission place, and admission period published prior to the stock transfer cut-off date before the shareholders' meeting; the admission period shall not be less than 10 days.

The shareholder's proposal is limited to 300 words' otherwise it will not be included for discussion. The proposing shareholders shall attend the shareholders' meeting in

person or by proxy to participate in the proposal discussion.

The Company shall have the processing result presented in the shareholders' meeting before the meeting convening date and have the proposals in compliance with this clause included in the notice of meeting. The Board of Directors is to give the reason why the shareholder's proposal is not included for discussion in shareholders' meeting.

Article 4 Shareholders may issue a proxy printed by the Company with the scope of authorization defined to attend the shareholders' meeting.

It is one shareholder one proxy and limited to one commission that shall be delivered to the Company 5 days before the shareholders' meeting date. The matter of proxy received in duplication is handled in accordance with the "first arrival" principle. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous proxy arrangement.

If the shareholders wish to exercise the balloting right by attending the meeting in person or voting in writing or by electronic means after the proxy is received by the Company, the shareholders shall have the Company informed in writing two days prior to the shareholders' meeting date to revoke the proxy. The balloting right exercised by the representative shall prevail if the proxy is not revoked before the deadline.

Article 5 The shareholders' meeting shall be held at a location that is suitable and convenient for shareholders to attend. The meeting shall not commence anytime earlier than 9AM or later than 3PM. Independent Directors' opinions shall be fully taken into consideration when deciding the time and venue of the meeting.

Article 6 The Company shall have the admission time, admission place, and other related matters set forth in the notice of meeting.

The shareholders' meeting admission time referred to above shall be at least thirty minutes before the meeting in session; it shall be clearly indicated at the admission place and with the adequate and qualified personnel to handle it.

The shareholders or their representatives (hereinafter referred to as the "shareholders") shall attend the shareholders' meeting with the evidence of the attendance card, attendance register, or other attendance documents. The Company may not demand the attending shareholders to present any additional identification documents; the proxy solicitors shall bring proof of identity with them for examination.

The Company will provide an attendance log to record shareholders' attendance; alternatively, shareholders may present their attendance cards to signify their presence.

The Company shall have the Agenda Handbook, annual reports, attendance card, statement slip, ballots, and other meeting materials delivered to the shareholders presented; also, the ballot will be distributed to the directors for the election of directors, if any.

The number of representative attending the shareholders' meeting on behalf of the institutional shareholders, both the government and legal person, is not limited to one person. The number of legal person entrusted to attend the shareholders' meeting is limited to one person.

Article 7 If the shareholders' meeting is convened by the Board of Directors, the Chairman of the board is to preside the meeting. If the Chairman of the board is on leave of absence or for some reason cannot perform duty, the representative of the Chairman is appointed in accordance with the Company Law.

The director who is the representative of the Chairman to preside the meeting referred to above shall have already served the term for more than six months and understand

the Company's finance and business conditions. The rule referred to above does apply if the Chairman is a representative of the legal director.

The Chairman shall personally preside the Shareholders' meeting that is convened by the Board of Directors; also, a majority of the Board of Directors and at least one member of each functional committee shall attend the meeting with the attendance recorded in the minutes of meeting.

If the shareholders' meeting is convened by any authorized party other than the Board of Directors, the convener will act as the meeting Chairman. If there are two or more conveners, they shall appoint one among themselves to chair the meeting.

The Company may summon its lawyers, certified public accountants, and any relevant personnel to the shareholders' meeting.

Article 8 The Company shall have the admission of the shareholders, the meeting in session, and the voting and vote counting process recorded and filmed uninterruptedly.

The audio and video data referred to above shall be reserved for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above-mentioned documents shall be retained until the end of the litigation.

Article 9 The attendance of the shareholders' meeting is counted by the shareholding. The attendees' shareholding is calculated in accordance with the attendance card submitted and the balloting rights exercised in writing or by electronic means.

