

Stock Code: 6023



**Yuanta Futures Co., Ltd.**  
**(formerly known as Polaris Futures Co., LTD.)**

**2016 Annual Report**

**Date published: February 28, 2017**

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(Market Observation Post System)**

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V. Name of overseas exchange where securities are listed, and the methods for inquiring the foreign-listed securities: none.

VI. Company website: <http://www.yuantafutures.com.tw/>

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## **One. Report to Shareholders**

### **I. Market Overview**

In retrospect of 2016, the global futures market continued to fluctuate, including the Taiwan presidential election, OPEC frozen production meeting held in Doha, the Brexit referendum, the US presidential election, and the US interest rate resolution that had the trend of foreign futures and stock options worsened. In addition, the global economy was activated by the US economic recovery with the main futures indicators of Europe and the United States soaring and a record high price resulted. The appreciation of Taiwan dollars has attracted foreign capital to flow back in the domestic market; also, it benefited from the recovery of the overall economy, even when the trading volume was relatively limited, a positive position has surfaced.

Even though the trading volume of futures had declined in 2016, the annual trading volume of the Taiwan Futures market has reached 241.67 million units that had reached the mark of 200 million units for three consecutive years; also, the trading volume declined slightly by 8% from the previous year. In terms of the main instruments, the “FIMTX” trading volume was around 23.86 million units in 2016, representing a growth rate of 13.53% over last year; followed by a “TX” trading volume of 34.53 million units, representing a growth rate of 4.46% over last year. Taiwan Futures Exchange will launch the after-hours trading in May this year for a global convergence. We look forward to a great prosperous year in 2017.

In addition, the Taiwan Futures Exchange also had several new products launched in 2016, including the listed major/minor US Dollar against the RMB exchange rate options, plus high-priced stock futures small contract, India Nifty 50 futures, the Euro against the US Dollar futures, and the US Dollar against the Japanese Yen futures for a total of 6 new instruments to meet the diversified demands of the market and to improve the fund utilization efficiency. In addition, Taiwan Futures Exchange has promoted systematic change for many instruments, such as, the gold instrument contract adjustment, stock futures with small contract attached, and the three-stage increase/decrease range of Tokyo Stock Price Index (TOPIX). Taiwan Stock Exchange has even intended to launch cross-border index futures in 2017 that is expected to make history for the futures in Taiwan continuously.

### **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 receiving such 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. The Company participated in the first (2014) and second (2015) “Corporate Governance Evaluation” held by TWSE and Taipei Exchange (TPEX) and was ranked in the top-five places of listed companies in the over-the-counter market for two years consecutively (that were published in May 2015 and April 2016, respectively), which recognized the Company’s due diligence operation, the commitment to protect the best interests of shareholders, and the pursuit of a sustainable business development.
3. After 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 14 meetings in 2016.
4. Through the “corporate governance system assessment” held by Taiwan Corporate Governance Association, examine 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

In 2016, the Company continued intensifying a variety of business management, including the efforts to boost the profitability of the shareholders' equity, put into implementation thoroughly risk management, implement the targets of proprietary dealing and brokerage businesses which have been embodied through various business targets below:

1. In terms of financial performance, the Company's 2016 net income was NT\$836 million, the highest of the futures brokerage; also, the net EPS was NT\$3.60 and ROE after tax was 11.97%.
2. Business performance: Futures brokerage market share is 21.43% with a turnover of more than 31,320,000 transactions; option brokerage market share is 15.72% with a turnover of more than 50,270,000 transactions; foreign futures market share is 28.02% with a turnover of 9,310,000 transactions; the market shares referred to above are ranked number one in market and significantly ahead of the industry.
3. Awards: The Company was committed to provide 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 2016:
  - (1) Awarded with the honor of the 2<sup>nd</sup> corporate governance "OTC company top five-percent performance."
  - (2) No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
  - (3) Awarded with the "Highly commended, Derivatives House of the Year, Taiwan" by The Asset magazine.
  - (4) Awarded with the "Emerging Market Broker of The Year" by the Futures Options World magazine (FOW).
  - (5) Awarded with the "Best Brokerage House, Taiwan" by The Asset magazine.
  - (6) Awarded with first place in the category of futures commission merchant trade volume of the 2nd "Futures Diamond Award" held by Taiwan Futures Exchange.
4. The Company's 2016 income and expense and profitability analysis is summarized as follows:
  - (1) Changes in a variety of business lines (Expressed in Thousand NT Dollars)

Item	2016	2015	Difference	Variation
Operating gains	2,933,375	2,929,929	3,446	0.12%
Operating expenditure	1,526,765	1,508,095	18,670	1.24%
Operating expenses	1,008,449	1,013,880	-5,431	-0.54%
Other profits and losses	592,095	527,166	64,929	12.32%
Earnings before tax	990,256	935,120	55,136	5.90%
Current period net profit	835,706	777,093	58,613	7.54%

After-tax EPS (NTD)	3.60	3.35	0.25	7.46%
Return on shareholders' equity	11.97%	10.93%	1.04%	9.52%

(2) Operating income and profit: The Company's annual income amounted to NT\$2,933,375 thousand in 2016, representing an increase of NT\$3,446 thousand (0.12%) from the NT\$2,929,929 thousand in the previous year, mainly due to the increase in brokerage fee income; also, the Company's annual expenses amounted to NT\$1,526,765 thousand, representing an increase of NT\$18,670 thousand (1.24%) from the NT\$1,508,095 thousand in the previous year, as a result of the increase in operating income. The other income and loss amounted to NT\$592,095 thousand, representing an increase of NT\$64,929 thousand (12.32%) from the NT\$527,166 thousand, mainly due to the increase of interest income in 2016. The net income before tax amounted to NT\$990,256 thousand in 2016, representing an increase of NT\$55,136 thousand (5.90%) from the NT\$935,120 thousand in the previous year. The net income amounted to NT\$835,706 thousand, representing an increase of NT\$58,613 thousand (7.54%) from the NT\$777,093 thousand in the previous year.

(3) Profitability:

Return on net worth: the 2016 after-tax earnings of NT\$835,706 thousand and shareholders' equity of NT\$7,183,896 thousand represented a 11.97 % return on shareholders' equity. Compared to last year's after-tax earnings NT\$777,093 thousand, shareholders' equity NT\$6,777,107 thousand, and 10.93% return on shareholders' equity, increased by 9.52%.

Net profit margin: the 2016 after-tax earnings of NT\$835,706 thousand and revenues totaling NT\$2,933,375 thousand represented a 28.49% net profit margin. Compared to last year's after-tax earnings NT\$777,093 thousand, revenues NT\$2,929,929 thousand, and 26.52% net profit margin, increased by 7.43%.

EPS after tax: The 2016 EPS after tax was NT\$3.60, representing a decrease of 7.46% from the EPS NT\$3.35 after tax of the previous year.

#### IV. Research and development:

##### 1. Strategic trading and development

The Research Department of Yuanta Futures continued to research and develop strategic trading in 2016, using the characteristics of big data in the futures and options market to provide quantified research data; also, it utilized the fluctuations in instruments to track the changes in instrument prices in order to help customers link to the market more directly. The reminders to customers were mostly focusing on the index, foreign exchange, and energy in 2016 with 955 messages on futures published. Customers received 3~4 new messages every night. The Research Department's strategic trade development is provided to help with business expansion.

In addition, for the optimization of asset allocation, the diversified strategy deployment, and quantitative program establishment, more instruments were introduced in 2016, of which, the asset allocation is with a focus on the flexible use of the securities, futures, and equities and stock futures reports are issued accordingly. In addition, the App information of Yuanta Futures was enriched in 2016. In addition to providing 24-hour market information service, comprehensive research reports, digital value information at the investor's fingertips, the establishment of quantitative programs, and the options strategy research were provided by the Research Department of Yuanta Futures.

## 2. Diversified research report

In 2016, the Research Department of Yuanta Futures had extended the diversified research that was emphasized in 2015. In addition to the emphasis on the uniqueness of the report, the preparation of the new formation of research reports was emphasized in 2016, such as, the foreign futures hot zone and the foreign futures radar. The idea is to serve customers from four aspects, including hot instruments, updated messages, key tracking, and the viewpoint of Yuanta; also, the HOT STORY prepared in a digital form and providing story-telling subjects to connect to the customers. Therefore, the report provided in depth and breadth is well appreciated by investors. In response to the market demand in 2016, the Research Department will continue to integrate the eight global categories of assets and development strategies and to provide more diversified services for the needs of legal persons and brokerages in order to help investors grasp the most immediate information analysis.

## V. Future operating plans and development strategies

1. Securing brokerage market share and increasing gross margin: Create market differentiation services, enhance global business capabilities, create value services, and set up i-Channel teams to integrate trans-department resources in order to provide an interactive online service experience to customers with an innovative business model.
2. Making foreign futures the core business momentum: The advantages of having the membership of many foreign futures exchanges, many business service locations, and 24hr global business centers in the Taiwanese market are helpful in developing foreign options trade.
3. In line with the policies of the Taiwan Futures Exchange to promote new instruments: the Taiwan Futures Exchange is expected to launch after-hours trading on May 15, 2017; also, to introduce Dow Jones index futures, and S&P500 index futures; moreover, the Company will cooperate in such arrangement actively.
4. Improving trade performance and taking into account risk control: Develop global quantitative strategy through rigorous trade risk management mechanisms, increase the deployment of low-risk and high-margin market strategies and the advantageous strategies of centralization, and develop the global market.
5. Increasing customer margin AUM: Expand the scale of customer bonds, integrate and improve the efficiency of fund management, increase the spread earnings of customer bonds, provide a friendly investment environment to the institutional legal person, and improve the efficiency of capital utilization with diversified capital investment.
6. Forming a trading strategy to increase IB trade volume: Arrange a professional futures analyst team to support IB domestic/foreign options business simultaneously and to promote the trade strategy. Assisting branch offices to manage customers and exercise group synergy through the courses arranged internationally.
7. Cooperating with the holdings to promote the Hong Kong Project Asian Cup: Designate the Hong Kong subsidiary as the Asian Regional Development Center to become an internationalized futures commission merchant in order to provide high-performance and high-value services and meet the international investor's one-stop investment demand.
8. Multi-Instrument Multi-Strategy Futures Trade Strategy: Increases the diversity and stability of the investment portfolio to reduce market risk and enhance investment portfolio benefits.

In prospects, the Company will uphold professional, excellent, stable, and innovative business

strategies to enhance the professionalism and visibility of futures in the Taiwanese and Asian market. Based on the operating goal of “transformation, upgrade, and global linking” this year, enhance and develop the brokerage channel, IB service, legal person business, futures consultancy, and investment management; also, enhance the IT platform, risk control, interactive marketing, and research and development competitiveness; actively deploy into the Asian market, seek a new source of business and profit growth, and walk towards becoming the best integrated futures service business entity.

We wish you all shareholders  
good health and prosperity in the future

Yuanta Futures Co., Ltd.

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

## Two. Company Profile

I. Date of establishment: 9 April 1997.

II. Address and telephone number of the Head Office and branches:

Name	Address	TEL
Head Office	11F and 12F, No. 225, Section 3, Nanjing East Road, Zhongshan District, Taipei City	(02)2717-6000
Hsinchu Branch	B1-1, No.373, Sec. 1, Guangfu Rd., Hsinchu City	(03)666-2558
Taichung Branch	4F.-1, No.8, Sec. 2, Ziyou Rd., Central Dist., Taichung City	(04)3703-3368
Tainan Branch	4F., No.147, Kaiyuan Rd., North Dist., Tainan City	(06)235-5999
Kaohsiung Branch	7F.-1, No.143, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City	(07)215-7777

III. Corporate history:

Year	Major events:
1997	<ul style="list-style-type: none"> <li>● The establishment of Polaris Futures Brokerage Co., Ltd. began its preparation in March.</li> <li>● The incorporation of Polaris Futures Brokerage Co., Ltd., was approved in April with a capital stock of NT\$200,000,000 authorized.</li> <li>● The company commenced business in July, and engaged mainly in futures brokerage.</li> </ul>
1998	<ul style="list-style-type: none"> <li>● Completed a cash issue totaling NT\$300,000,000 in February; share capital increased to NT\$500,000,000.</li> <li>● Completed a cash issue totaling NT\$100,000,000 in May; share capital increased to NT\$600,000,000.</li> <li>● With the approval of the Securities and Futures Commission, Ministry of Finance, on 28 September, the company changed its name to Polaris Futures Co., Ltd. and engaged in proprietary futures trading.</li> <li>● The Company created its proprietary futures trading department created in December, and was the first to do so among in the futures industry.</li> </ul>
1999	<ul style="list-style-type: none"> <li>● Completed a cash issue totaling NT\$15,000,000 in July; share capital increased to NT\$615,000,000.</li> <li>● In July, The Company became the first in the business to organize a futures trading competition; it led to a wave of creative marketing based on this campaign.</li> <li>● Kaohsiung Branch was established in August.</li> <li>● In October, became the first to be granted the permission for online futures trading.</li> </ul>
2000	<ul style="list-style-type: none"> <li>● Completed a cash issue totaling NT\$15,000,000 in August; share capital increased to NT\$630,000,000.</li> <li>● Taichung Branch was established in September.</li> </ul>
2001	<ul style="list-style-type: none"> <li>● In December, became one of the first market-makers of TAIFEX options.</li> </ul>
2002	<ul style="list-style-type: none"> <li>● In October, The Company introduced its online options trading</li> </ul>

- platform.
- In November, The Company was approved by the Securities and Futures Commission, Ministry of Finance, to engage in futures consultation services.
- 2003
- In January, The Company introduced an advanced version of its online options trading platform.
  - In January, became one of the first market-makers of stock options.
  - In March, The Company introduced its "F.O.U.R System", an integrated trading platform for stocks, futures, and options customized for institutional investors. It offered advanced functions such as portfolio returns tracking.
  - In September, Polaris Futures merged with REFCO Taiwan Co., Ltd., a member of the world's largest futures merchant - REFCO Group, and changed its name to Polaris Refco Futures Co., Ltd.
  - In September, The Company made a cash issue for the merger totaling NT\$465,800,000. Its paid-up capital was raised to NT\$1,095,800,000.
  - In November, The Company reduced its share capital by NT\$450,800,000 to NT\$645,000,000.
- 2004
- In January, The Company launched its "Gold Trading Platform" where investors can trade gold futures over Chicago Board of Trade (CBOT) using fully localized interface.
  - In June, The Company launched an "Oil Trading Platform" in joint effort with "Nihon Unicom Corporation", one of Japan's top three futures merchants. It was the first cross-border oil futures trading platform in the country.
  - In September, The Company was granted the role of market-maker for CBOT's mini-sized gold futures in Asia, and became the nation's first market-maker for CBOT products.
  - In October, The Company was approved by the Securities and Futures Bureau, Financial Supervisory Commission, to register in the Emerging Stock Market; on 27 October, it became the first futures merchant in the nation to be listed on the Emerging Stock Market (securities code: 6023).
- 2005
- In May, The Company introduced its "BT Trade System" which incorporated the advanced technologies of Daishin Securities (Korea). The trade system offers advanced functionalities such as program trading, arbitrage modeling etc.
  - In July, The Company launched its 4-in-1 AP software - "Super TWEWinner". It was the first AP software that integrates stock, futures, options, and offshore futures all into one package.
  - In July, The Company capitalized NT\$77,400,000 of its earnings, which increased share capital to NT\$722,400,000.
  - In December, The Company was approved by the competent authority to undertake the role of market-maker for CBOT's 100 Ounce Gold Futures.
- 2006
- In February, The Company signed an agreement with Man Financial Inc. (Singapore), a member of UK's MF Global Group, and agreed to changed its name to Polaris Futures Co., Ltd.  
MF Global is a public listed company in London Stock Exchange, and comprises part of the FTSE 100 Index.
  - In March, The Company organized a "Winners' Club" in an attempt to

secure wining customers and invite winning traders throughout the market into sharing their winning experiences and secrets.

- In March, The Company was granted the role of market-maker for gold futures listed on Taiwan Futures Exchange, MSCI Taiwan Index Futures, and MSCI Taiwan Index Options.
- The Tainan Branch was established in March.
- The Company held its 2nd "Polaris Winner Competition" in April.
- The change of company name to Polaris Futures Co., Ltd. was approved by the competent authority in April.
- The "Winners' Blog" was officially opened in July.
- Published the new book - "Winners' Diary" in August.
- In August, The Company capitalized NT\$79,464,000 of its earnings, which increased share capital to NT\$801,864,000.
- In August, The Company organized a seminar on "Investments Recommended by the World's Visionaries". Many of the world's renowned visionaries were invited to the seminar, and forecast a decade-long uprise of agricultural prices. In light of this trend, The Company introduced a trading platform customized for the trading of agricultural commodities (including: CBOT wheat, corn, soy bean and NYBOT coffee, cotton, and sugar).
- The Company held a "Winners' Club" event in November.
- The "Multiple Winner" was held in March to have the "King of Precision" and "King of Multiple" elected.
- OTC listing application was authorized in March.
- In April, The Company was selected "2006 Taiwan Large Corporation Top 5000", and ranked first in the futures industry.
- The Company held its 3th "Polaris Winner Competition" in April.
- Published the new book - "Winners' Diary II" in May.
- OTC listing application was filed in May, becoming the first futures commission merchant to file for OTC listing in Taiwan.
- In June, The Company launched its offshore options trading platform ahead of all industry participants.
- The Company's GTSM listing application was passed in July by the Review Board of GreTai Securities Market.
- The Company's GTSM listing application was passed in August by the Board of Directors of GreTai Securities Market.
- In September, the Company capitalized NT\$149,146,710 of its earnings and paid employees' bonuses totaling NT\$23,815,090 in shares, which increased share capital to NT\$974,825,800.
- The Company held a series of seminars on the "Polaris Winner Competition" in September.
- The Company held a "Global Currency and Energy Investment Seminar" in October.
- In October, The Company was granted the role of market-maker for the "10-year Government Bond Futures", "30-Day Commercial Paper Interest Rate Futures", "Taiwan Stock Exchange NonFinance NonElectronics Sub-Index", "Taiwan Stock Exchange NonFinance NonElectronics Sub-IndexOptions", "GreTai Securities Market Capitalization Weighted Stock Index", and "GreTai Securities Market Capitalization Weighted Stock IndexOptions" listed on Taiwan Futures Exchange.

2007

2008

- In October, The Company made a cash issue totaling 12,190 thousand shares at a face value of \$10, which increased share capital to NT\$1,096,725,800.
- OTC listing was authorized by GreTai Securities Market in November with the Securities code: 6023 assigned, becoming the first futures commission merchant for OTC listing in Taiwan.
- In January, The Company was granted the role of Market Maker for TAIFEX NT Dollar Gold Futures.
- In April, The Company organized an "Asian Market Investment Conference" in joint effort with Singapore Stock Exchange, the first in Asia Pacific to introduce both securities and derivatives, and MSCI Barra, the global index provider. During the conference, one of the world's top ten technical analyst - Mr. Daryl Guppy was invited to share his investment experiences.
- In April, The Company was selected "2007 Taiwan Large Corporation Top 5000", and ranked second only to Taiwan Futures Exchange Corporation in the futures industry.
- In April, the Board of Directors passed the proposal to invest in futures trust services.
- The annual general meeting held in June passed the creation of a "Futures Management" segment. The Securities and Futures Bureau granted the business license later on 23 October, and the segment soon commenced business on 11 November.
- In July, the Company capitalized NT\$188,636,840 of its earnings and paid employees' bonuses totaling NT\$27,400,240 in shares, which increased share capital to NT\$1,312,762,880.
- In July, The Company was selected "2008 Taiwan Large Corporation Top 5000", and ranked first in the futures industry.
- The Hsinchu Branch was established in August.
- In August, The Company joined Bank of Taiwan in the organization of Gold Seminars.
- In October, The Company launched its "Euro-platform" ahead of competitors. It offers online trading of Europe's three major index futures and gives investors an easy access to the European futures market.
- In December, The Company was reviewed by Taiwan Corporate Governance Association and was awarded its "CG6004 Corporate Governance Certification" at 17 December, making it the first futures company to receive such certification.
- In December, The Company submitted an application to Taiwan Futures Exchange for the role of market-make in gold options. Its role as a "TAIFEX Gold Options Market Maker" was officially approved on 19 January 2009.
- In December, The Company held a series of seminars on "Global Economic Prospects under the Financial Crisis".

2009

- In March, The Company was accredited by Taiwan Futures Exchange Corporation as 2008 Top Volume Futures Commission Merchant.
- In May, the Company joined CME Group to organized the event - "Futures USA".
- In May, The Company joined MF Global in creating a joint venture named MF Global Futures Trust Co., Ltd. The joint venture commenced

business on May 8, 2009 to become the first futures trust company in Taiwan.

- In June, The Company joined Polaris Securities / Wealth Invest Weekly in organizing a "2009 2nd Half Investment Prospect Seminar".
  - In June, GreTai Securities Market approved the margin trading of The Company's shares (coded: 6023), effective since 9 June 2009.
  - The 24hr Global Trading Center was created in July.
  - In July, The Company was selected by China Credit Information Service Ltd. as "2009 Taiwan Large Corporation TOP 5000", and ranked first in the futures industry.
  - In August, The Company was selected by China Credit Information Service Ltd. as "2009 Taiwan Large Corporation TOP 5000", and ranked first in terms of net revenues among futures commission merchants.
  - In August, The Company held the first "Offshore Futures Forum" in Taiwan.
  - In September, The Company joined MoneyWeekly in organizing the "Cross-Strait Investment" forum.
  - In October, The Company held its "Million USD Trading Competition". It was the first trading competition in Taiwan that featured offshore futures.
  - In December, the Board of Directors agreed to commission Pricewaterhouse Coopers as financial consultants to assist The Company in searching viable targets in China, through which The Company may broaden the reach and depth of its services by way of investment or other cooperative arrangements.
- 2010
- In June, The Company signed a letter of intent with Everbright Futures; both parties agreed to cooperate on business development by investing a 20% interest in each other.
  - In June, The Company joined Business Next Magazine in organizing the forum - "Searching for the Next Sorros", in an attempt to attract IT talents into the financial industry.
  - In June, The Company joined Polaris Securities and Marbo Weekly in organizing 4 large-scale seminars on "2010 Investment Prospects".
  - In July, The Company was granted the permission to engage in proprietary securities trading.
  - In July, the investee - MF Global Futures Trust Co., Ltd. was approved by the Financial Supervisory Commission to offer its "MF Global Multi-Strategy Futures Trust Fund". The offering commenced in August and the fund was officially set up on September 2.
  - In August, The Company was granted the permission to engage in securities introducing brokerage.
  - In August, The Company joined The Children Charity Association, R.O.C. in organizing a charity campaign - "Marching Hand-in-Hand"; this was The Company's attempt to put its influences into good cause.
  - In September, The Company became a trading member of EUREX.
  - In October, the Company joined CME Group to organized the event - "US Futures Initiative".
  - In November, the Financial Supervisory Commission passed The Company's application to create a Hong Kong subsidiary. The Hong Kong subsidiary was registered later on 2 December.

2011

- In December, The Company entered an industry-academia collaborative arrangement with Feng Chia University in an attempt to nurture financial talents for the future.
- In January, The Company joined MoneyWeekly Magazine in organizing 5 investment seminars on "2011 Global Capital Movements".
- In March, The Company was granted the role of Market Maker for Stock Index Futures.
- In March, the Company's "Consultative co-operation agreement" with Everbright Futures Co., Ltd.
- In April, The Company introduced the new "FTSE Xinhua China A50 Index" from Singapore Stock Exchange following the latest deregulations. The index offered a quick access for investing in the Chinese market as well as an effective hedging tool.
- In May, The Company supported Taiwan Futures Exchange Corporation's efforts in promoting stock futures trading, by organizing nation-wide seminars on the 12-week tax-saving window and introducing "Tax Saver" tools to assist investors' decisions. These events were promoted using extensive exposures through the financial press.
- Our "Global Strategic Platform" launched in May offered a fine selection of trading strategies, through which investors were able to minimize risks and choose portfolios that best suited their preferences.
- In May, Polaris Futures joined the Pension Fund Association R.O.C. in organizing a seminar on "Corporate Investment Strategies under the Changing Environment". Insurance companies, the Four Funds, and school insurance providers were invited to take part in CTA investing.
- In June, Polaris Futures was awarded "Top 10 Outstanding Enterprises of the Year" and "Top 10 Outstanding Managers of the Year" during the Ninth Golden Torch Award organized by the Outstanding Enterprise Manager Association R.O.C.
- The Company organized "The 2nd Computer Gaming Tournament" in June in an attempt to step away from the vicious competition for talents within the industry, and systematically develop trading talents.
- In July, The Company was awarded "Outstanding Corporate Leader" and "Outstanding Futures Talent" during the Eleventh Golden Goblet Award organized by the Securities and Futures Institute.
- In July, the Board of Directors passed to submit an application for a brokerage membership in SGX-DT (Derivatives Trading).
- In August, The Company joined Yuanta Futures Co., Ltd. in organizing 7 sessions of "2011 Second Half Investment Highlight Seminar", which attracted more than 1,200 audience. The two companies were already warming up to the official business merger scheduled in April 101.
- In August, the Board of Directors approved The Company's merger with Yuanta Futures Co., Ltd. and a cash issue to complete the merger.
- In September, Polaris Futures formed a cross-industry alliance with the Game & E-Sports Professional League - "SOC Gaming", and identified the top 300 gaming experts as potential trading talents.
- In September, the Board of Directors passed to submit an application to CME Group for a membership in Chicago Mercantile Exchange (CME).
- In October, The Company joined Yuanta Futures in organizing the

"CME Trade Tournament". The campaign closed at the end of November with 30 thousand more contracts traded in just two months; it was a fine example of how Yuanta Polaris Futures Co., Ltd. produces synergies greater than the sum of its parts.

- In November, Polaris Futures was named "Outstanding Merchant in R.O.C." by the Ministry of Economic Affairs, and was the only financial institution to be accredited.
- Assembled the "Remuneration Committee" in November.
- In December, the Financial Supervisory Commission approved The Company's merger with Yuanta Futures Co., Ltd.
- In December, The Company was reviewed by Taiwan Corporate Governance Association and was awarded its "CG6006 Corporate Governance Certification" in 28 December, making it the first futures company to receive such certification.
- In December, Vice Chairman and General Manager Ms. Chou, Hsiao-Ling was rated "Top Hundred MVP Managers" in 2011.
- In December, The Company joined Yuanta Futures in organizing 3 sessions of "Taiwan Stock Market 101" seminar, and delivered a detailed analysis of what to expect in the upcoming presidential election and Chinese New Year season.
- In January, the Financial Supervisory Commission approved The Company's new share issue to complete its merger with Yuanta Futures Co., Ltd.
- In January, the Board of Directors passed to submit an application for a membership in Intercontinental Exchange (ICE), U.S.
- January: No break in Spring Festival event for promotion of overseas futures, which helped to boost up sales in foreign futures.
- April: Merger with Yuanta Futures, and the Company was renamed as "Yuanta Futures Co., Ltd."
- April: Launched the "Money to Singapore" event jointly with Singapore Stock Exchange, and unveiled the three hot items of Asia, namely, STW, SCN, and SIN.
- May: the "Auditing Committee" was established to substitute the functions of the supervisors in monitoring the treasury, internal control, compliance and the control of potential risks.
- May: qualified as a member of NYSE Liffe, which made Yuanta Futures the only futures firm in Taiwan that has acquired membership of two major exchanges in Europe.
- June: launched series of "Knighthood Decoration" for pooling good people in the industry. Hundreds of students have participated in the event.
- July: Entered into MOU with China Development Bank Futures in consulting cooperation
- July: Organized the "Olympic European Debt Cup" jointly with Eurex and NYSE Liffe, the first time where bonds and futures were used as the core product.
- August: Entered into the "Agreement on Futures Options Consulting Cooperation" with China Development Bank Futures of Mainland China.
- October: Organized 27 "Options of the Week" events and launched new futures options jointly with Taiwan Futures Exchange.

2012

2013

- October: Worked in cooperation with CME Group in holding the “US Bonds Election Campaign”, with US bonds as the products in the contest.
- October: Seminar with the management of futures firms and won three championship from TWSE in stocks and futures: (1) Excellence Award (total brokerage volume): Yuanta Futures is ranked the first place; (2) Pinnacle Award (total proprietary volume): Yuanta Securities is ranked the first place; (3) Preeminence Award (total IB trading volume): Yuanta Securities is ranked the first place.
- Authorized by the Financial Supervisory Commission to 100% invest in overseas IT company in October; also, participated in the futures market of China in another form to enter Chinese market.
- November: the first futures firm in Taiwan being approved to invest for the establishment of a wholly-owned subsidiary overseas, the Yuanta Futures (HK) Co., Limited.
- December: Organized the “TXO Week Maturity Month Contest” Phase I jointly with TWSE, and was awarded the “Champion of FCM Group in Total Trading Volume of All Locations”.
- In January, organized the “Flexible TXO Deployment Week” 4 large-scale lecture tours, close to 39 small seminars, and about 1,400 persons’ participation; was awarded the “Champion of FCM Group in Total Trading Volume of All Locations” for two consecutive years.
- In April, organized the “currency war” accompanied the current event of Asia exchange rates continually to weaken, and attracted the customer by multiple prizes to participate in the trading of CME FX Futures commodities. During the period of activities, These contributed to the growth of more 31.71% in trade and the net increase of 77 thousand by volume than the previous quarter.
- In April, with the reduction of Futures Transaction Tax, targeted on high frequency trading and the Petty bourgeoisie group to promote the “Strategy of Day Trade”. Organized large-scale reunion serial courses with 200 more sessions integrating the proprietary trading know-how, which were the only consulting and innovation course.
- In April, completed the merger of Liuohe and Kaohsiung Branch and organized serial activities such as the moving tea party, the gifts for daughter's returning home, and the prospect in the second quarter, etc.
- In April, transferred the investment in the subordinate, SYF Information (Shanghai) Limited in China and was officially licensed to run a business for an enterprise legal person in China. It is leading the industry in running business and operations actively in China.
- In June, the chairman of the board, Mr. Ho, Ming-Hong, took over the 4th chairman of the Chinese National Futures Association
- In June, Yuanta Financial Holdings and we were both honored with an A++ ranking in the tenth Information Disclosure Evaluation System for Publicly Traded Companies held by Securities and Futures Institute, which was the only futures company in Taiwan.
- In July, The Company was selected "2013 Taiwan Large Corporation Top 5000", and ranked first in the futures industry.
- In July, organized “USA stocks challenge competitions” and innovated the virtual channels partnership to attract bloggers’ fans and more than thousands of walk-in customers to set a new record.

2014

- In August, won the No.1 of the brokerage firm consolation prize in the first phase in May, June, and July of tax deduction promotion activities held by Taiwan Futures Exchange, No.1 of brokers trading gold award, No.1 of brokerage firms' associated person award, No.1 of dealer excellence award, and No.1 of proprietary trader award.
- In November, published "Big Winner of the bears and bulls", more than 2,500 sold in a short two months after coming into the market.
- In December, organized "cross borders of Europe and America". Encouraged customers of the US market to make attempts in the European market. Organized 105 seminars for the European market.
- In December, won the No.1 of the brokerage firm consolation prize in the second phase in August of tax deduction promotion activities held by Taiwan Futures Exchange, No.1 of brokers trading gold award, No.1 of brokerage firms' associated person award, No.1 of dealer excellence award in August, September, October, November, and December, and No.1 of proprietary trader award.
- Participated in the On-Line Demo Trading FCM Contest of Taiwan Futures Exchange in December and had won the first place in September, October, and November for three consecutive months. The Groups' IB has performed outstandingly with close to 80% winning rate, including, Yuanta Securities won the first place in September and Reliance Securities Co., Ltd. ranked in the second place in September, the first place in October, and the first place in November. KING FONG SECURITIES was ranked in the second place in October and November. Taichung Bank Securities was ranked in the third place in October, indicating the successful cooperation of the Company with IB channel in a long run.
- In January, the Investee company, BaoFu Futures Trust Co., Ltd. changed the company name to MF G Investment Consulting Co., Ltd.
- Won the first place in stock futures FCM trade at the Taiwan Futures Exchange in January – March.
- Won the second place in stock futures FCM trade at the Taiwan Futures Exchange in April - May.
- Eurex/TAIFEX Link marketing activities were promoted in May in response to Taiwan Futures Exchange authorizing EUREX to trade on "Taiwan futures and the daily futures on TXO contract." Also, held five seminars with over one hundred participants each time to vigorously assist the Taiwan Futures Exchange in promoting Taiwan futures products.
- Won the first place in stock futures FCM trade at the Taiwan Futures Exchange in June.
- Yuanta Financial Holdings and the Company had received the "A++ highest honor" in the 11<sup>th</sup> Disclosure of Information Evaluation in June from Securities and Futures Institute; also, the Company is the one and only futures company in Taiwan to receive such honor for two consecutive years.
- In July, The Company was selected "2014 Taiwan Large Corporation Top 5000", and ranked first in the futures industry.
- In July, Won the third place at the TX FCM trade Gold Medal at the Taiwan Futures Exchange. The associated IB of Yuantan Securities won the first place in the IB trade Gold Medal.

2015

- Ranked in the first place at the Eurex/TAIFEX Link Trading Contest program May - August FCM total trade volume, July FCM Transaction Award, and ranked in the first place for the additional trade volume.
- Worked with the Taiwan Academy of Banking and Finance (TABF) in September to launch the “International Trader Recruitment” campaign with 10 activities arranged in Taipei, Hsinchu, Taichung, Tainan, and Kaohsiung that attracted more than 1,100 young student participants.
- Awarded with The Leadership Award in September by The Asset Magazine.
- Awarded in September by the ROC Outstanding Enterprise Manager Association with the 16<sup>th</sup> Jinfeng Award “Top-Ten Outstanding Enterprises.”
- Won the Award of FTX FCM and OTX FCM Stage II trade competition program of the Taiwan Futures Exchange in September.
- Awarded with the “Outstanding Enterprise” at the 11<sup>th</sup> National Brand Yushan Award in October by the ROC National Enterprise **Competitiveness** Development Association and The National Brand Yushan Award Admission Committee.
- Awarded with the 68<sup>th</sup> “ROC Excellent Businessmen Award” from General Chamber of Commerce of the ROC in October for the second time after the first award received at the 65<sup>th</sup> “ROC Excellent Businessmen” in 2011.
- In October, Won the first place at the TX FCM trade Gold Medal at the Taiwan Futures Exchange. The associated IB of Yuanta Securities won the third place in the IB trade Gold Medal.
- Launched the “2015 Global and Chinese Market Investment Outlook” seminar with Yuanta Securities and Yuanta Investment Trust in January to analyze global investment trends.
- Worked with Taiwan Academy of Banking again in April to hold the “International Trader and Broker Recruitment” in April that attracted more than 800 people to apply.
- Awarded with the honor of the 1<sup>st</sup> corporate governance “OTC company top five-percent performance” held by Taiwan Stock Exchange and Taipei Exchange in June.
- Yuanta Financial Holdings and the Company had received the “A++ highest honor” in the 12<sup>th</sup> Disclosure of Information Evaluation in June from Securities and Futures Institute; also, the Company is the one and only futures company in Taiwan to receive such honor for three consecutive years.
- Recognized as the “Top-Ten Companies” at the 12<sup>th</sup> Golden Torch Award in June by the Outstanding Enterprise Manager Association.
- Renamed as “Yuanta Futures Corporation” in July.
- In response to the first exchange instrument – RMB exchange futures introduced by Taiwan Futures Exchange in July, offered new domestic exchange futures commodity trading service, held five large-scale and several moderate seminars to help promote new commodities.
- Qualified as a leverage trader with the approval of the competent authorities in July, the one and only futures commission merchant received such honor in Taiwan. The Company will be able to issue new financial instruments in the future, increase the flexibility of product innovation and design, and fulfill customer’s needs comprehensively.

- The capital increase of the subsidiary, SYF Information Co., Ltd., was authorized by the competent authorities in August and the process of capitalization was completed in October.
- The establishment of the Ethical Management Committee was resolved by the board of directors in August.
- Awarded with the “Best Futures House, Taiwan” by The Asset magazine in September.
- Awarded with the “NON-BANK FCM OF THE YEAR” by the Futures Options World magazine (FOW) in September.
- Awarded with the “Outstanding Enterprise” and “Most Popular Brand” at the 12<sup>th</sup> National Brand Yushan Award in October.
- Awarded with the “Annual Contribution Award” and “RMB Account Promotion Award” in November at the 1<sup>st</sup> Futures Diamond Award by Taiwan Futures Exchange.
- Awarded with the “Outstanding Futures Talent” at the 13<sup>th</sup> Golden Goblet Award in December.