The Chairman shall announce the commencement of the meeting as soon as it is due. However, if the attendees represented less than half of all outstanding shares, the meeting Chairman may announce to postpone the meeting up to two times, for a period totaling no more than one hour. The Chairman may announce the meeting is adjourned if there remain insufficient shareholders who represent two thirds of shareholding to attend the meeting after two meetings postponed.

A pseudo-resolution could be reached in accordance with Article 175 Section 1 of the Company Law if there remain insufficient attendees to attend the meeting after two meetings postponed that represents more than one thirds of shareholding. The shareholders shall be notified about the resolution reached and the shareholders' meeting will be convened again within one month.

If the number of shares represented during the meeting accumulates to more than half of all outstanding shares, the Chairman may re-propose the temporary resolutions for final voting according to Article 174 of The Company Act.

Article 10 If the shareholders' meeting is convened by the Board of Directors, its agenda is set by the Board of Directors. The meeting is conducted in accordance with the agenda and it may not be changed without the resolutions reached in the shareholders' meeting.

The provision referred to above is applicable even when the shareholders' meeting is convened other than by the Board of Directors.

The Chairman may not announce the meeting is adjourned until a resolution is reached for the two procedures (including motions) referred to above. If the Chairman has announced the meeting adjourned in violation of the procedures, the other board directors shall promptly assist the shareholders presented with a majority of balloting rights to elect a Chairman to continue the meeting in accordance with the legal procedures.

The Chairman shall give the proposal or the amendment and motion proposed by the shareholders an opportunity to be explained and discussed sufficiently until it is ready



for balloting and then stop the discussion for balloting.

Article 11 Shareholders who wish to speak during the meeting shall produce a Speak Request Form detailing the topics and the shareholder's name and account number (or the attendance ID serial). The order of shareholders' comments will be determined by the meeting Chairman.

Shareholders who submit Speak Request Forms without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the Speak Request Form, the actual comments shall prevail.

Each shareholder may speak on the same proposal no more than twice and not more than 5 minutes each time unless otherwise permitted by the Chairman. However, the Chairman may stop the shareholder from speaking if the speech is in violation of regulations or outside the scope of the proposal.

While a shareholder is speaking, other shareholders cannot speak simultaneously or interfere in any way without the consent of the meeting Chairman and the person speaking. The meeting Chairman shall restrain any violators.

For corporate shareholders who have appointed two or more representatives to attend the shareholders' meeting, only one representative may speak per agenda.

The Chairman may have the speech of the shareholder responded in person or by the designated personnel.

Article 12 The balloting of the shareholders' meeting is based on the shareholding represented.

For the resolutions of the shareholders' meeting reached, the shareholding of the shareholders without balloting right is excluded from the count of the outstanding shares.

Shareholders cannot vote, or appoint proxies to vote, on any agendas that present conflicting interests, if doing so may compromise The Company's interests.

The shareholding of the shareholders without balloting right referred to above is not included in the balloting rights of the shareholders presented.

Except for the trust enterprise or the securities brokerages approved by the securities competent authorities, the balloting rights of the representative who is commissioned by two or more shareholders shall not exceed 3% of the balloting rights representing the total outstanding shares and the portion in excess does not count.

Article 13 Shareholders are entitled to one balloting right per share except for those restricted without any voting right granted or those without any voting according to Article 179 Section 2 of the Company Law.

Voting rights can be exercised in writing or through the electronic method. Instructions for exercising voting rights in writing or through the electronic form shall be clearly stated on the shareholders' meeting advice. Shareholders who have voted in writing or using the electronic method are considered to have attended the shareholders' meeting in person. However, in respect of the motion and the amendment of the original proposal in the shareholders' meeting it is deemed as a waiver; therefore, the Company is advised to avoid proposing motion or the amendment of the original proposal.

The uses of written and electronic votes mentioned above shall be delivered to The Company at least 2 days before the shareholders' meeting. If there are duplicate submissions, the earlier submission shall prevail. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous vote.