2016

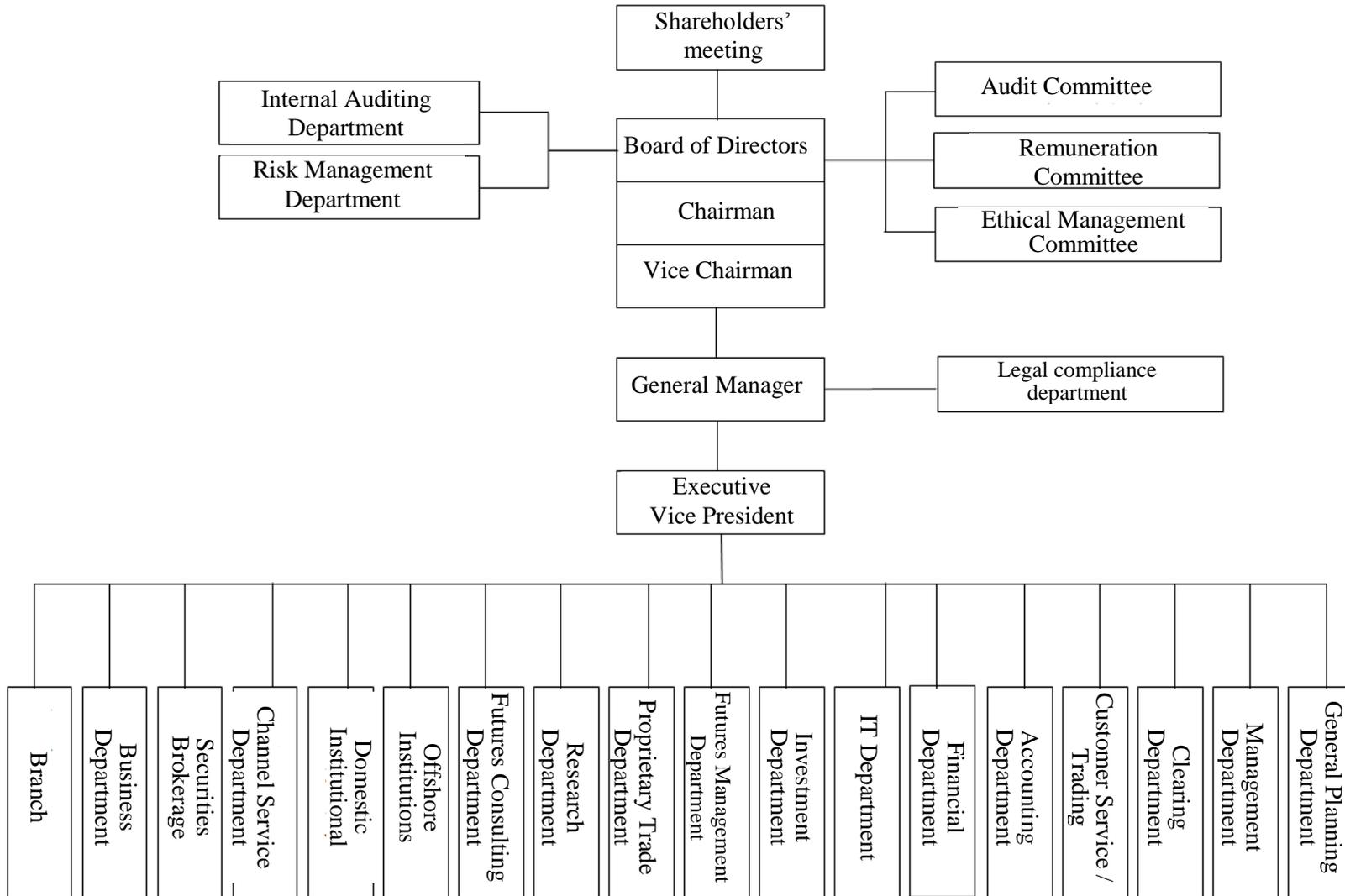
- The 2016 Investment Outlook Seminar was held in January to analyze ETF futures and spot investment trends.
- Launched the “24-hour futures online account-opening” service in March ahead of the industry.
- Arranged the 2<sup>nd</sup> International Broker Training Course in March with more than one thousand students recruited to participate.
- Participated in the business performance meeting that was held by Taipei Exchange (TPEX) in April.
- Awarded with the honor of the 2<sup>nd</sup> corporate governance “OTC company top five-percent performance” held by Taiwan Stock Exchange and Taipei Exchange in June.
- Got together with CME to arrange the Investment Outlook Seminar in June with CME lecturers invited from overseas to analyze the investment trends in the second half of 2016.
- In July, The Company was selected “2016 Taiwan Large Corporation Top 5000”, and ranked first in the futures industry
- Launched the “Yuanta Futures Wizard” orders APP that was developed in-house in September and it was the first ordering software installed in mobile phones.
- In September, awarded with the “Highly commended, Derivatives House of the Year, Taiwan” by The Asset magazine.
- In September, awarded with the “Emerging Market Broker of The Year” by the Futures Options World magazine (FOW).
- In October, awarded with first place in the category of futures commission merchant trade volume of the 2<sup>nd</sup> “Futures Diamond Award” held by Taiwan Futures Exchange.
- Organized the “Employees Coastal Cleanup Day” in November to fulfill the corporate social responsibility.

2017

- In January, awarded with the “Best Brokerage House” by The Asset magazine.

### Three. Corporate Governance

- I. Organizational structure
  - (I) Corporate structure



(II) The responsibilities of various divisions

Department	Main responsibilities
Auditing Department	Conduct audit on the enforcement of the internal control system by respective functional units and propose recommendation of corrective action, and keep track on the status of corrective action.
Risk Management Department:	Responsible for the management and control of the overall market risk, credit risk, model risk, liquidity risk, and system risk of the Company, and monitor the business units in trading hours and analysis at the close of the market.
Compliance Department	Responsible for the gathering of information on the laws governing the operation of the Company and the analysis of the applicability and review of the situations , the study and management of different kinds of contracts, advice and handling of legal disputes and lawsuits, the design, management, and enforcement of compliance system, works related to share registration, the Board, and the Audit Committee, the enforcement of corporate governance, application for licensing and license renewal with the competent authority.
General Planning Department	Be responsible for managing the relevant matters of the “Ethical Management Committee,” the Company’s short-term, mid-term, and long-term business development planning, promoting corporate social responsibilities, analyzing the Company’s business performance, planning the integrated marketing operation, investigating market movements, maintaining the public relation, arranging advertising operation, and planning and implementing e-commerce.
Management Department	Responsible for handling the affairs related to the Remuneration Committee, administration, general affairs, archives, personnel, education and training, compensation and benefits, labor safety and health, employee benefits committee affairs; also, the purchase, repair and management of assets, electrical engineering, communications, equipment and office supplies.
Clearing Department	Responsible for processing the request for clearing and settlement of futures trade by investors or commission futures merchants.
Customer Service / Trading Department	Responsible for executing the transaction orders of futures trade by investors or commission futures merchants and related customer services.
Accounting Department	Responsible for the establishment and execution of the accounting system of the Company, bookkeeping, compilation and declaration of financial statements, tax planning and declaration, budgeting for the Company, and the compilation of statements for profit center operation.
Financial Department	Responsible for the overall planning of the financial structure of the Company, fund appropriation, and cashier service.
IT Department	Responsible for the assessment, planning, and execution of the computerization of the business process, the development of software and maintenance of hardware of the information system, development and maintenance of the website, and webpage design.
International Business Department	Responsible for the design of the long, mid, and short-term investment plans and investment directions, establishment of corporate management system, analysis of operation evaluation. Assist the investees in financial management, compliance,

Department	Main responsibilities
	establishment and control of risk management mechanism, the design, execution and supervision of the business platform.
Futures Management Department	Offers discretionary futures trading services.
Proprietary Trade Department	Engaged in proprietary trade of futures and securities announced by the competent authority at home and abroad, and the research and development of the proprietary trading system.
Research Department	Research and analysis, market survey, and the development of futures trade related products.
Futures Consulting Department	Provide research report and analysis of futures trade, give opinions and suggestions, at the appointment of designated parties, publications, or holding seminars.
Domestic Institutions Department	Handling onshore and offshore futures trade orders of domestic institutional investors as announced by the competent authority. Provide market information, research reports, trade information related to institutional investors.
Overseas Institutional Business Department	Handling onshore and offshore futures trade orders of domestic institutional investors as announced by the competent authority. Provide market information, research reports, trade information related to institutional investors.
Network Business Department	Supervise and assist the futures introducing brokers, solicit business and provide brokerage service for the Company in opening new accounts and placing trade orders for the investors.
Securities Brokerage Department	Execute orders for securities traded in the exchange and OTC markets and the trading of financial products permitted under law.
Business Department	Execute trade orders of futures at home and abroad, securities traded in the exchange and OTC market, securities IB business, and futures consulting business, and discretionary investment.
Branches	Execute trade orders of futures at home and abroad, securities traded in the exchange and OTC market, securities IB business, and futures consulting business, and discretionary investment.

II. Background information of the Director, General Manager, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

(1) The profile of the 9<sup>th</sup> directors

Date of information: February 28, 2017

Title	Nationality and Registry	Name	Gender	Date elected	Term	Date first elected	Shareholding as of elected date		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Director	Republic of China	Yuanta Financial Holding Co., Ltd.	-	2015.05.21	3 years	2012.05.23	101,000,000	43.48%	159,467,282	68.65%	-	-	0	0	-	-	-	-	-
Chairman	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Mr. Lin, Tien-Fu	Male	2015.05.21	3 years	2014.06.26	0	0	0	0	0	0	0	0	General Manager, Yuanta Polaris Securities Co., Ltd. Vice Chairman, Yuanta Securities Finance Co., Ltd. Director and General Fuh Hwa Securities Investment Trust Co., Ltd. Director and Executive Vice President, Yuanta Core Pacific Securities Co., Ltd. Chairman, Ding Fu Securities Co., Ltd. Director, Yuanta Financial Holding Co., Ltd. Yu Da High School of Commerce and Home Economics Completed the Accounting Practice course of the Accounting Advanced Class 52 and Intermediate Accounting course of Class 57 arranged by the Center for Public and Business Administration Education, National Chengchi University (NCCU CPBAE).	The Company's chairman; Director of Ta Chong Securities Co., Ltd.; Director of Yuanta Foundation; Dependent director of TTY Biopharm	None	None	None

Director representative	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Ms. Chou, Hsiao-Ling	Female	2015.05.21	3 years	2007.11.21	70,772	0.03%	3,144	0.00%	0	0	0	0	Director and Vice Chairman, Yuanta Futures Co., Ltd. Director and Vice President, Overseas Chinese Bank. Polaris Futures Co., Ltd. MBA in Finance, National Taiwan University	The President of the Company, the Board Director of Yuanta Futures (Hong Kong) Limited, the Board Director of SYF Information Co., Ltd., the Board Director of SYF Information (SAMOA) Limited, the Board Director of SYF Information (Shanghai) Limited, the Board Director of Taiwan Futures Exchange, the supervisor of UHT Unitech Co., Ltd., and the Board Director of Yuanta Foundation	None	None	None
Director representative	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Ms. Kung, Shao-Hsing	Male	2015.05.21	3 years	2015.05.21	0	0	0	0	0	0	0	0	Executive Vice President, Yuanta Securities Co., Ltd. Vice President, Yuanta Securities Co., Ltd. Department of Cooperative Economics, Tamkang University	Executive Vice President, Yuanta Securities	None	None	None
Director representative	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Hsien-Tao Chiu (Note 4)	Male	2016.06.01	2 years	105.06.01	0	0	0	0	0	0	0	0	Chairman of Taichung Securities Managing Director of Asia Pacific Bank Director of Asia-Pacific Investment Trust Chairman of Asia-Pacific Leasing Chairman of Fu-An Insurance Agent Business Administration Dept., Southwestern University	Director of Yuanta Financial Holding Co., Ltd., Director of Yuanta Bank Co., Ltd., Chairman of Fayaque International Co., Ltd., Chairman of Kandlee Trading Co., Ltd., Chairman of Topasia Investment Management Limited, Chairman of Yue Ho Automobile Co., Ltd., Director of Chen Long Automobile Co., Ltd., Director of Fong Long Automobile Co., Ltd., Director of Taiwan Yi Ho International Co., Ltd., and the institutional representative of Hsu Tung Investment Co., Ltd.	None	None	None

Director representative	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Yueh-Tsang Li (Note 4)	Male	2016.06.01	2 years	105.06.01	0	0	0	0	0	0	0	0	0	Chairman of Tiffit Securities Director of Yuanta Core Pacific Securities Co., Ltd. Department of Sociology, Toyo University	Director of Yuanta Financial Holding Co., Ltd., Director of Yuanta Securities Co., Ltd., Chairman of Yuantong Investment Co., Ltd., and institutional representative of Chun Chueh Investment Co., Ltd.	None	None	None
Director representative	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Mr. Chen, Hsiu-Wei (Note 5)	Male	2016.09.01	1 year and 9 months	2014.06.26	0	0	0	0	0	0	0	0	0	Legal Officer of Yuan Tai Financial Holding Company The Board Director of Yuan Securities Investment Consulting (Beijing) Co. Executive Vice President, Yuanta Securities Director, Yuanta Futures Co., Ltd. The Board Director of Yuan Venture Capital Co., Ltd. The Board Director of Yuan One Venture Capital Co., Ltd. The Board Director of Yuanta Financial (Asia) Co., Ltd. Department of Law, National Chung Hsing University	Strategy Director of Yuanta Financial Holding Co., Ltd., Chairman of Yuanta International Asset Management Co., Ltd., Director of Yuanta Asia Investment Company, Supervisors of SYF Information Co., Supervisor of SYF Information (Shanghai) Limited, and Director of Yuanta Foundation	None	None	None
Director representative	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Ms. Chen, Hsiu-Mei (Note 4)	Female	2015.07.16	11 months	2015.07.16	0	0	(Note 4)	Chief Information Officer of Yuanta Financial Holdings Senior Vice President and Vice President of Information Department of Yuanta Bank Manager of Taipei FuBon Bank Department of Economics, National Chung Hsing University	(Note 4)	None	None	None						
Director representative	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Kuo, Yu-Hong	Male	2015.07.16	11 months	2011.10.17	30,649	0.01%	(Note 4)	The Executive Vice President of Yuanta Futures Co., Ltd. Department of Law, Fu Jen Catholic	(Note 4)	None	None	None						





Table 1: Corporate shareholders' main shareholders

Date of information: July 19, 2016

Name of corporate shareholder	Corporate shareholders' main shareholders	
Yuanta Financial Holding Co., Ltd.	Chun Chueh Investment Co., Ltd.	3.34%
	Yuan Hung Investment Co., Ltd.	2.91%
	Yuan Hsiang Investment Co., Ltd.	2.46%
	Yu Yang Investment Co., Ltd.	2.40%
	Mega Bank Co. Ltd. is commissioned for the custody of the investment accounts of FDT Securities Limited.	2.38%
	Bank of Taiwan	2.01%
	Lian Ta Investment Co., Ltd.	1.96%
	Singapore Government Investment Account in the custody of Citibank (Taiwan)	1.77%
	Trust account entrusted with Yuanta Bank	1.65%
	Richcorp International Limited	1.58%

Note: The top 10 shareholders were based on the information as of the last date Yuanta Financial Holdings Co., Ltd. cut off the transfer of shares (July 19, 2016)

Table 2: Major shareholders of major corporate shareholders listed in Table 1

Date of information: February 28, 2017

Name of corporate shareholder	Corporate shareholders' main shareholders	
Chun Chueh Investment Co., Ltd.	Teng Ta Investment Co., Ltd.	19.69%
	Lian Ta Investment Co., Ltd.	19.84%
	Chiu Ta Investment Co., Ltd.	18.36%
	Lian Heng Investment Co., Ltd.	18.92%
	Hsing Tsai Investment Co., Ltd.	10.23%
	Ma Wei-Chien	8.27%
	Tu Lee-Chuang	4.69%
Yuan Hung Investment Co., Ltd.	Mei Chia Lee Investment Co., Ltd.	45.88%
	Lian Heng Investment Co., Ltd.	33.74%
	Teng Ta Investment Co., Ltd.	15.38%
	Tu Lee-Chuang	5.00%
Yuan Hsiang Investment Co., Ltd.	Lian Ta Investment Co., Ltd.	44.38%
	Lian Heng Investment Co., Ltd.	19.00%
	Teng Ta Investment Co., Ltd.	18.69%
	Chiu Ta Investment Co., Ltd.	9.96%
	Tu Lee-Chuang	5.01%
	Hsing Tsai Investment Co., Ltd.	2.96%

Name of corporate shareholder	Corporate shareholders' main shareholders	
Yu Yang Investment Co., Ltd.	Chun Chueh Investment Co., Ltd.	100%
Mega Bank Co. Ltd. is commissioned for the custody of the investment accounts of FDT Securities Limited.	Not applicable	
Bank of Taiwan	Taiwan Financial Holdings	100%
Lian Ta Investment Co., Ltd.	Chiao Hua International Investment Co., Ltd.	45.79%
	Lian Heng Investment Co., Ltd.	37.14%
	Chiu Ta Investment Co., Ltd.	14.02%
	Hsing Tsai Investment Co., Ltd.	2.58%
	Tu Lee-Chuang	0.47%
Singapore Government Investment Account in the custody of Citibank (Taiwan)	Not applicable	
Trust account entrusted with Yuanta Bank	Not applicable	
Richcorp International Limited	Hsing Tsai Investment Co., Ltd.	26.11%
	Lian Heng Investment Co., Ltd.	19.22%
	Lian Ta Investment Co., Ltd.	19.00%
	Yuan Hsiang Investment Co., Ltd.	18.97%
	Chiu Ta Investment Co., Ltd.	7.91%
	Shen-Dai Investment Co., Ltd.	2.88%
	Teng Ta Investment Co., Ltd.	1.37%

### 3. The professional knowledge and independence of the directors

Date of information: February 28, 2017

Name	Qualification	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note 2)										Number of positions as an Independent Director in other public listed companies
		Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holders of professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	
The 9 <sup>th</sup> Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Mr. Lin, Tien-Fu			✓				✓	✓		✓	✓	✓	✓	0	
The 9 <sup>th</sup> Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Ms. Chou, Hsiao-Ling			✓				✓	✓		✓	✓	✓	✓	0	
The 9 <sup>th</sup> Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Mr. Kung, Shao-Hsing			✓				✓	✓		✓	✓	✓	✓	0	
The 9 <sup>th</sup> Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Hsien-Tao Chiu			✓				✓	✓	✓	✓	✓	✓	✓	0	
The 9 <sup>th</sup> Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Yueh-Tsang Li			✓				✓	✓	✓	✓	✓	✓	✓	0	
The 9 <sup>th</sup> Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Mr. Chen, Hsiu-Wei			✓				✓	✓		✓	✓	✓	✓	0	
The 9 <sup>th</sup> Board of Directors Mr. Lai, Kun-Hung		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
The 9 <sup>th</sup> Board of Directors Mr. Huang, Jung-Hsien			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
The 9 <sup>th</sup> Board of Directors Mr. Kuo, Tu-Mu	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	2	

Note 1: place a "✓" in the box below if the Director met the following conditions during the time of active duty and two years prior to the elected date.

- (1) Not employed by the company or any of its affiliated companies.
- (2) The directors and supervisors (except for the independent directors that are appointed by the Company or the parent company and subsidiaries in accordance with this Law or the local law) of a company other than the Company and its affiliates

- (3) Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company.
- (4) Not a spouse, relative of second degree, or direct kin of fifth degree or closer to persons described in criteria 1~3.
- (5) Not a director, supervisor, or employee of the company's corporate shareholder holding more than 5% of the company's outstanding capital; nor a director, supervisor, or employee to any of the top 5 corporate shareholders.
- (6) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.
- (7) Not a professional, business owner, partner, director, supervisor, or manager of any sole-proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultations to the company or any of its affiliated companies; nor a spouse to anyone listed herein. Except the members of the Remuneration Committee performing their duties pursuant to Article 7 of the Regulation Governing the Establishment of Remuneration Committee and the Performance of Authority of Companies trading their stocks in TWSE/GTSM.
- (8) Not a spouse or relative of second degree or closer to any other directors.
- (9) Does not meet any descriptions stated in Article 30 of The Company Act.
- (10) Not elected as a government or corporate representative according to Article 27 of The Company Act.

## (II) and heads of various departments and branches

Date of information: February 28, 2017

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers		
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
General Manager	Republic of China	Ms. Chou, Hsiao-Ling	Female	2014/04/01	3,144	0.00%	0	0	0	0	Director and Vice Chairman, Yuanta Futures Co., Ltd. Director and Vice President, Overseas Chinese Bank. Polaris Futures Co., Ltd. MBA in Finance, National Taiwan University	The Board Director of Yuanta Futures (Hong Kong) Limited, the Board Director of SYF Information Co., Ltd., the Board Director of SYF Information (SAMOA) Limited, the Board Director of SYF Information (Shanghai) Limited, the Board Director of Taiwan Futures Exchange, the supervisor of UHT Unitech Co.,Ltd. , and the Board Director of Yuanta Foundation	None	None	None
Executive Vice President	Republic of China	Mr. Kuo, Yu-Hong	Male	2013/05/01	30,649	0.01%	7,064	0.00%	0	0	The Executive Vice President of Yuanta Futures Co., Ltd. Department of Law, Fu Jen Catholic University	Director, Yuanta Futures (HK) Co., Limited; Chairman, SYF Information Co., Ltd.; Director, SYF Information (SAMOA) Limited; Chairman, SYF Information (Shanghai) Limited	None	None	None
Executive Vice President	Republic of China	Mr. Hsu, Kuo-Chun	Male	2008/12/02	30,000	0.01%	0	0	0	0	Vice President, Brokerage Business Division, Polaris Futures Co., Ltd. Department of Economics, National Taiwan University	None	None	None	None
Senior vice president, Domestic Institution Division	Republic of China	Ms. Tsai, Chia-Ling	Female	2005/01/03	0	0	0	0	0	0	Vice President, Institution Dept, Polaris Futures Co., Ltd. MBA, National Chiao Tung University	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers		
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Senior Vice President, Proprietary Trade Dept.	Republic of China	Shu-Fang Chen	Male	2016/08/01	0	0	0	0	0	0	The partner and Investment Officer of Shanghai Yanqi Capital Department of Journalism & Communication Studies, Catholic Fujeng University	None	None	None	None
Vice President, Accounting Dept.	Republic of China	Yu-Cheng Chou	Male	2010/06/21	0	0	0	0	0	0	Vice President, Treasury Dept, Polaris Futures Co., Ltd. Master of Accounting, Alabama State University	Chief accountant of SYF Information Co., Ltd.; Director of SYF Information (SAMOA) Limited; Independent Director of Central Reinsurance Corporation	None	None	None
Vice President, Network Business Division	Republic of China	Mr. Kao, Yi-Jui	Male	2014/09/01	0	0	0	0	0	0	Junior VP of Yuanta Securities Co., Ltd. - Tucheng Branch Department of Agricultural Economics, National Taiwan University	None	None	None	None
Vice President, Trading settlement	Republic of China	Lai-E Yen	Female	2016/04/18	0	0	0	0	0	0	Deputy Director / Head of Transaction Settlement Department of UBS Futures (China) Department of Finance, University of Central Missouri	None	None	None	None
Senior Asst VP, Auditing Department	Republic of China	Wen-Fang Wu	Male	2012/04/01	0	0	0	0	0	0	Asst VP, Auditing Office, Yuanta Futures MBA, National Chiayi University	None	None	None	None
Senior Asst VP, Domestic Institution Dept.	Republic of China	Ching-Yee Chang	Female	2012/04/01	0	0	0	0	0	0	Asst VP, Institution Dept, Yuanta Futures Dept of Business Administration, Shih Chien University	None	None	None	None
Senior Asst VP, Compliance Dept,	Republic of China	Lee-Ling Chien	Female	2012/05/01	0	0	0	0	0	0	Senior Asst VP, Legal Affairs & Compliance Dept, Yuanta Polaris Securities Dept of Laws, Soochow University	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers		
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Senior Asst VP, IT Department	Republic of China	Li, Min-Lung	Male	2013/08/01	0	0	0	0	0	0	Professional Manager, IT Department, Yuanta Futures Co., Ltd., Masters of Information Management, Lunghwa University of Science and Technology	The Director of SYF Information Co., Ltd., the Director of SYF Information (Shanghai) Limited	None	None	None
Manager of General Planning Department	Republic of China	Yu-Han Hung	Female	2017/01/01	0	0	0	0	0	0	Professional Manager of Yuanta Futures Master, Banking and Finance, National Taipei University	None	None	None	None
Asst VP, Risk Management Dept	Republic of China	Cheng-Kang Wu	Male	2012/04/01	0	0	0	0	0	0	Asst VP, Risk Management Office, Yuanta Futures Master, Banking and Finance, National Taiwan University	None	None	None	None
Assistant Manager, Financial Department	Republic of China	Liang-Huei Yuan	Female	2012/04/01	0	0	0	0	0	0	Senior Manger, Finance and Accounting Department, Yuanta Futures Master, Banking and Finance, National Taipei University	None	None	None	None
Junior V.P. of the Overseas Institutional Business Department	Republic of China	Chang, Chun-Hao	Male	2014/09/01	0	0	0	0	0	0	Senior Deputy Manager, Institution Dept., Yuanta Futures Department of Economics, University of Washington, USA	Director, Yuanta Futures (HK) Co., Limited	None	None	None
Clearing Department Manager	Republic of China	Li-Li Lin	Female	2016/08/01	0	0	0	0	0	0	Senior Deputy Manager, Clearing Dept., Yuanta Futures Department of General Business, Chihlee Institute of Technology	None	None	None	None
Senior Manager, Business Department	Republic of China	Sheng-Wei Wu	Male	2009/08/01	0	0	0	0	0	0	Manager of Business Dept, Hsinchu Branch, Polaris Futures Co., Ltd. Department of Agricultural Marketing, National Chung Hsing University	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers		
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Senior Manager, Management Department	Republic of China	Chung Hsiu-Ling	Female	2012/04/01	0	0	0	0	0	0	Manager, Management Dept., Yuanta Futures MBA, National Chiayi University	None	None	None	None
Senior Manager, Research Department.	Republic of China	Chen, Yu-Hong	Male	2012/04/01	0	0	0	0	0	0	Deputy Manager of Research and Development Department, Yuanta Futures Co., Ltd. Master, Banking and Finance, National Central University	None	None	None	None
Senior Manager, Consulting Department	Republic of China	Chang Lin-Chung	Male	2015/06/01	0	0	0	0	0	0	Network Manager of Yuanta Futures Dept of Business Administration, National Chung Hsing University.	None	None	None	None
Customer Service / Trading Department Manager	Republic of China	Mr. Hu, Chia-Hui	Female	2014/03/01	20,042	0.01%	0	0	0	0	Deputy Manager, Customer Service and Dealing Dept, Polaris Futures Co., Ltd. Shih Hsin High School of Industry and Commerce – Department of General Business	None	None	None	None
Deputy Manager of Proprietary Trading Department (Leverage Transaction Merchants)	Republic of China	Cheng-Jen Wang	Male	2016/10/24	0	0	0	0	0	0	Professional Deputy Manager, Proprietary Trading Department, Yuanta Futures Co., Ltd., Department of Industrial Engineering & Management, Chaoyang University of Technology	None	None	None	None
Asst Vice Manager, Management Division	Republic of China	Hao-Hsiang Chang	Female	2017/01/01	0	0	0	0	0	0	Asst Vice Manager, Business Department, Yuanta Futures Chemical Engineering, Taipei Chengshih University of Science and Technology	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers		
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Hsinchu Branch Manager	Republic of China	Chen, Tsung Hsiang	Male	2015/07/01	0	0	0	0	0	0	Deputy Manager of Yuanta Futures Co., Ltd., Hsinchu Branch Department of Ethnology, National Chengchi University	None	None	None	None
Taichung Branch Manager	Republic of China	Liu, Feng An	Male	2015/12/01	0	0	0	0	0	0	Deputy Manager of Yuanta Securities Co., Ltd. Danshui Branch Dept. of International Business and Trade , National Tamkang University	None	None	None	None
Tainan Branch Manager	Republic of China	Shi-Qing Wang	Male	2003/03/10	492	0.00%	0	0	0	0	Manager of Business Dept, Tainan Branch, Polaris Futures Co., Ltd. MBA, ational Cheng Kung University	None	None	None	None
Kaohsiung Branch Manager	Republic of China	Wang, Guo-Liang	Male	2015/09/01	0	0	0	0	0	0	Deputy Manager of Yuanta Securities Co., Ltd. Yiwen Branch Master, Banking and Finance, National Central University	None	None	None	None

Note: As of February 28, 2017, the Company had 232,276,288 shares in circulation.

III. Remuneration paid to Directors, the General Manager, and the Vice President in the most recent year

(I) Directors, General Manager's and Vice Presidents' remuneration

1. Directors' remuneration (including Independent Directors)

Unit: NTD thousand

Title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit		Remuneration as an employee								NT\$ thousand The sum of A, B, C, D, E and F as a percentage of after-tax net profit	Remuneration from invested businesses other than the subsidiaries	
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to directors (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc (E)		Pension (F)		Remuneration to employees (G)						
		The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies contained in the financial report	The Company	All companies shown in the financial report	The Company		All companies contained in the financial report (Note 8)				The Company
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Lin, Tien-Fu (Note 1)	\$ 16,548	\$ 16,548	\$ -	\$ -	\$ -	\$ -	\$ 1,357	\$ 1,357	2.14%	2.14%	11,000	11,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2.14%	2.14%	None
Director co-headed General Manager	Yuanta Financial Holdings Co., Ltd. Representative: Ms. Chou, Hsiao-Ling (Note 2)																					
Directors	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Ho, Ming-Hong (Note 3)																					
Directors	Yuanta Financial Holding Co., Ltd. Representative: Mr. Kuo, Yu-Hon (Note 4)																					
Directors	Yuanta Financial Holding Co., Ltd. Representative: Mr. Kung, Shao-Hsing																					
Directors	Yuanta Financial Holding Co., Ltd. Representative: Mr. Chen, Hsiu-Wei (Note 5)	5,580	5,580	-	-	-	-	2,269	2,269	0.94%	0.94%	14,334	14,334	-	-	29	-	29	-	2.66%	2.66%	None
Directors	Yuanta Financial Holdings Co., Ltd. Representative: Ms. Chen, Hsiu-Mei (Note 6)																					
Directors	Yuanta Financial Holdings Co., Ltd. Representative: Yueh-Tsang Li (Note 7)																					
Directors	Yuanta Financial Holdings Co., Ltd. Representative: Hsien-Tao Chiu (Note 8)																					
Independent Director	Mr. Lai, Kun-Hung (Note 9)																					



2. Table of remuneration brackets of Directors (including Independent Directors)

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	The total of the aforementioned 4 items (A+B+C+D)		The total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company (Note 9)	All companies shown in the financial report (note 10) I	The Company (Note 9)	All companies shown in the financial report (note 10) J
<NT\$2,000,000	Mr. Ho, Ming-Hong; Ms. Chou, Hsiao-Ling; Kuo, Yu-Hong; Mr. Kung, Shao-Hsing; Mr. Chen, Hsiu-Wei; Ms. Chen, Hsiu-Mei; Yueh-Tsang Li and Hsien-Tao Chiu	Mr. Ho, Ming-Hong; Ms. Chou, Hsiao-Ling; Kuo, Yu-Hong; Mr. Kung, Shao-Hsing; Mr. Chen, Hsiu-Wei; Ms. Chen, Hsiu-Mei; Yueh-Tsang Li and Hsien-Tao Chiu	Mr. Ho, Ming-Hong; Kuo, Yu-Hong; Mr. Kung, Shao-Hsing; Mr. Chen, Hsiu-Wei; Ms. Chen, Hsiu-Mei; Yueh-Tsang Li and Hsien-Tao Chiu	Mr. Ho, Ming-Hong; Kuo, Yu-Hong; Mr. Kung, Shao-Hsing; Mr. Chen, Hsiu-Wei; Ms. Chen, Hsiu-Mei; Yueh-Tsang Li and Hsien-Tao Chiu
NT\$2,000,000 ~ NT\$5,000,000 (exclusive)	Mr. Kuo, Tu-Mu; Mr. Lai, Kun-Hung; Mr. Huang, Jung-Hsien	Mr. Kuo, Tu-Mu; Mr. Lai, Kun-Hung; Mr. Huang, Jung-Hsien	Mr. Kuo, Tu-Mu; Mr. Lai, Kun-Hung; Mr. Huang, Jung-Hsien	Mr. Kuo, Tu-Mu; Mr. Lai, Kun-Hung; Mr. Huang, Jung-Hsien
NT\$5,000,000 ~ NT\$10,000,000 (exclusive)				
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)			Ms. Chou, Hsiao-Ling	Ms. Chou, Hsiao-Ling
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)	Mr. Lin, Tien-Fu	Mr. Lin, Tien-Fu	Mr. Lin, Tien-Fu	Mr. Lin, Tien-Fu
NT\$30,000,000 ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 ~ NT\$100,000,000 (exclusive)				
> NT\$100,000,000				
Total	12 persons	12 persons	12 persons	12 persons

Note 1: Directors' names should be presented separately (for corporate shareholders, state separately the name of the corporate shareholder and its representatives); the amount of benefits and allowances can be presented in aggregate sums.

Note 2: Refers to Director's remuneration in the latest year (including salaries, work subsidies, severance pay, various bonuses and incentives etc).

Note 3: Please fill in the amount of remuneration to directors resolved in the most recent board meeting.

Note 4: Refers to compensations for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other items). If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration.

- Note 5: Remunerations received by directors who have also worked in the capacity as employees (including the position of President, Vice President, managers, and employees), including, salaries, subsidies, severance pay, bonus, awards, traveling subsidy, special subsidy, different forms of subsidies, accommodation, company car, and other supplies in kind. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration. Two motor vehicles at the cost of NT\$4,053 thousand. Two drivers with total remuneration of NT\$1,737 thousand.
- Note 6: For the directors who are also employees (including President, Vice President, managers, and staff) of the Company in the most recent year with remuneration received (including stock and cash), the remuneration amount to employees resolved in the board meeting in the most recent year should be disclosed. If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year; also, Attachment 1.3 should be filled out.
- Note 7: It refers to the amount of exercisable shares vested in employees' warrants, which the Director has received up till the publishing date of this annual report (excluding those that were exercised), for taking the role of a company employee (such as General Manager, Vice President, other managers and employees).
- Note 8: The disclosure should cover all companies included in the consolidated financial statements (including The Company); present the total amount of remuneration paid by all companies above to The Company's Directors.
- Note 9: The amount of remuneration made by The Company to each Director is disclosed separately in amount ranges.
- Note 10: The total amount of remunerations to each director of the Company under the consolidated financial statement (including the Company) shall be disclosed with the disclosure of the names of the directors falling in relevant brackets.
- Note 11: Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.
- Note 12: a. This field must state any form of remuneration the Director has received from The Company's invested businesses other than subsidiaries.  
b. For Directors who receive remuneration from invested businesses other than subsidiaries, the amount of remuneration from these invested businesses should be added to column J of the Remuneration brackets table. Change the name of column J to "All invested businesses".  
c. Remuneration refers to any returns, compensation (including remuneration to Employees, Directors and Supervisors), professional fees etc which The Company's Directors have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries.
- Note 13: Directors who have also acted as employees to the date these reports was printed (in the capacity of the President, Vice President, other managers, and employees) and the quantity of new shares from restricted employee stock options acquired.
- Note 14: Yuanta Financial Holdings had Ms. Chen, Hsiu-Mei and Mr. Kuo, Yu-Hong delegated as the representative on July 16, 2015 for the period of July 16, 2015 ~ May 20, 2018. The former representative, Ms. Sung, Hsiao-Chin and Mr. Wang, Chun-Chie, were discharged on July 16, 2014.
- \* The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

### 3. Remuneration to the General Manager and Vice President

Unit: NTD thousand

Title	Name	Salary (A)		Pension (B)		Bonuses and allowances etc. (C)		Remuneration to employees				The sum of A, B, C, and D as a percentage of after-tax net profit		Remuneration from invested businesses other than the subsidiaries
		The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company		All companies included in the consolidated statements		The Company	All companies included in the consolidated statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Ms. Chou, Hsiao-Ling (Note 1)	\$ 19,324	\$ 19,324	\$ -	\$ -	\$ 39,481	\$ 39,481	\$ 112	\$ -	\$ 112	\$ -	7.04%	7.04%	None
Executive Vice President	Mr. Kuo, Yu-Hong													
Executive Vice President	Mr. Hsu, Kuo-Chun													
Senior Vice Presidents	Mr. Lai, Sheng-Tang (Note 2)													
Senior Vice Presidents	Ms. Tsai, Chia-Ling													
Senior Vice Presidents	Ms. Li, Jing-Ru (Note 3)													
Senior Vice Presidents	Shu-Fang Chen													
Vice President	Mr. Kao, Yi-Jui													
Vice President	Yu-Cheng Chou													
Vice President	Lai-E Yen													
Vice President	Chang Yung-Hua													

Note 1: Provided one transportation vehicle to Ms. Chou, Hsiao-Ling, the General Manager and Director, in 2016 for a cost after depreciation and gasoline expense amounting to NT\$268 thousand. The total remuneration to the designated driver amounted to NT\$903 thousand that was not included in the remuneration paid.

Note 2: Senior Vice President, Mr. Lai, Sheng-Tang was discharged on October 1, 2016.

Note 3: Senior Vice President, Ms. Li, Jing-Ru was discharged on October 1, 2015.

#### 4. Table of remunerations brackets to the General Manager and Vice President

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Names of the Presidents and the Vice Presidents	
	The Company (Note 7)	All companies shown in the financial report (note 8) E
<NT\$2,000,000	Ms. Li, Jing-Ru	Ms. Li, Jing-Ru
NT\$2,000,000 ~ NT\$5,000,000 (exclusive)	Yu-Cheng Chou; Shu-Fang Chen; Lai-E Yen	Yu-Cheng Chou; Shu-Fang Chen; Lai-E Yen
NT\$5,000,000 ~ NT\$10,000,000 (exclusive)	Mr. Kuo, Yu-Hong; Mr. Hsu, Kuo-Chun; Ms. Tsai, Chia-Ling; Mr. Kao, Yi-Jui; Sheng-Tang Lai; Chang Yung-Hua	Mr. Kuo, Yu-Hong; Mr. Hsu, Kuo-Chun; Ms. Tsai, Chia-Ling; Mr. Kao, Yi-Jui; Sheng-Tang Lai; Chang Yung-Hua
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)	Ms. Chou, Hsiao-Ling	Ms. Chou, Hsiao-Ling
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 ~ NT\$100,000,000 (exclusive)		
> NT\$100,000,000		
Total	11 persons	11 persons

Note 1: The names of the General Manager and Vice Presidents should be presented separately; the amount of benefits and allowances can be presented in aggregate sums. Any Directors who co-headed the General Manager or Vice President positions must be disclosed in this table as well as the previous.

Note 2: Refers to salaries, work subsidies, pension, and severance pay made to the General manager and Vice Presidents in the latest year.

Note 3: Refers to other compensations such as bonuses, incentives, travel allowances, special allowances, various subsidies, accommodation, corporate vehicle or other items made to the General Manager and Vice Presidents. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration. Two motor vehicles at the cost of NT\$4,020 thousand. One driver with total remuneration of NT\$945 thousand.

Note 4: Please fill in the remuneration amount to the President and Vice President resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year; also, Attachment 1.3 should be filled out. Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

Note 5: It refers to the amount of exercisable shares vested in employees' warrants, which the General Manager/Vice Presidents have received up till the publishing date of this annual report (excluding those that were exercised).

Note 6: The disclosure should cover all companies included in the consolidated financial statements (including The Company); present the total amount of remuneration paid by all companies above to The Company's General Manager/Vice Presidents.

Note 7: The amount of remuneration made by The Company to its General Manager/Vice Presidents is disclosed separately in amount ranges.

Note 8: The total remunerations to each President and Vice President of all companies in the consolidated financial statements (including the Company), and disclose the names of these Presidents and Vice Presidents in relevant brackets along the scale of remunerations.

Note 9: Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

Note 10: a. this field must state any form of remuneration the General Manager and Vice President have received from The Company's invested businesses other than subsidiaries.  
b. For General Manager/Vice Presidents who receive remuneration from invested businesses other than subsidiaries, the amount of remuneration from these invested businesses should be added to column E of the Remuneration brackets table. Change the name of column E to "All invested businesses"  
c. Remuneration refers to any returns, compensation (including remuneration to Employees, Directors and Supervisors), professional fees etc which The Company's General Manager/Vice Presidents have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries.

Note 11: Directors who have also acted as employees to the date these reports was printed (in the capacity of the President, Vice President, other managers, and employees) and the quantity of new shares from restricted employee stock options acquired.