If, after submitting a written or electronic vote, the shareholder wishes to attend the

shareholders' meeting in person, then a proper declaration of withdrawal shall be issued using the same method as the original vote at least 2 days before the shareholders' meeting. If the withdrawal is not received in time, then the written or electronic vote shall prevail. If the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders' meeting, then the voting decision exercised by the proxy shall prevail.

Unless otherwise provided in the Company Law and the Company's Articles of Incorporation, the proposal is passed in the meeting by the shareholders represented a majority of the balloting rights. The Chairman or the designated personnel are to announce the total number of balloting rights of the shareholders presented at the time of balloting. The result of the votes of approval, objection, or waiver casted by shareholders will be posted on the MOPS (Market Observation Post System) at the end of the shareholders' meeting.

If none is replied to, the agenda is considered to have passed unanimously in favor. If objections are raised, the agenda shall be voted according to the rules outlined above.

For the proposal with an amendment or alternative put to vote, the Chairman is to have it prioritized for balloting with the original bill enclosed. If any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

The meeting Chairman will appoint a ballot examiner and a ballot counter for each agenda. However, the ballot examiner shall be a Director.

The vote counting process of the shareholder's balloting or election shall be held openly at the meeting venue. The balloting result shall be announced immediately at the meeting, including statistical weights, and it shall be documented for record.

Article 14 The election of directors in the shareholders' meeting shall be processed in accordance with the Company's election procedures and the election result shall be announced immediately, including the list of the elected directors and the election weights.

The ballots of the election referred to above shall be sealed, signed, and reserved by the controller of ballot for safekeeping for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above-mentioned documents shall be retained until the end of the litigation.

Article 15 The resolutions reached in the shareholders' meeting shall be documented in the minutes of meeting for the signature or seal of the Chairman. The minutes of meeting shall be distributed to the shareholders in 20 days. The preparation and distribution of the minutes of shareholders' meeting can be processed electronically.

The Company's minutes of shareholders' meeting referred to above can be distributed by posting it on the MOPS.

The minutes shall detail the date and venue of the meeting, the meeting Chairman's name, the method of resolution, and the summary and results of meeting agendas. These minutes shall be retained indefinitely.

Any resolutions involving the Chairman asking for objections from shareholders and receiving none in return shall be remarked as "Passed without objections from any shareholders present in the meeting". If shareholders did raise any objections, then the resolution shall be remarked to have passed through voting, with details on the number of passing votes.

Article 16 The Company shall have the statistics of the number of shares by soliciting and by proxy prepared in the prescribed format and has it disclosed openly at the meeting

venue on the meeting date.

If the resolutions reached in the shareholders' meetings involving material information regulated by law and regulations and the ROC GTSM, the Company shall, within the prescribed time, have the material information uploaded to the MOPS.

Article 17 The service personnel for the shareholders' meeting shall wear identification badges or armbands.

The meeting Chairman may instruct staff or security to help maintain order in the meeting. While maintaining order in the meeting, all picketers or security staffs shall wear arm badges that identify their roles as "Staff".

If the meeting venue is equipped with speakerphones, the Chairman may stop the shareholders who do not use the device provided by the Company from speaking.

The Chairman may command the staff or security guards to escort the shareholders to leave the meeting venue if they are in violation of the rules of procedure, disobey the Chairman, and interfere with the meeting proceeding.

Article 18 The Chairman at his/her discretion may announce the meeting in recess; also, may announce to have the meeting suspended due to force majeure and announce the time for the meeting to resume.

If the venue of shareholders' meeting is not available before the end of the procedures (including motions), the shareholders' meeting may resolved to find another venue to continue the meeting.

A resolution of having the meeting postponed or continued can be reached within 5 days in the shareholders' meeting in accordance with Article 182 of the Company Law.

Article 19 These rules will be implemented after being approved in the shareholders' meeting, same as the amendment.