\* The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

5. Name of the managers received remuneration and the distribution of remuneration

Distribution base line date: August 19, 2016

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	As a percentage of net profit after tax (%)
Manager	General Manager	Ms. Chou, Hsiao-Ling	0	276 thousand dollars	276 thousand dollars	
	Executive Vice President	Mr. Kuo, Yu-Hong				
	Executive Vice President	Mr. Hsu, Kuo-Chun				
	Senior vice president, Domestic Institution Division	Ms. Tsai, Chia-Ling				
	Senior vice president, Futures Management Division	Mr. Lai, Sheng-Tang				
	Vice President, Accounting Dept.	Yu-Cheng Chou				
	Vice President, Network Business Division	Mr. Kao, Yi-Jui				
	Senior Asst VP, Auditing Department	Wen-Fang Wu				
	Senior Asst VP, Domestic Institution Dept.	Ching-Yee Chang				
	Senior Asst VP, Compliance Dept,	Lee-Ling Chien				
	Senior Asst VP, IT Department	Li, Min-Lung				
	Asst VP, Risk Management Dept	Cheng-Kang Wu				
	Senior Vice President of the General Planning Department	Chen, Yan Ling				
	Junior V.P. of the Overseas Institutional Business Department	Chang, Chun-Hao				
	Assistant Manager, Financial Department	Liang-Huei Yuan				
	Senior Manager, Business Department	Sheng-Wei Wu				
	Senior Manager, Management Department	Chung Hsiu-Ling				
	Senior Manager, Research Department.	Chen, Yu-Hong				
	Senior Manager, Consulting Department	Chang Lin-Chung				
	Customer Service / Trading Department Manager	Mr. Hu, Chia-Hui				
Clearing Department Manager	Li-Li Lin					
Hsinchu Branch Manager	Chen, Tsung Hsiang					
Taichung Branch Manager	Liu, Feng An					
Tainan Branch Manager	Shi-Qing Wang					
Kaohsiung Branch Manager	Wang, Guo-Liang					

Note 1: The name and job title of each individual should be disclosed; however, the distribution of earnings can be disclosed aggregately.

Note 2: Please fill in the remuneration amount to the managers resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year. Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

Note 3: According to Notice Tai-Tsai-Cheng-3-0920001301 dated 27 March 2003, the following managerial roles are subject to reporting:

(1) President and the equals (2) Vice President and the equals (3) Junior V.P. and the equals (4) Director of the Finance Department (5) Director of the Accounting Department (6) Others who are responsible for business management and authorized to sign document on behalf of the Company.

Note 4: If the Directors, President, and Vice President have received remuneration (including stock and cash), in addition to filling out Attachment 1.2, this form must be filled out too.

6. The name, job title, and remuneration amount received of the Top-Ten managers in 2015

Distribution base line date: August 19, 2016

	Title	Name	Stock amount	Cash amount	Total	As a percentage of net profit after tax (%)
Top-Ten employment remuneration receivers	General Manager	Ms. Chou, Hsiao-Ling	0	252 thousand dollars	252 thousand dollars	
	Executive Vice President	Mr. Kuo, Yu-Hong				
	Executive Vice President	Mr. Hsu, Kuo-Chun				
	Senior vice president, Domestic Institution Division	Ms. Tsai, Chia-Ling				
	Senior vice president, Futures Management Division	Mr. Lai, Sheng-Tang				
	Vice President, Network Business Division	Mr. Kao, Yi-Jui				
	Vice President, Accounting Dept.	Yu-Cheng Chou				
	Senior Asst VP, Auditing Department	Wen-Fang Wu				
	Senior Asst VP, Domestic Institution Dept.	Ching-Yee Chang				
	Senior Asst VP, Compliance Dept,	Lee-Ling Chien				
	Senior Asst VP, IT Department	Li, Min-Lung				
	Asst VP, Risk Management Dept	Cheng-Kang Wu				
	Assistant Manager, Financial Department	Liang-Huei Yuan				
	Junior V.P. of the Overseas Institutional Business Department	Chang, Chun-Hao				
	Senior Manager, Business Department	Sheng-Wei Wu				
	Senior Manager, Management Department	Chung Hsiu-Ling				
	Senior Manager, Research Department.	Chen, Yu-Hong				
	Senior Manager, Consulting Department	Chang Lin-Chung				
	Customer Service / Trading Department Manager	Mr. Hu, Chia-Hui				
	Manager, Hsinchu Branch	Chen, Tsung Hsiang				
Tainan Branch Manager	Shi-Qing Wang					

(II) The total remunerations to the directors, presidents, and vice presidents of the Company and the companies in the consolidated financial statements in the last 2 years in proportion to the corporate earnings of individual entities or individual financial statements and the analysis and description of the policy, standard, and combination, decision-making procedure of the remunerations, and the association with operation performance and risks of the future:

1. Analysis and interpretation of the total remunerations of directors, general managers, and vice presidents accounted for the net income on entities' or separate financial statements.

Unit: NTD thousand; percentage

Year	After-tax net profit	Directors' remuneration	Directors' remuneration as a percentage of after-tax net profit	General Manager's and Vice Presidents' remuneration	General Manager's and Vice Presidents' remuneration as a percentage of after-tax net profit
2015	777,093	19,746	2.54	45,703	5.88
2016	835,706	25,726	3.08	58,917	7.05

2. Policies, standards, packages, and procedures at which remunerations were made, and their association with business performance and risks

The Directors' remuneration policy was created in accordance with the Articles of Incorporation. The Board of Directors has resolved to remunerate Independent Directors with monthly pay at fixed amounts; those who attend Board of Directors meetings will also receive travel subsidies. Other forms of remunerations to Directors is provided according to the Articles of Incorporation. The Board of Directors is authorized to determine remuneration levels for each Director based on the their involvements and contributions to The Company's operations, in reference to peer standards. Travel subsidies can also be made depending on their actual attendances to the Board of Directors meetings. Remuneration to the General Manager and Vice Presidents are determined based on their job responsibilities, the normal level of salary, and annual performance, and are subject to the Board of Directors' approval.

In order to ensure congruency between employees' goals and shareholders' interests while being able to retain quality talents, The Company has adopted a performance-driven approach with regards to its remuneration policies, and sets salary levels that are closely related to The Company's business results and individual performance. We believe that this arrangement is mutually beneficial to individual employees, The Company, and shareholders. Remuneration packages generally comprise of base salary, allowances, and bonuses with additional benefits such as annual leaves, insurance etc at reasonable costs.

#### IV. Corporate governance

##### (I) Functionality of the Board of Directors

12 Board of Directors meetings were held in the latest year (2016); Directors' and Independent Directors' attendance are listed below:

Title	Name (Note 1)	Actual attendance	Proxy Attendance	Percentage of actual attendance (%) [B/A] (Note 2)	Remarks
Chairman	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Lin, Tien-Fu	12	0	100.00%	The 9 <sup>th</sup> Directors with 12 meetings to attend (A).
Director	Yuanta Financial Holdings Co., Ltd. Representative: Ms. Chou, Hsiao-Ling	12	0	100.00%	The 9 <sup>th</sup> Directors with 12 meetings to attend (A).
Director	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Kung, Shao-Hsing	10	2	83.33%	The 9 <sup>th</sup> Directors with 12 meetings to attend (A).
Director	Yuanta Financial Holdings Co., Ltd. Representative: Kuo, Yu-Hong	5	0	100.00%	The directors of the 9 <sup>th</sup> term were designated on 7.16.2015. The directors of the 9 <sup>th</sup> term were discharged on 6.1.2016. A total of 5 (A)
Director	Yuanta Financial Holdings Co., Ltd. Representative: Ms. Chen, Hsiu-Mei	3	2	60.00%	The directors of the 9 <sup>th</sup> term were designated on 7.16.2015. The directors of the 9 <sup>th</sup> term were discharged on 6.1.2016. A total of 5 (A)
Director	Yuanta Financial Holdings Co., Ltd. Representative: Hsien-Tao Chiu	6	1	85.71%	The 9 <sup>th</sup> directors were reassigned and took office on June 1, 2016 with 7 meetings (A) to be attended in 2016.
Director	Yuanta Financial Holdings Co., Ltd. Representative: Yueh-Tsang Li	7	0	100.00%	The 9 <sup>th</sup> directors were reassigned and took office on June 1, 2016 with 7 meetings (A) to be attended in 2016.
Director	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Ho, Ming-Hong	7	1	87.50%	The 9 <sup>th</sup> directors were reelected on May 21, 2015; the 9 <sup>th</sup> directors were reassigned and dismissed on September 1, 2016 with 8 meetings (A) to be attended in 2016.
Director	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Chen, Hsiu-Wei	4	0	100.00%	The 9 <sup>th</sup> directors were reassigned and took office on September 1, 2016 with 4 meetings (A) to be attended in 2016.
Independent Director	Mr. Lai, Kun-Hung	12	0	100.00%	The 9 <sup>th</sup> Independent Directors with 12 meetings to attend (A).
Independent Director	Mr. Huang, Jung-Hsien	11	1	91.67%	The 9 <sup>th</sup> Independent Directors with 12 meetings to attend (A).
Independent Director	Mr. Kuo, Tu-Mu	12	0	100.00%	The 9 <sup>th</sup> Independent Directors with 12 meetings to attend (A).
Other remarks:					
I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:					
(I) The matters stated in Article 14-3 of the Securities Exchange Act: It was resolved to have the Audit Committee setup in the board meeting on May 23, 2012. Therefore, it is not subject to the requirements of Article 14-3 of the Securities Exchange Act. In addition, for the matters stated in Article 14-5 of the Securities Exchange Act to be documented by the Company, please refer to Page 40 of the annual report for the operation of the Audit Committee.					
(II) Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: None.					

II. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions:

Board of Directors Meeting Date	Name of director	Agenda	Reasons for avoiding conflicting interests	Voting decision
March 24, 2016	Ms. Chou, Hsiao-Ling; Director, Mr. Kuo	Presenting the 2015 Employees' bonus remuneration.	Ms. Chou, Hsiao-Ling; Director, Mr. Kuo are the related party in the case.	Stakeholder, Ms. Chou, Hsiao-Ling; Director, Mr. Kuo, were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Chairman Mr. Lin, Tien-Fu; Director, Mr. Ho, Ming-Heng; Director, Ms. Chou, Hsiao-Ling	The donation to Yuanta Educational and Cultural Foundation amounted to NT\$6.00 million.	Chairman Mr. Lin, Tien-Fu; Director, Mr. Ho, Ming-Heng; Director, Ms. Chou, Hsiao-Ling are the related party in the case.	Chairman Mr. Lin, Tien-Fu; Director, Mr. Ho, Ming-Heng; Director, Ms. Chou, Hsiao-Ling are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Director Mr. Kuo, Yu-Hong	It is regarding the employment of Ms. Lai-E Yen as the Transaction Settlement Supervision and International Business Department Manager.	Mr. Kuo, Yu-Hong are the related party in the case.	Stakeholder, Director Mr. Kuo, Yu-Hong, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
June 28, 2016	Independent Director, Mr. Huang, Jung-Hsien; Independent Director, Mr. Lai, Kun-Hung; Independent Director, Mr. Kuo, Tu-Mu	It is regarding the review of the remuneration to Independent Director.	Independent Director, Mr. Huang, Jung-Hsien; Independent Director, Mr. Lai, Kun-Hung; Independent Director, Mr. Kuo, Tu-Mu are the related party in the case.	Independent Director, Mr. Huang, Jung-Hsien; Independent Director, Mr. Lai, Kun-Hung; Independent Director, Mr. Kuo, Tu-Mu are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Director, Mr. Lin, Tien-Fu	It is regarding the review of the remuneration to Chairman.	Director, Mr. Lin, Tien-Fu is the related party in the case.	Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Chairman, Mr. Lin,	The revision of part of	Chairman, Mr. Lin,	Chairman, Mr. Lin, Tien-Fu

	Tien-Fu and Director, Ms. Chou, Hsiao-Ling	the “Regulation Governing Prices and Awards” of the Company.	Tien-Fu and Director, Ms. Chou, Hsiao-Ling are the related party in the case.	and Director, Ms. Chou, Hsiao-Ling are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
July 27, 2016	Director, Mr. Lin, Tien-Fu	For an amendment for part of the Company’s “Regulations of Retirement and Pension for the Chairman and the Vice Chairman of the Board.”	Director, Mr. Lin, Tien-Fu is the related party in the case.	Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Director, Mr. Lin, Tien-Fu	The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	Director, Mr. Lin, Tien-Fu is the related party in the case.	Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
September 28, 2016	Director, Mr. Lin, Tien-Fu	The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	Director, Mr. Lin, Tien-Fu is the related party in the case.	Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Director, Mr. Lin, Tien-Fu	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Director, Mr. Lin, Tien-Fu is the related party in the case.	Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
November 30, 2016	Director, Mr. Lin, Tien-Fu	The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	Director, Mr. Lin, Tien-Fu is the related party in the case.	Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Director, Mr. Lin, Tien-Fu	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or	Director, Mr. Lin, Tien-Fu is the related party in the case.	Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted

		self-regulatory objects and the transactions linked to the underlying subject.		in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
December 28, 2016	Independent Director, Mr. Lai, Kun-Hung; Director, Yueh-Tsang Li	It is regarding the additional rental of the parking spaces in the basement of Datong Building.	Independent Director, Mr. Lay; Kuen-Horn and Director, Yueh-Tsang Li were also in charge of the Independent Director and Director of the related company in the case, Yuanta Securities Co., Ltd.	Stakeholder, Independent Director, Mr. Lai, Kun-Hung and Director, Yueh-Tsang Li were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
January 24, 2017	Director, Mr. Lin, Tien-Fu	The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	Director, Mr. Lin, Tien-Fu is the related party in the case.	Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Director, Mr. Lin, Tien-Fu	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Director, Mr. Lin, Tien-Fu is the related party in the case.	Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Chairman, Mr. Lin, Tien-Fu and Director, Ms. Chou, Hsiao-Ling	<b>It is regarding</b> the performance bonus to the Company's senior executives and managers.	Chairman, Mr. Lin, Tien-Fu and Director, Ms. Chou, Hsiao-Ling are the related party in the case.	Chairman, Mr. Lin, Tien-Fu and Director, Ms. Chou, Hsiao-Ling are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
February 23, 2017	Director, Ms. Chou, Hsiao-Ling	It is regarding the capital increase, expansion of business scope, and equity fund applied by the Company for Yuanta Securities (Hong Kong) Co., Ltd., the subsidiary.	Director Ms. Chou, Hsiao-Ling is the related party in the case.	Director, Ms. Chou, Hsiao-Ling, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.

III. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. the establishment of an Audit Committee, improving information transparency etc), and the progress of such enhancements:

1. The Company formulated the "Rules for the Conduct of Directors Meetings" in accordance with the Competent Authority's regulation, including the content of meetings, procedures, matters to be recorded in the meeting minutes, public announcement, and other matters for compliance, which shall follow the rules. The Company also formulated relevant measures of the corporate governance and disclosed them on the Company's website and the Market Observation Post System.

2. As required by the competent authority, the Company shall establish a Remuneration Committee by the end of 2011. The Board of the Company has resolved on November 24 2011 to establish the Remuneration Committee and has established the “The Organizational Code of the Remuneration Committee”.
3. The Board of the Company has resolved on May 23 2012 to establish the Auditing Committee and has established the “Organizational Code of the Auditing Committee”.
4. The Company not only arranged self-audit on a regular basis for its directors, the board, and the audit committee to enhance the efficiency and effectiveness of its operation, but also submitted to the audit committee and the board a report on actions taken by personnel of self-audit, legal compliance, and risks management to be consistent with the provisions of the Competent Authority.
5. The Company has appointed designated personnel to disclose relevant information and materiality as required by the competent authority in Chinese and English in MOPS for announcement. In addition, the Company has also disclosed the continuing education of the directors and independent directors, their attendance to Board meetings, Audit Committees, Remuneration Committee, and remunerations in MOPS.

Note 1: If Directors and Supervisors are corporate entities, then the names of corporate shareholders and their representatives must be provided.

- Note 2: (1) The date of resignation must be specified for Directors or Supervisors who had resigned prior to the close of the financial year. The percentage of actual attendance (%) should be calculated based on the number of Board of Directors meeting held during active duty and the number of actual attendance.
- (2) If a re-election of Directors or Supervisors had taken place prior to the close of the financial year, Directors/Supervisors of both the previous and the current term must be listed; the remarks column must address the re-election date and whether the Director/Supervisor was elected in the previous term, the new term, or both. The percentage of actual attendance (%) is calculated based on the number of board of directors meetings held during active duty and the actual attendance.

(II) The operation of the Auditing Committee:

The Auditing Committee has convened for 14 times (A) in the most recent year (2016). The attendance of the independent directors is shown below:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A) (Note)	Remarks
Independent Director	Mr. Lai, Kun-Hung	14	0	100.00%	The 9 <sup>th</sup> Independent Directors and the 9 <sup>th</sup> conveners convener with 14 meetings to attend (A).
Independent Director	Mr. Huang, Jung-Hsien	13	1	92.86%	The 9 <sup>th</sup> Independent Director s with 14 meetings to attend (A).
Independent Director	Mr. Kuo, Tu-Mu	14	0	100.00%	The 9 <sup>th</sup> Independent Director s with 14 meetings to attend (A).

Other remarks:

- I. For the operation of the Audit Committee in any of the following circumstances, please specify the date, term, the contents of the proposals, the resolution of the Audit Committee, and the process of the opinions proposed by the Audit Committee:
- (I) On issues stated in Article 14-5 of the Securities and Exchange Act: see below.
- (II) Except for the aforementioned matters, the other matters that are not resolved by the Audit Committee must be resolved with the consent of more than two thirds of the board directors: Please refer to the table below for details.

Board of Directors	Details of the relevant agendas and the subsequent	On issues stated in Article 14-5 of the Securities and Exchange Act	The matters that are not resolved by the Audit Committee must be resolved with the consent of more than two thirds of the board directors.
10 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors 2016.01.28	1. Amendment of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.	√	-
	2. Appointment of Certified Public Accountant to audit and certify for the year in 2016.	√	-
	The resolution reached by the Audit Committee (January 21, 2016): Approved with the consent of the board directors		
	The Company’s handling of the opinions of the Audit Committee: It should be presented to the Board of Directors for resolution and should be approved with the consent of all the attending directors.		
11 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors 2016.02.25	1. Amendment of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.	√	-
	2. The Company's 2015 “Declaration of Internal Control Policies”.	√	-
	The resolution reached by the Audit Committee (February 23, 2016): Approved with the consent of the board directors		
	The Company’s handling of the opinions of the Audit Committee: It should be presented to the Board of Directors for resolution and should be approved with the consent of all the attending directors.		
12 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors 2016.03.24	1. Amendment of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.	√	-
	2. Partial amendments to the “Regulations Governing the Acquisition or Disposal of Assets Regulations Governing the Acquisition or Disposal of Assets”.	√	-
	3. The Company’s consolidated individual and financial statements for the year 2015.	√	-
	4. The donation to Yuanta Educational and Cultural Foundation	√	-

	amounted to NT\$6.00 million.		
	5. Presenting the 2015 Employees' bonus remuneration.	V	-
	6. It is regarding the employment of Ms. Laie Yan as the Transaction Settlement Supervision and International Operation Manager.	V	-
	The resolution reached by the Audit Committee (March 17, 2016): Approved with the consent of the board directors.		
	The Company's handling of the opinions of the Audit Committee: It should be presented to the Board of Directors for resolution and the resolution is reached by the Board of Directors as follows: Case 1~3: Approved with the consent of all the attending directors. Case 4: Chairman Mr. Lin, Tien-Fu; Director, Mr. Ho, Ming-Heng; Director, Ms. Chou, Hsiao-Ling are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting. Case 5: Stakeholder, Ms. Chou, Hsiao-Ling; Director, Mr. Kuo, were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting. Case 6: Stakeholder, Director Mr. Kuo, Yu-Hong, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.		
14 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors 2016.05.27	Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.	V	-
	The resolution reached by the Audit Committee (May 19, 2016): Approved with the consent of the board directors.		
	The Company's handling of the opinions of the Audit Committee: It should be presented to the Board of Directors for resolution and should be approved with the consent of all the attending directors.		
15 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors 2016.06.28	1. Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.	V	-
	2. It is regarding the review of the remuneration to Independent Director.	V	V
	3. It is regarding the review of the remuneration to Chairman.	V	-
	4. Approval of an amendment for part of the Company's "Regulation Governing Prices and Awards".	V	-
	The resolution reached by the Audit Committee (June 20, 2016): Approved with the consent of the board directors.		
The Company's handling of the opinions of the Audit Committee: It should be presented to the Board of Directors for resolution and the resolution is reached by the Board of Directors as follows: Case 1: Approved with the consent of all the attending directors. Case 2: Independent Director, Mr. Huang, Jung-Hsien; Independent Director, Mr. Lai, Kun-Hung; Independent Director, Mr. Kuo, Tu-Mu are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting. Case 3: Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting. Case 4: Chairman, Mr. Lin, Tien-Fu and Director, Ms. Chou, Hsiao-Ling are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.			
16 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors 2016.07.27	1. For an amendment for part of the Company's "Regulations of Retirement and Pension for the Chairman and the Vice Chairman of the Board."	V	-
	2. The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	V	-
	The resolution reached by the Audit Committee (July 21, 2016): Approved with the consent of the board directors.		
	The Company's handling of the opinions of the Audit Committee: It should be presented to the		

	Board of Directors for resolution and the resolution is reached by the Board of Directors as follows: Case 1, 2: Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.		
17 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors 2016.08.25	1. Amendment of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.	V	-
	2. The Company’s consolidated individual and financial statements for the first half of the year 2016.	V	-
	The resolution reached by the Audit Committee (August 18, 2016): Approved with the consent of the board directors.		
	The Company’s handling of the opinions of the Audit Committee: It should be presented to the Board of Directors for resolution and should be approved with the consent of all the attending directors.		
18 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors 2016.09.28	1. Amendment of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.	V	-
	2. The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	V	-
	3. This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	V	-
	The resolution reached by the Audit Committee (September 22, 2016): Approved with the consent of the board directors.		
	The Company’s handling of the opinions of the Audit Committee: It should be presented to the Board of Directors for resolution and the resolution is reached by the Board of Directors as follows: Case 1: Approved with the consent of all the attending directors. Case 2, 3: Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.		
19 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors 2016.10.26	Amendment of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.	V	-
	The resolution reached by the Audit Committee (October 20, 2016): Approved with the consent of the board directors.		
	The Company’s handling of the opinions of the Audit Committee: It should be presented to the Board of Directors for resolution and should be approved with the consent of all the attending directors.		
20 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors 2016.11.30	1. Amendment of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.	V	-
	2. The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	V	-
	3. This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	V	-
	The resolution reached by the Audit Committee (November 24, 2016): Approved with the consent of the board directors.		
	The Company’s handling of the opinions of the Audit Committee: It should be presented to the Board of Directors for resolution and the resolution is reached by the Board of Directors as follows: Proposal 1: Approved with the consent of all the attending directors. Case 2, 3: Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.		
21 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors	It is regarding the additional rental of the parking spaces in the basement of Datong Building.	V	-
	The resolution reached by the Audit Committee (December 22, 2016): Approved with the consent of the board directors.		

2016.12.28	The Company's handling of the opinions of the Audit Committee: It should be presented to the Board of Directors for resolution and the resolution is reached by the Board of Directors as follows: Stakeholder, Independent Director, Mr. Lai, Kun-Hung and Director, Yueh-Tsang Li were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.			
22 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors 2017.01.24	1. Appointment of Certified Public Accountant to audit and certify for the year in 2017.	V	-	
	2. It is regarding the performance bonus to the Company's senior executives and managers.	V	-	
	3. The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	V	-	
	4. This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	V	-	
The resolution reached by the Audit Committee (January 18, 2017): Approved with the consent of the board directors.				
The Company's handling of the opinions of the Audit Committee: It should be presented to the Board of Directors for resolution and the resolution is reached by the Board of Directors as follows: Case 1: Approved with the consent of all the attending directors. Case 2: Chairman, Mr. Lin, Tien-Fu and Director, Ms. Chou, Hsiao-Ling are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting. Case 3, 4: Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.				
23 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors 2017.02.23	1. Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.	V	-	
	2. The Company's 2016 "Declaration of Internal Control Policies".	V	-	
	3. It is regarding the capital increase, expansion of business scope, and equity fund applied by the Company for Yuanta Securities (Hong Kong) Co., Ltd., the subsidiary.	V	-	
The resolution reached by the Audit Committee (February 16, 2017): Approved with the consent of the board directors.				
The Company's handling of the opinions of the Audit Committee: It should be presented to the Board of Directors for resolution and the resolution is reached by the Board of Directors as follows: Case 1, 2: Approved with the consent of all the attending directors. Case 3: Director, Ms. Chou, Hsiao-Ling, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.				
II. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions:				
Auditing Committee dates	Name of independent director	Agenda	Reasons for avoiding conflicting interests	Voting decision
24 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors 2016.12.22	Independent Director, Mr. Lai, Kun-Hung	It is regarding the additional rental of the parking spaces in the basement of Datong Building.	Independent Director, Mr. Mr. Lay; Kuen-Horn was also in charge of the Independent Director of the related company in the case, Yuanta Securities Co., Ltd.	Mr. Lay; Kuen-Horn, the independent director and stakeholder, had himself excused from participating in the discussions and voting. The remaining attending directors had the proposal approved

				and presented to the board of directors for a resolution.
<p>III. The communication among the independent directors and the chief internal auditor and the certified public accounts (including the issues of the financial position and operation of the Company for communication, the method of communications, and the result): the Company has instituted the “Procedure for the Communications between the Auditing Committee and the Certified Public Accountants” and the “Procedure for the Communications between the Auditing Committee and the Auditing Department” whereby the Auditing Committee, Chief Internal Auditor, and certified public accounts of the Company shall engage in communication with one another in compliance with the aforementioned procedures. In general, communications among these parties are positive. At the end of each year, the Auditing Committee has organized an overall performance evaluation with the Chief Internal Auditor and the certified public accountants, respectively, and presented the result of the evaluation before the Auditing Committee and the Board.</p>				

Note: The Company’s board of directors resolved on May 23, 2012 to establish an audit committee.

(III) How The Company’s actual governance differs from The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and why

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
I. Will the Company based on the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” set up and disclose the Company’s corporate governance best-practice principles?	V		<ol style="list-style-type: none"> <li>1. The Company has created its corporate governance principles based on the "Corporate Governance Principles for TSE/GTSM Listed Companies" and the "Corporate Governance Best-Practice Principles for Futures Commission Merchants", and shall be implemented once approved by the board of directors.</li> <li>2. Additionally, the Company formulated the relevant chapter of corporate governance as required by regulations and implemented following the Company’s system. Other operations are also in compliance with relevant laws and regulations.</li> </ol>	There is no difference detected.
II. Shareholding structure and shareholders’ equity				
(I) Will the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	V		<ol style="list-style-type: none"> <li>(I) 1. Matters of the shareholders previously handled by the spokesman, acting spokesman, and share transfer and registration staff of the Company shall be handled by related personnel, including the suggestions of or dispute with the shareholders, as the Company has designated a “corporate governance” special zone at the official website for feeding the shareholders with related information. There is also a shareholders contact window and customer service mail box through which shareholders may request for related services via telephone or e-mail.</li> <li>2. The Company intends to have the matters that have come through the Customer Service Mailbox handled in accordance with the “Act for Settlement of Customer Disputes.”</li> </ol>	There is no difference detected.
(II) Will the Company possess the list of	V		(II) The Company has set up a designated body for tracking the list of	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
<p>the Company's major shareholders and the list of the ultimate controllers of the major shareholders?</p> <p>(III) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?</p>	V		<p>the dominant shareholders and the final shareholders of the dominant shareholders. In addition, the Company also apply with the Central Depository of Securities for the list of shareholders basing on the result after transactions have been made, and the declaration with the status of share transfer by the insiders of the Company in each month in order to keep track on the holding of shares by the shareholders.</p> <p>(III) 1. The Company and the subsidiaries are independent of one another in financial and business transactions.</p> <p>2. To strengthen the financial business among the affiliated enterprises and to prevent Non-arm's Length Transaction or conveyance of unjust interests among transactions between affiliated enterprises, acquiring or disposal of assets, and Lending of Capital. Therefore, to formulate the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises", "Rules Governing Transactions with Interest Parties" and "Rules Governing General Authorization for transactions Other Than Credit Extension with Interested Parties Mentioned in Article 45 of Financial Holding Company Act" in accordance with the Company's Article 12 of "Corporate Governance Best-Practice Principles" for full implementation of risk management policies and firewalls.</p> <p>3. The Company has established a Risk Management Department which shall be responsible for the overall risk management, control, supervision, and enforcement.</p>	
<p>(IV) Will the Company set up internal</p>	V		<p>(IV) The Company has the "Procedures for Handling Material Insider</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
norms to prohibit insiders from utilizing the undisclosed information to trade securities?			Information” regulated to prohibit insiders from utilizing the undisclosed information to trade securities.	
<p>III. The constitution and obligations of the board of directors</p> <p>(I) Will the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?</p>	V		<p>(I) 1. The Company intends to have matters handled in accordance with the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and Company’s Article 20 Section 3 of “Corporate Governance Best-Practice Principles”. The composition of board members should be diversified. Appropriate and diversified policies should be drafted for the business operations, business patterns and development needs, of which, the diversification should include but not be limited to the standards with the following two aspects: Basic conditions and values (including gender, age, nationality, and culture) and professional knowledge and skills (including professional background of law, accounting, industry, finance, marketing or technology), professional skills and industry experience.</p> <p>2. The composition of the Company’s Board of Directors is with consideration of diversification; also, it is composed of nine directors in the financial sector with different gender, different professional backgrounds and extensive experience in the industry and law; also, three out of the nine directors are designated as independent directors. The Directors (including independent directors) elections of the Company</p>	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(II) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?	V		<p>are held in accordance with a nomination system. Shareholders who have over 1% shareholdings 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.</p> <p>(II) A resolution for setting up the Company's Remuneration Committee was reached in the board meeting on November 24, 2011 and the Audit Committee on May 23, 2012. The said two committees were formed by three independent directors that are currently operating well. In addition to attending the routine meetings, the Company's independent directors often work with the management and department heads to study corporate governance, understand the Company's relevant financial, accounting, regulatory compliance, audit, and risk management operations in good faith with proper care, and fulfill duties; therefore, currently there is no need to set up other functional committees.</p>	
(III) Will the Company have the performance evaluation rules and methods for the Board of Directors regulated and have the performance evaluation performed regularly every year?	V		<p>(III) 1. The Company has the "Rules Governing the Performance Evaluation of the Board of Directors and Functional Committees" setup that is to arrange the performance evaluation of the Board of Directors and Functional Committees on a regular basis every year and to have the results of the evaluation reported to the Board of Directors. Please visit the Company's Website to download the "Rules Governing the Performance Evaluation of the Board of Directors and Functional Committees" for</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(IV) Will the Company have the independence of the public accountant evaluated regularly?	V		<p>reference.</p> <p>2. The Company's 2016 Board of Directors performance evaluation was completed with the self-evaluation of the directors; also, the self-evaluation result was presented to the board of directors on January 24, 2017 and uploaded to the Company's website for reference.</p> <p>(IV) 1. The Company's contracting the CPA and the audit fees are proposed to the board of directors for review annually; also, the CPA Firm is requested to issue the "Statement of Independence." Moreover, except for signing an audit agreement, there shall not have any other relationship between the contracted CPA and the Company.</p> <p>2. According to Article 30 of the Company's "Corporate Governance Best-Practice Principles" and Article 5 of the "Rules Governing Communication Between the Audit Committee and CPAs," the Audit Committee is to have the independence of the CPAs assessed at least once a year in accordance with the following assessment methods: (1) to obtain and review the formal written report of the CPAs and to describe its relation with the Company and the internal quality control procedures of the CPAs; (2) whether the CPAs own the Company's stock shares; (3) review the relation between the CPAs and the Company's executives at the end of each year; (4) if the contracted CPAs have not been replaced for five consecutive years or the contracted CPAs had received a disciplinary act or with its independence jeopardized, it is necessary to consider whether the CPAS</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			should be replaced and the assessment result should be reported to the board of directors and disclosed on the Company's website.	
IV. Have the listed companies had the corporate governance unit (full time or part time) setup or personnel designated to handle the corporate governance related matters (including but not limited to providing necessary data to directors and supervisors for business operation, lawfully handling the Board meeting and shareholders' meeting related matters, processing the company registration and change registration, and preparing the minutes of Board meeting and shareholders' meeting)?	V		(I) The Company's Compliance Department and the General Planning Department are the corporate governance units responsible for the respective stock affairs and the relevant matters of the Board of Directors and the Audit Committee (including but not limited to providing necessary data to directors for business operation, lawfully handling the Board meeting and shareholders' meeting related matters, and preparing the minutes of Board meeting and shareholders' meeting), the company change registration and the renewal of licenses filed with the competent authorities; the relevant matters of the "Ethical Management Committee," the promotion of corporate social responsibility, the Company's overall operations, and other corporate governance related matters.  (II) In addition to actively participating in public welfare activities and fulfilling corporate social responsibility, the Company is committed to enhancing the transparency of the information and disclosing the relevant matters of the investors on the Company's website, in the annual report, and on the Market Observation Post System (MOPS) in order to safeguard the interests of investors.	There is no difference detected.
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a	V		(I) The Company's website is designated with the stakeholder section setup to properly handle and respond to the relevant issues of the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers) and to prepare the corporate social responsibility report annually since 2015 that is placed on	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?			<p>the Company's website and the Market Observation Post System (MOPS) for the reference of the stakeholders.</p> <p>(II) The Company has Spokesperson and Deputy Spokesperson to establish communication with its stakeholders. In addition, The Company's Internal Audit, Financial Department, Customer Service / Trading Department etc may also contact stakeholders to address specific issues. All legal disputes are handled by the Compliance Department.</p> <p>(III) In addition, the Company for the purpose of substantiating the supervision function of the Board of Directors and Audit Committee has the "Rules Governing the Suggestions and Complaints of the Stakeholders to the Audit Committee" stipulated and the complaints and suggestions channel established for receiving and processing any significant deficiency of the Company, fraud, corruption, and other criminal acts or suggestions and complaints that is beneficial to the Company's business management, operation, and development in order to promote full communication among the board of directors, the Audit Committee, and the stakeholders. The Company has the "suggestions and complaints mailbox" setup on the website, free customer service hotline (0800-333 -338), and Customer Service Mailbox available for contact.</p>	
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V		The Company has appointed Yuanta Securities Co., Ltd., a professional stock service agent, to handle shareholders affairs.	There is no difference detected.
VII. Disclosure of information (I) Does the Company have a website	V		(I) The "Corporate Governance" Zone of the Company's official	There is no difference

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
<p>setup and the financial business and corporate governance information disclosed?</p> <p>(II) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)?</p>	V		<p>website contains the information on financial position and operation in both Chinese and English, information on General Meeting, institutional investors conferences, and the information on corporate governance. Please visit <a href="http://www.yuantafutures.com.tw/">http://www.yuantafutures.com.tw/</a></p> <p>(II) 1. The Company and the subsidiaries have also disclosed all relevant information onto the Market Observation Post System as required by the competent authority. These two tasks are being handled by dedicated personnel.</p> <p>2. The Company has established the spokesman and acting spokesman system as required. Inquiry can be made by visiting the "Corporate Governance" Zone of the official website or at MOPS of TWSE.</p>	detected.
VIII.Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in	V		<p>(I) Employees' rights and care to employees:</p> <p>1. (1) The Company has stipulated the "Work Rules" (including work discipline, employment relations, salaries, working hours, break, holidays, leave, promotion and rotation, performance evaluation, incentive and punishment, retirement, occupational hazard, injury, and compensation and pensions, welfare, health and safety, and employee communication and cooperation) to discipline employee behavior. The "Code of Ethical Conduct" refers to ethical conduct standards, team spirit and integrity, equal job opportunity and prohibiting discrimination, health and safety of the working environment, respect for privacy and prohibiting the spread of rumors, the obligation of</p>	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
understanding the corporate governance operation of the Company?			<p>confidentiality, the proper production and preservation of paperwork, properly protecting the Company’s assets, prohibiting insider trading, prohibiting any illegal gains by taking advantage of the job position, prohibiting conflicts of interest, preventing conflict of interest, fair trade and treatment, gifts, prohibiting bribery or illegal gains, obligation of reporting transaction authenticity, respect for the intellectual property rights of others, prohibition of engaging in any political activities, prohibition of influencing others to participate in any political activities, compliance of law and regulations, obligation of reporting any illegal acts, punishment and remedy procedures, exemptions from complying with the procedures, disclosure, and implementation. In addition, there are more disciplinary rules stipulated, such as, “Guidelines for Sexual Harassment Prevention, Grievance, and Discipline at Work Place” and “Employee Grievance” detailing various grievance channels and operating procedures to encourage and protect the informers who report any illegal and unethical act. Except for the “Code of Ethical Conduct” is placed on the Company’s internal and external website, the others are placed on the Company’s internal Website to be actually implemented for protecting the interests of employees.</p> <p>(2) In order to implement proper practices in handling material insider information, and maintaining secrecy throughout the process to avoid misleading investors' decisions which might</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>otherwise compromise The Company's reputations or cause extreme share price movements, the Board of Directors had agreed to implement a new set of "Material Insider Information Procedures" during the meeting held in January 2010. Managers and employees had already been informed regarding these new rules, and the details of which are available on the corporate website and Intranet to ensure proper handling of material insider information.</p> <p>(3) Entrance code is strictly enforced at workplace and areas concerning the safety of the employees so that all employees can have a safe and suitable work environment. The passages to, the floor, staircase of the workplace, or related ventilation, light source, lighting, fire safety, emergency measures, and related equipment for employee safety and health shall be subject to routine inspection and maintenance annually. The compensation for occupational injuries and related insurance coverage is explicitly stated in the "Working Guidelines" and is posted at the intranet of the Company.</p> <p>2. In addition to group insurance, the Company has employee shareholding trust, physical examination and healthcare and other resources for the concern and care of the employees.</p> <p>3. The Company has established the Employee Welfare Committee. This Committee is responsible for the fringe benefits of the employees and hold meetings at any time as needed. In addition, the committee also holds labor-management coordination meetings quarterly.</p> <p>4. The Company has the "Guidelines for Sexual</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>Harassment Prevention, Grievance, and Discipline at Work Place” and “Employee Grievance” stipulated to prescribe various grievance channels and operating procedures in order to encourage and protect the informers who report any illegal and unethical act; also, setup telephone hotline and e-mail to handle grievance and suggestions filed by the employees.</p> <p>5. The Company calls for business meetings and management meeting regularly. All functional departments will call for cross-function meetings as dictated by business needs for coordination and communications among the departments.</p> <p>(II) Investor relations, supplier relations, and stakeholders' interests:</p> <ol style="list-style-type: none"> <li>1. The investor matters are currently handled by the Company’s Investor Relations and spokesman, deputy spokesman, and Stock Affair Personnel. There is the suggestion and complaints mail-box and customer service mail box established at the official website of the Company. In addition, there is also a toll-free customer service hotline (0800-333-338) so that shareholders and investors may give suggestion and bring up queries through these channels. There is a Q&amp;A zone for the shareholder in the “Corporate Governance” zone of the official website of the Company for fortifying the protection of the rights and privileges of the shareholders.</li> <li>2. The Company has set the “Corporate Governance Best-Practice Principle,” “Rules Governing Trades with the Stakeholders,” “Rules Governing the Blanket Authorization for Transaction Other Than Credit Transaction with the Stakeholders,” “Code of Ethical Conduct,” and “Rules</li> </ol>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>Governing the Suggestions and Complaints of the Stakeholders to the Audit Committee;” also, complied with the “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings, the parent company, to have the relevant interests regulated.</p> <p>3. The communication between the Company and the stakeholder is carried out by the Investor Relations and spokesman and deputy spokesman. In addition, the Internal Audit Department, Accounting Department, Finance Department, Customer Service and Transaction Department, and other related units shall contact the responsible personnel directly depending on the nature of the matters involving the stakeholders. A legal dispute issue is to be dealt with by the Compliance Department.</p> <p>4. The Company’s website is designed with the “Corporate Governance” section setup, including the columns of shareholders, Board operations, finance, organizational structure, management team, corporate governance disclosure, stakeholders, and the Company’s Articles of Association for the reference of investors and stakeholders.</p> <p>5. The Company has dealt with suppliers pursuant to the “Ethical Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” of Yuantan Holdings, the parent company. The legality of the trade counterparty should be taken into consideration and whether there is any unethical act recorded. Try to avoid dealing with anyone with any unethical act committed; also, conduct all</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies																																						
	Yes	No	Summary description																																							
			<p>commercial activities with a fair and transparent practice.</p> <p>(III) Directors' on-going education: Information regarding Directors' on-going education in the fields of corporate governance, finance, business, commerce, accounting, or legal subjects have already been disclosed on the "Corporate Governance Section of the Market Observation Post System" (<a href="http://mops.twse.com.tw/index.htm">http://mops.twse.com.tw/index.htm</a>). In addition, the Company's board of directors resolved on May 23, 2012 to establish an audit committee to take the place of supervisors.</p> <p>Continuing education of the directors in 2016:</p> <table border="1"> <thead> <tr> <th rowspan="2">Title</th> <th rowspan="2">Name</th> <th colspan="2">Training date</th> <th rowspan="2">Organizer</th> <th rowspan="2">Course name</th> <th rowspan="2">Training hours</th> </tr> <tr> <th>Start</th> <th>End</th> </tr> </thead> <tbody> <tr> <td rowspan="2">The 9<sup>th</sup> Independent Director</td> <td rowspan="2">Mr. Lai, Kun-Hung</td> <td>2016/03/04</td> <td>2016/03/04</td> <td>Taiwan Securities Association</td> <td>The major disputes over the responsibilities of the directors and supervisors to the financial statements</td> <td>3</td> </tr> <tr> <td>2016/03/04</td> <td>2016/03/04</td> <td>Corporate Governance Association in Taiwan</td> <td>The legal issues that should be paid attention to by the directors, supervisors, and managers of the public companies</td> <td>3</td> </tr> <tr> <td rowspan="3">The 9<sup>th</sup> Independent Director</td> <td rowspan="3">Mr. Huang, Jung-Hsien</td> <td>2016/01/08</td> <td>2016/01/08</td> <td>Corporate Governance Association in Taiwan</td> <td>Responsibility of Directors and Supervisors to corporate merger – a Hostile Takeover</td> <td>3</td> </tr> <tr> <td>2016/03/04</td> <td>2016/03/04</td> <td>Corporate Governance Association in Taiwan</td> <td>The major disputes over the responsibilities of the directors and supervisors to the financial statements</td> <td>3</td> </tr> <tr> <td>2016/03/04</td> <td>2016/03/04</td> <td>Taiwan Securities Association</td> <td>The legal issues that should be paid attention to by the directors, supervisors, and managers</td> <td>3</td> </tr> </tbody> </table>	Title	Name	Training date		Organizer	Course name	Training hours	Start	End	The 9 <sup>th</sup> Independent Director	Mr. Lai, Kun-Hung	2016/03/04	2016/03/04	Taiwan Securities Association	The major disputes over the responsibilities of the directors and supervisors to the financial statements	3	2016/03/04	2016/03/04	Corporate Governance Association in Taiwan	The legal issues that should be paid attention to by the directors, supervisors, and managers of the public companies	3	The 9 <sup>th</sup> Independent Director	Mr. Huang, Jung-Hsien	2016/01/08	2016/01/08	Corporate Governance Association in Taiwan	Responsibility of Directors and Supervisors to corporate merger – a Hostile Takeover	3	2016/03/04	2016/03/04	Corporate Governance Association in Taiwan	The major disputes over the responsibilities of the directors and supervisors to the financial statements	3	2016/03/04	2016/03/04	Taiwan Securities Association	The legal issues that should be paid attention to by the directors, supervisors, and managers	3	
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Assessment items	Actual governance							Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary description						
							of the public companies		
				2016/06/17	2016/06/17	Taiwan Securities Association	Group governance and holdings governance	3	
				2016/07/28	2016/07/28	Corporate Governance Association in Taiwan	Public acquisitions and defense cases - unavoidable legal warfare	3	
				2016/08/30	2016/08/30	Corporate Governance Association in Taiwan	Dural subjects: Interpreting the latest version of G20/OECD Corporate Governance Principles: Business 4.0	1	
				2016/09/09	2016/09/09	Taiwan Securities Association	Operation of the Board and the effectiveness of the resolution reached	3	
				2016/10/06	2016/10/07	Corporate Governance Association in Taiwan	The 12 <sup>th</sup> International Corporate Governance Forum	9	
			The 9 <sup>th</sup> Independent Director	Mr. Kuo, Tu-Mu	2016/01/26	2016/01/26	Securities and Futures Development Foundation	Insider's Trading and Corporate Social Responsibility Symposium	3
					2016/05/06	2016/05/06	Corporate Governance Association in Taiwan	Financial statements fraud investigation skills	1.5
					2016/06/17	2016/06/17	Taiwan Securities Association	Group governance and holdings governance	3
			The representatives of the 9 <sup>th</sup> directors	Mr. Lin, Tien-Fu	2016/06/16	2016/06/16	Securities and Futures Development Foundation	The 2 <sup>nd</sup> Corporate Governance Evaluation Award Ceremony and Keynote Speech Seminar	3
					2016/06/17	2016/06/17	Taiwan Securities Association	Group governance and holdings governance	3

Assessment items	Actual governance							Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary description						
			The representatives of the 9 <sup>th</sup> directors	Ms. Chou, Hsiao-Ling	2016/06/17	2016/06/17	Taiwan Securities Association	Group governance and holdings governance	3
					2016/12/09	2016/12/09	Corporate Governance Association in Taiwan	The responsibilities of directors and supervisors for information disclosure and false financial statements	3
			The representatives of the 9 <sup>th</sup> directors	Mr. Kung, Shao-Hsing	2016/06/17	2016/06/17	Taiwan Securities Association	Group governance and holdings governance	3
					2016/09/09	2016/09/09	Taiwan Securities Association	Operation of the Board and the effectiveness of the resolution reached	3
			The representatives of the 9 <sup>th</sup> directors (2016.06.1, reappointment to office)	Hsien-Tao Chiu	2016/03/04	2016/03/04	Taiwan Securities Association	The legal issues that should be paid attention to by the directors, supervisors, and managers of the public companies	3
					2016/06/17	2016/06/17	Taiwan Securities Association	Group governance and holdings governance	3
					2016/11/28	2016/11/28	Corporate Governance Association in Taiwan	View the legal responsibility of the Independent Directors based on the judgment of the court.	3
			The representatives of the 9 <sup>th</sup> directors (2016.06.1, reappointment to office)	Yueh-Tsang Li	2016/06/17	2016/06/17	Taiwan Securities Association	Group governance and holdings governance	3
					2016/09/09	2016/09/09	Taiwan Securities Association	Operation of the Board and the effectiveness of the resolution reached	3
			The representatives of the 9 <sup>th</sup> directors	Mr. Chen, Hsiu-Wei	2016/03/04	2016/03/04	Taiwan Securities Association	The legal issues that should be paid attention to by the directors, supervisors, and managers	3

Assessment items	Actual governance						Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies		
	Yes	No	Summary description						
			(2016.9.1, reappointment to office)		2016/06/17	2016/06/17	Taiwan Securities Association	Group governance and holdings governance	3
			The representatives of the 9 <sup>th</sup> directors (2016.06.1, reassigned and dismissed)	Mr. Kuo, Yu-Hong	2016/03/04	2016/03/04	Taiwan Securities Association	The legal issues that should be paid attention to by the directors, supervisors, and managers of the public companies	3
			The representatives of the 9 <sup>th</sup> directors (2016.06.1, reassigned and dismissed)	Ms. Chen, Hsiu-Mei	2016/03/04	2016/03/04	Taiwan Securities Association	The legal issues that should be paid attention to by the directors, supervisors, and managers of the public companies	3
			The representatives of the 9 <sup>th</sup> directors (2016.9.1, reassigned and dismissed)	Mr. Ho, Ming-Hong	2016/06/16	2016/06/16	Securities and Futures Institute	The 2 <sup>nd</sup> Corporate Governance Evaluation Award Ceremony and Keynote Speech Seminar	3
					2016/08/12	2016/08/12	Corporate Governance Association in Taiwan	Group governance	3
<p>Note : It means whether the Directors and Supervisors have complied with the training hours, coverage, method, and disclosure required by the "Guidelines for Promoting Continuing Education to Directors and Supervisors of Public Listed Companies".</p> <p><b>(IV) Risk management policies and risk assessment standards:</b></p> <p>1. The risk management of the Company is pursued in accordance with the risk management policy of the financial holding parent and the requirements of "Risk Management Best-Practice Principles for Commission Futures Merchants" of TSEC. The Company has established the "Yuanta Futures Risk Management Policy" that has been approved by the Board</p>									

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>whereby the objective, scope, authority and responsibility of risk management system of the Company have been explicitly stated. This shall be the supreme guideline for the enforcement of risk management.</p> <p>2. The risk management procedure of the Company is divided into 4 steps, namely, risk identification, risk assessment, risk management, and risk reporting. The purpose of the design of risk management procedure is to ensure all risks internal to the Company can be effectively managed.</p> <p>(1) Risk identification: the Company identifies its risk mainly through business or product analysis whereby the risks confronting the operation of the Company, including market risk, credit risk, liquidity risk, operation risk, legal risk and model risk, can be identified. Relevant risks factors were identified by sources of risks basing on which appropriate risk assessment methods were selected for determining suitable risk indicators and standards, risk control procedure and integration with the internal control system.</p> <p>(2) Risk evaluation: The Company measures market risk using sensitivity analysis and the VaR (value at risk) model; the Company evaluates credit risk using the credit rating system and options valuation model (such as KMV) in accordance with the Group's credit risk rating system; the Company evaluates operational risk by establishing standardized operational procedures and by using operational risk management tools.</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>(3) Risk management: the risk monitoring and management of the Company is pursued through the design of management tools, the proper enforcement of the limits, and the assignment of authority and responsibilities. Different management tools, risk management information systems and reports have been designed by the nature of different risks. Through the proper use of management tools, the Company can enhance the efficiency and upgrade the quality of risk management, to the extent that risk monitoring and management can be pursued as substantive procedure and can be duly observed.</p> <p>(4) Risk report: The Company shall have the risk management results reported to the Audit Committee, the Company's Board of Directors, and the Risk Management Committee of the Financial Holdings regularly; also, assist the executives to make decisions and achieve real-time risk management.</p> <p>(V) Implementation of the customer or consumer protection policy: The Company has established "Act for Settlement of Customer Disputes", the trade dispute and litigation process is regulated in the Company's internal control systems with the free customer service hotline (0800-333-338), Customer Service Mailbox, and suggestions and complaints mailbox available to serve. The Customer Service Department, auditors, and regulatory compliance personnel together are responsible for handling complaints and matters related to the interests of customers.</p> <p>(VI) The Company's acquiring liability insurance for directors: The</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			Company acquires liability insurance for the directors, independent directors, and the management annually for an insurance period from April 2 of current year to April 2 of the following year; therefore, the 2016 insurance policy is for the period of April 2, 2016 ~ April 2, 2017.	
IX. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures. (The companies that are not subject to an evaluation do not need to fill out this form.)	V		<p>(I) The Company received a grade of 94.32 (published in May 2015) in the 1<sup>st</sup> (2014) “Evaluation of Corporate Governance” and a grade of 96.7 (published in April 2016) in the 2<sup>nd</sup> (2015) “Evaluation of Corporate Governance,” ranked the top 5% of the listed companies for two consecutive years. The award granted to the Company indicates recognizing the Company’s due diligence operation, the commitment to protect the best interests of shareholders, and the pursuit of a sustainable development of enterprise.</p> <p>(II) According to the 2<sup>nd</sup> corporate governance assessment results published by Taiwan Stock Exchange in April 2016, the Company had the disclosure method improved in accordance with the Index 1.14 scoring criteria. The implementation of each resolution reached in the shareholders’ meeting was disclosed in the 2015 annual report and had passed the 3<sup>rd</sup> (2016) corporate governance preliminary assessment; therefore, the project had been improved completely.</p> <p>(III) In addition, the 3<sup>rd</sup> (2016) corporate governance final assessment results are expected to be published in April 2017; therefore, the assessment results are not yet available before the annual report release date.</p>	There is no difference detected.

(IV) The foundation, responsibilities, and functionality of the Remuneration Committee

The 1<sup>st</sup> Remuneration Committee of the Company has been passed by the Board in a session held on November 24 2011. This committee is consisted of all independent directors of the Company. In addition, the Company has also passed the Organizational Code of the Remuneration Committee. Owing to its corporate merger, the Board has been resolved (including the 3 independent directors) in 2012 with the election of a new Board. As required, the Board resolved the motion of appointing Independent Director Mr. Huang, Jung-Hsien, Mr. Yeh, Shao-Wee and Mr. Lai, Kun-Hung of the 8<sup>th</sup> Board of Directors as members of the 8<sup>th</sup> (the same as the term of the Board) Remuneration Committee. The tenure of the committee members shall be identical with the 8<sup>th</sup> independent directors, which covers the period of June 15, 2012 to May 20, 2015. The 8<sup>th</sup> directors (including three independent directors) were elected entirely on May 21 2015. According to the regulations stated in the preceding paragraph, the Board of Directors had resolved to have the 9<sup>th</sup> independent directors, Mr. Jung-Hsien Huang, Mr. Kuen-Horn Lay, and Mr. Tu-Mu Guo, appointed as the members of the 9<sup>th</sup> Remuneration Committee for a tenure same as the directors, that is, from May 21, 2015 to May 20, 2018 with the relevant information disclosed as follows:

1. Profiles of the members of the Remuneration Committee

Identity (Note 1)	Qualification Name	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note 2)								Number of other public companies where the members are also the members of the remuneration committee of these companies.	Remarks (Note 3) The end
		Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holders of professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8		
Independent Director	Mr. Huang, Jung-Hsien			✓	✓	✓	✓	✓	✓	✓	✓	✓	0	The convener of the 9 <sup>th</sup> directors
Independent Director	Mr. Lai, Kun-Hung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Mr. Kuo, Tu-Mu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	3	

Note 1: Identity is known as director, independent director or others.

Note 2: place a "✓" in the box below if the member met the following conditions during the time of active duty and two years prior to the elected date.

- (1) Not employed by the company or any of its affiliated companies
- (2) Not a director or supervisor of the Company or its affiliates Except for the independent directors that are appointed by the Company or the parent company and subsidiaries in accordance with this Law or the local law.
- (3) Does not hold more than 1% of the company's outstanding shares in his/her own name or under the

name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company.

- (4) Not a spouse, relative of second degree, or direct kin of third degree or closer to persons described in criteria 1~3.
- (5) Not a director, supervisor, or employee of the company's corporate shareholder holding more than 5% of the company's outstanding capital; nor a director, supervisor, or employee to any of the top 5 corporate shareholders.
- (6) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.
- (7) Not a professional, business owner, partner, director, supervisor, or manager of any sole-proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultations to the company or any of its affiliated companies; nor a spouse to anyone listed herein.
- (8) Does not meet any descriptions stated in Article 30 of The Company Act.

## 2. The duties of the Remuneration Committee

- (1) Evaluates and supervises The Company's remuneration policies.
- (2) Determines Directors' and Supervisors' remuneration system.
- (3) Establishes performance evaluation and remuneration standards for all managers.
- (4) Establishes salary adjustment standards.
- (5) Establishes special bonus criteria.
- (6) Any other tasks authorized by the Board of Directors.

The Committee shall perform the abovementioned duties based on the following principles:

- (1) Determine performance evaluation standards and remuneration policies based on risk-adjusted performance, The Company's long-term profitability, and shareholders' interests.
- (2) Remuneration should not provide incentives for Directors, Supervisors and managers to engage in conducts outside The Company's risk appetite. Remuneration policies and performance are subject to regular review, in order to ensure conformity to The Company's risk appetite.
- (3) Remuneration should also be made based on the forecast risk-adjusted profits, in order to avoid situations where The Company incurs losses after compensating for the additional risks undertaken. A significant portion of the remuneration should be deferred or paid in shares.
- (4) When evaluating Directors', Supervisors' and managers' individual contributions to The Company, comparisons should be made against other peers of the financial industry to determine if performance is attributed to The Company's low cost of capital or other strengths rather than individual factors.
- (5) Severance pay to Directors, Supervisors and managers should be determined based on realized performance, in order to avoid paying large sums for severance after only a short stay.
- (6) The Company must disclose to its shareholders the principles, methods, and goals relating to the above evaluation standards or remuneration policies.

## 3. Information on the operation of the Remuneration Committee

- (1) The Remuneration Committee of the Company is consisted of 3 persons.
- (2) The tenure of the 9<sup>th</sup> Committee Members: From May 21, 2015 to May 20, 2018. The Remuneration Committee had six meetings (A) held in the most recent year (2016).

**Membership and attendance of the members:**

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A) (Note)	Remarks
Convener	Mr. Huang, Jung-Hsien	6	0	100.00%	The 9 <sup>th</sup> Independent Director s with 6 meetings to attend (A).
Members	Mr. Lai, Kun-Hung	6	0	100.00%	The 9 <sup>th</sup> Independent Director s with 6 meetings to attend (A).
Members	Mr. Kuo, Tu-Mu	6	0	100.00%	The 9 <sup>th</sup> Independent Director s with 6 meetings to attend (A).

Other remarks:

- I. The Board may not accept the recommendations of the Remuneration Committee, or revise the recommendations, specify the date of the Board meeting, the term, the content of the motion, the resolution of the Board, and the response of the Board towards the opinions of the Remuneration Committee (e.g., the remuneration package passed by the Board is superior to the recommendation of the Remuneration Committee, specify the difference and the reasons): none.
- II. If any of the members of the Remuneration Committee hold adverse opinion or qualified opinions with record or in written declaration against the resolutions of the committee, specify the date and the session of the committee meeting, the content of the motion, the opinions of all members and the response to the opinions of the members: none.

Note:

- (1) If specific member of the Remuneration Committee resigned before the end of the fiscal year, specify the date of departure in the field of Remarks, the attendance rate to committee meetings (%) basing on the actual attendance to committee meetings during his or her term of office in proportion to the total number of committee meetings held in the same period.
- (2) There is the election of new committee members before the end of the fiscal year, specify the names of the old and the new committee members in the field of Remarks as old member, new member, or renewal of new term by old member, and the date of the election. The actual attendance rate to committee meetings (%) basing on the actual attendance to committee meetings during his or her term of office in proportion to the total number of committee meetings held in the same period.

Fulfillment of social responsibilities:

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
I. Implementation of sound corporate governance				There is no difference detected.
(I) Does the Company have the CSR policies or systems established and the implementation effect reviewed?	V		(I) The Company is a member of Yuanta Financial Holdings. Yuan Financial Holdings has set the “Corporate Social Responsibility Best Practice Principles” and “Rules Governing Corporate Social Responsibility Policy and Management” and placed on the website of Yuanta Financial Holdings and the Company to regulate all the members within the Group.	
(II) Does the Company have the CSR education and training arranged on a regular basis?	V		(II) Courses of business ethics and Anti- bribery course are arranged on a regular basis every year, and propaganda and training of laws and regulations as well as tests are conducted to staff to ensure employees to possess right concepts and to comply with relevant rules so that the spirit of the corporate social responsibility can be fully implemented.	
(III) Does the Company have a specific (or part-time) unit set up to promote corporate social responsibility, have the management been authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	V		(III) The Company’s General Planning Department is responsible for promoting corporate social responsibility work, preparing annual corporate social responsibility report, grasping and tracking the progress of job implementation, and reporting to the Board of Directors annually.	
(IV) Does the Company have a reasonable salary and remuneration policy set-up, have the employee performance evaluation system been combined with the corporate social responsibility policies and have a clear and effective reward and	V		(IV) The Company has set the “Rules Governing Performance,” “Rules Governing Bonus Distribution,” “Regulations Governing Remuneration to Salespersons,” “Rules Governing the Distribution of Bonus to the Executives,” and “Guidelines for Employee Incentive and Disciplinary	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
punishment system been established?			Act” to have employee performance evaluation and incentive and disciplinary action and corporate social responsibility policy integrated and implemented effectively.	
<p>II. Development of a sustainable environment</p> <p>(I) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental?</p> <p>(II) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</p> <p>(III) Does the Company pay attention to the impact of climate change on the operational activities, implement greenhouse gas check, and form an energy-saving, carbon-reduction, and greenhouse emissions reduction strategy?</p>	V	V	<p>(I) (II) The Company is engaged in futures business without the risk of causing pollution to the environment; therefore, ISO 14001 is not applicable currently. In addition, the Company is committed to promoting electronic billing and resource recycling for environmental protection. In terms of purchasing office supplies and equipment, low energy-consumption and green products are purchased. Yu Shin Safety &amp; Health Management Consulting Co., Ltd. is to issue a labor working environment report to us annually.</p> <p>(III) 1. The Company in support of the regulations and government policies promotes environmental protection policy of power-saving, water-saving, and energy conservation, including room temperature control, turn-off lights when it is necessary, water and paper saving, electronic billing, self-sufficient tableware, non-smoking indoor, and regular disinfection and pest control.</p> <p>2. The Company has introduced the ISO 14064-1 greenhouse gas inventory system in 2017; also, the external verification process is expected to be completed on April 10, 2017 and the Scope I and Scope</p>	There is no difference detected.

Assessment items	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No		
			II carbon emissions in 2016 will be disclosed on the Market Observation Post System (MOPS). Scope III carbon emissions are indirect emissions resulting from other activities; therefore, the source of emissions is owned or controlled by other companies. The activities and greenhouse gas emissions are unknown; therefore, it will not be quantified.	
<p>III. Enforcement of social justice</p> <p>(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</p> <p>(II) Does the Company have the complaints mechanism and channels established for employees and have it handled properly?</p> <p>(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?</p>	V	V	<p>(I) The Company has proposed the working guidelines as required by law, posted the guidelines at the intranet of the Company, calls for labor-management meetings regularly, and employs the handicapped and the aboriginal people as employees for the respect of the basic human right of the worker internationally recognized.</p> <p>(II) The content of the “Employee Complaints Announcement” is published on the Company’s website, including the scope of employee complaints, employee complaint form, complaint procedures, etc. The Company is to have any incidents that have occurred investigated within the time limit sensibly, reasonably, and legally; also, replies to the employee with the relevant results in writing or by telephone in order to actually solve the problem for the employee.</p> <p>(III) The Company has the “Employee Safety and Health Best Practice Principles” reported and placed on the Company’s internal Website, regularly inspected and maintained fire system and disaster prevention equipment,</p>	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
(IV) The Company has developed the mechanism for the routine communication with the employees, and informed the employees of the changes in operation that may cause significant influence on the employees through reasonable means.	V		provided occupational hazard compensation and related insurance, and equipped a 24-hour strict access measure to provide employees with a safe workplace. In addition, arrange health check-up for colleagues regularly. (IV) The Company adopts a number of approaches for communications with the employees, including the Employee Welfare Committee meetings, labor-management meeting, department meetings, cross-function coordination meetings, management meetings, the audit committee, the mailbox for the suggestions and complaints, and lunch or dinner gatherings. In addition, the Company also disseminates information on the changes in operation that may cause significant influence on the employees through meetings and e-mails.	
(V) Does the Company have an effective career capacity development training program established for the employees?	V		(V) The Company, for the purpose of stimulating employee's potentials and nurturing talents, has the "Guidelines for Employee Education and Training" regulated to train employees establishing effective occupational capacity.	
(VI) Does the Company have the relevant consumer protection policies and complaint procedures established in the sense of R&D, procurement, production, operations and service processes?	V		(VI) Except that the Company has the system of spokesperson and acting spokesperson for the communications with the customers, it has established a toll-free customer service hotline (0800-333-338), customer service mailbox, and suggestions and complaints mail box for communications. The Company has established the procedure for the settlement of disputes and lawsuit from trading in its internal control system, and has announced the "Yuanta	

Assessment items	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No		
(VII) Does the Company have products and services marketed and labeled in accordance with the relevant regulations and international norms?	V		Financial Holding Company and subsidiaries policy of confidentiality in customer information” as the guideline for the confidentiality and non-disclosure of customer information under due diligence. (VII) The Company is a futures commission merchant and has acted to protect the interests of traders in accordance with the relevant futures commission merchant laws and regulations and the “Guidelines for Promotional Materials and Advertisement Performed by Members of Chinese National Futures Association.”	
(VIII) Does the Company have the suppliers checked in advance for any records of impacting the environment and society?	V		(VIII) The Company has the transactions with the suppliers processed in accordance with Article 16~20 of the “Procedures for Ethical Management and Guidelines for Conduct” that is also applicable to the other members of the Group. (I) For understanding the state of operation of the contracting parties in business better, the Company shall include the clause of business integrity in the agreements, and shall request respective suppliers to provide the declaration of business integrity and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the court to confirm if there is a history of receiving bribes and/or the offering of illegal political contribution.	
(IX) Does the contract signed by the Company with the major suppliers entitle the Company to have the contract cancelled or terminated at any time	V		(IX) The Company has requested manufacturers to comply with the environmental protection and health and safety requirements; also, to work together for improving	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
when the suppliers violate the CSR policies that have significant impact on the environment and society?			corporate social responsibility in accordance with Article 16~20 of the “Procedures for Ethical Management and Guidelines for Conduct” that is also applicable to the other members of the Group. According to Article 20 Paragraph 2 of the “Procedures for Ethical Management and Guidelines for Conduct,” when one of the parties has conducted business activities involving an unethical act, the other party may have the contract terminated or rescinded at any time.	
IV. Enhanced information disclosure (I) Does the Company have the relevant and reliable CSR information disclosed on the Company’s website and MOPS?	V		(I) The Company’s fulfilling corporate social responsibility must be disclosed on the annual report, the annual CSR report has been disclosed in the corporate governance section of the Company’s website and MOPS since the year of 2015.	There is no difference detected.
V. For companies who had established corporate responsibility code of conducts in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies”, please describe the current practice and any deviations from the code of conduct: Yuanta Financial Holdings had formulated “Corporate Social Responsibility Best Practice Principles” and “Corporate Social Responsibility Policies and Management Rules” in accordance with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies” in order for all corporate members of our group including the Company to comply. Currently there is no significant difference in operations.				
VI Other important information that help understand the CSR operation: Social care: 1. The Company had donated NT\$6.00 million in 2016 to “Yuanta Foundation” to actively participate in charity activities from the three aspects of “Public Charity • Social Education,” “Academic Grants • Talents Incubation,” “Promoting Arts • Culture and Education.” Include organizing “Charity Seminar,” blood donation activity” and “volunteer charity activity” to encourage children in secluded countryside to pursue their dreams, to initiate summer intern programs, to nurture financial professionals, and to spare no effort in promoting culture. 2. The Company had donated NT\$2.21 million in 2016 to “Yuanta-Polaris Research Institute” to support the academic research institute studying the				

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
			<p>macroeconomy of Taiwan and other major nations, finance, and instruments, to implement important annual plans, and to share the research results with the community.</p> <p>3. The Company is committed to fulfill our corporate social responsibility and to exercise the spirit of compassion by donating NT\$2.5 million to Social Affairs Bureau of Tainan City Government on February 19, 2016 upon learning about the earthquake took place in Tainan on February 6, 2016 as a demonstration of our concern and condolences.</p> <p>4. The Company bases on the corporate social responsibility of feedback to the society to help disadvantaged groups; also participates in the “Old shoes saving life” charity activity to help the children in the poorest regions of Africa stay away from chigoe flea and to help the children there grow healthy and receive education. In addition, the Company raises supplies and makes donation to support this activity.</p> <p>5. The Company is committed to corporate social responsibility with the “Coastal Cleanup” environmental protection activities arranged to encourage employees to fulfill environmental protection for the good of the community and the earth, and with the “Happy Farm Harvesting Joy” activities arranged to lead the colleagues to experience the joy of farming, to cook delicacies with only natural ingredients, and to help everyone know through the arranged activities how to love the earth in daily life.</p> <p>6. The Company hires persons with disabilities and of aboriginal origins as employees.</p> <p>7. The Company had cooperative education contracts signed with several colleges and universities to provide internships to students with the opportunity to experience hand-on operation at the workplace; also, invited students and teachers of the cooperating schools to visit the Company.</p> <p>Energy conservation:</p> <p>1. Promote electronic billing activities to save paper usage.</p> <p>2. Promote the environmental protection policy of power-saving, water-saving, and energy conservation; also, disclose annual carbon emissions on MOPS.</p> <p>3. Efforts toward resource recycling and reuse.</p>	
VII. Describe the criteria undertaken by any institution to certify the company's corporate responsibility reports: none.				

(VI) The Company's integrity and measures taken to ensure service integrity:

**Proper enforcement of business integrity**

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>I Business Integrity Policy and action plans</p> <p>(I) Does the Company have the corporate management policy and method declared explicitly in the Articles of Incorporation and external documents; also, the commitment of the board of directors and the management to actively implement the operating policies?</p>	V		<p>(I)</p> <p>1. According to Article 1 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” all TWSE/GTSM-Listed companies shall establish their principles for business integrity in accordance with the aforementioned rules and shall be applicable to their subsidiaries, organizations or groups that the companies have directly or indirectly donated more than 50% of their funds accumulatively, and institutions or group enterprises or business organizations that the companies have actual power of influence. As such, the Company has complied with the “Yuanta Financial Holding Company Limited Best-Practice Principles in Business Integrity”, and “Operation Procedure and Code of Conduct in Business Integrity”.</p> <p>2. Yuanta Financial Holdings complied with the policy of the Financial Supervisory Commission and “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and the sample template of “Procedures for Ethical Management and Guidelines for Conduct” published by Taiwan Stock Exchange, and the board of directors resolved on October 25, 2011 and December 27, 2011 respectively to formulate the “Ethical Corporate Management Best Practice Principles for Yuanta Financial Holdings Co., Ltd.” and “Procedures for Ethical Management</p>	There is no difference detected.

Assessment items	Actual governance		Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	
(II) Does the Company have the prevention program	V		<p>and Guidelines for Conduct of Yuanta Financial Holdings Co., Ltd.” In addition, for the “Code of Ethical Management” of Yuanta Financial Holdings pursuant to the TWSE.CG.Tzi No. 1030022825 Notice by Taiwan Stock Exchange dated November 7, 2014, three articles were added, including Article 14, Article 15, and Article 16; also, 18 articles were amended, including Article 2, Article 6, Article 10, and Article 11.</p> <p>3. To facilitate the procedure, the Company has designated a dedicated unit to be in charge of implementing relevant operations and reporting to the board of directors on a regular basis. The Companies also abided by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance, risk control and management mechanism to create an operational environment for sustainable development.</p> <p>4. The Company has the Ethical Management Committee organized to establish a business culture of ethical management and to substantiate ethical management; also, has the “Rules Governing the Establishment of Ethical Management Committee” setup in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” of Taiwan Stock Exchange; also, complies with the “Ethical Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings.</p> <p>(II) The acts of fraud and fraudulent interest, committing or</p>

Assessment items	Actual governance		Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	
<p>for any fraud stipulated; also, have the respective operating procedures, behavior guidelines, disciplinary actions and complaints system declared explicitly; also have it implemented substantively?</p> <p>(III) Does the company have preventive measures adopted in response to the conducts stated in Article 7 Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” or other business activities subject to higher risks of fraud?</p>	V		<p>accepting bribes, providing illegal campaign contributions, improper charitable donations or sponsorships and un-reasonable gifts, and hospitality or other improper benefits are prohibited explicitly in the “Ethical Corporate Management Best Practice Principles for Yuanta Financial Holdings.” The “Procedures for Corporate Management and Guidelines for Conduct” are regulated. In addition, the disciplinary action and complaint system for any violation of corporate management is stipulated. The job title and name of the violator, date of violation committed, the content of the violation committed, and the handling of the said violation are disclosed on the website in a timely manner.</p> <p>(III) In mapping out the plans for the prevention of breach of integrity, what measures have the Company adopted to prevent the offering and acceptance of bribes, the offering of illegal political contribution in the area of business activities vulnerable to the breach of integrity. In addition, all procurements are handled in accordance with the “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings.</p>
<p>II. Proper enforcement of business integrity</p> <p>(I) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?</p>	V		<p>(I) For understanding the state of operation of the contracting parties in business better, the Company shall include the clause of business integrity in the agreements, and shall request respective suppliers to provide the declaration of business integrity and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the court to</p> <p>There is no difference detected.</p>

Assessment items	Actual governance		Summary description	Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No		
(II) Does the Company have a specific (part-time) unit setup under the board of directors to advocate the code of integrity and to report on its implementation to the Board on a regular basis?	V		<p>confirm if there is a history of receiving bribes and/or the offering of illegal political contribution.</p> <p>(II)</p> <ol style="list-style-type: none"> <li>The Company has the “Ethical Management Committee” organized under the administration of the board of directors in August 2015 in accordance with the “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings and the “Rules Governing the Establishment of Ethical Management Committee” of the Company with one chairman and five members appointed who are the director of the Compliance Department, Risk Management Department, Auditing Department, General Planning Department, and Administration Office. At least one meeting is convened annually to assist the Board and the management to check and evaluate whether the implementation of the preventive measures established for substantiating ethical management is functioning effectively, and regularly assess the compliance of the relevant business processes with a report prepared in order to deepen and upgrade the sound management of the Company’s ethical operation.</li> <li>The 2015 company’s operation of the corporate governance and implementation of the ethical management had been reported to the 12<sup>th</sup> of the 9<sup>th</sup> board of directors on March 24, 2016.</li> </ol>	
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	V		<p>(III)</p> <ol style="list-style-type: none"> <li>The Company formulated the “Codes of Ethics” to establish that when the company’s directors or managers take advantage of their positions and authorities to involve themselves or their</li> </ol>	

Assessment items	Actual governance		Summary description	Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No		
(IV) Has the Company established effective accounting systems and internal control systems to substantiate corporate management; also, have audits performed by the internal audit unit on a regular basis or by the commission CPAs?	V		<p>spouse, parents, children, or relatives within the third degree of kinship, and the affiliated enterprise at which a director, supervisor, or managerial officer works in business interactions with the company, they shall declare initially the information, and comply with a legitimate and appropriate means to handle or avoid the conflict of interest. The company established a sound management mechanism and implemented in the internal control and external business activities to enhance the effect of the ethical corporate management.</p> <p>2. The company has formulated relevant regulations such as “Audit Committee Charter,” “Rules of Procedure for Board of Directors Meetings,” and “Codes of Ethics,” etc. For the recusal of relevant corporate personnel (including directors) due to conflicts of interest, prohibition against disclosure of confidential information, Prohibition against insider trading, and Non-disclosure agreement, they shall be handled under relevant regulations.</p> <p>(IV)</p> <p>1. For the Company’s accounting affairs, except as otherwise provided laws and regulations shall handle them handled in accordance with the accounting system of the Company. Every quarterly financial statement shall be audited (reviewed) by CPAs of PricewaterhouseCoopers.</p> <p>2. Under the regulations of ethical corporate management, the Company is closely linked with relevant internal control rules for all departments complying with the internal control system and operation procedure to avoid any dishonest behavior of the employees. Additionally, while the corporate</p>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?	V		<p>personnel involving any dishonest behavior, except that the internal audit department shall be instructed to conduct the audit, and the dedicated unit submitted to the board of directors a report on the unethical conduct, actions taken, and subsequent reviews and corrective measures. In the event other persons are suspected of engaging in unethical conduct to the Company and involving illegal affairs, the internal audit department shall submit relevant audit results to the legal compliance department in order for the legal compliance department to assist the Company in reporting the relevant facts to the judicial and prosecutorial authorities.</p> <p>3. Our Company's internal audit department executes the audit on a regular and non-regular basis of the compliance for internal control system and the accounting system, and summarizes an audit report on a regular basis and submits it to the audit committee and the board. There was not any violation against ethical management found in the 2015 internal audit.</p> <p>(V) As required by regulations, the Company holds the training courses of "Anti-bribery, anti-corruption, and business ethics" every year, and all staff shall participate and pass the examination to ensure employees to possess right cognition and basic judgment concerning relevant laws and ethical conduct. Also, to implement legal compliance and fulfill the corporate social responsibility of the ethical management. In addition, the external training programs are handled in accordance with the "Guidelines for Employee Education and Training."</p>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>III. The operations of the Company's Report System</p> <p>(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?</p> <p>(II) Does the Company have the standard investigating procedures and related confidentiality mechanism established for the incidents being reported?</p>	V		<p>(I) The Company's report system includes external mailbox or internal e-mail or written reports. In addition, there is the "Suggestion and Complaint" column on the Company's website to accept suggestions or comments for improvement at any time. The identity of the whistle-blower and contents of the complaint should be kept confidential and it is to be handled by the Audit Office and Compliance Department. In addition, the corporate management and employee performance evaluation and human resources policy are combined to establish a clear and effective disciplinary and appeal system.</p> <p>(II) Upon discovering or receiving a complaint about any personnel's involvement in unethical conduct, the Company shall ascertain the relevant facts immediately; if it is verified, the Company shall make an appropriate disposition in accordance with laws and regulations or this Company's policy and procedures of ethical management. When necessary, this Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests. If the employee disciplined has any dissent, she/he may file an application for reconsideration pursuant to the complaint system. After the disciplinary case is verified, the Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response. The Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective</p>	There is no difference detected.

Assessment items	Actual governance		Summary description	Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No		
(III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		measures to prevent a recurrence of the same unethical conduct in order to fully implement principles of ethical management. In addition, the “Work Rules,” “Codes of Ethical Conduct,” and “Procedures for Corporate Management and Guidelines for Conduct” contain confidentiality clause; also, the labor contract signed with all employees contains affidavit of confidentiality. (III) The measures for protecting the whistle-blowers from suffering any consequence of reporting an incident are clearly stipulated in the “Codes of Ethical Conduct” and “Procedures for Corporate Management and Guidelines for Conduct.”	
IV. Enhanced information disclosure Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		(I) The Company discloses the information of its ethical management consistently on the Yuanta Financial Holdings’ website, and discloses “Codes of Ethics” the company’s website. (II) The Management Department of the Company shall load relevant information to the intranet of the Company at any time as needed. Currently, the department has announced the “Particulars for Procurement Management”, which covers business integrity and related operation procedure.	There is no difference detected.
V. Where the Company may have establish its own business integrity best-practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”, and shall elaborate the practice of business integrity and the variations from the aforementioned regulation: The Company has complied with the “Yuanta Financial Holding Company Business Integrity Best-Practice Principles” and “Yuanta Financial Holding Company Business Integrity Operation Procedure and the Code of Conduct” in operation. There is no significant variation for the time being.				
VI. Other vital information that helps to understand the practice of business integrity of the Company (e.g., the review and revision of the best-practice principles of the Company in business integrity)				

Assessment items	Actual governance		Summary description	Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No		
<p>The Company has duly complied with the “Particulars for Procurement Management” approved by the Chairman. For understanding the state of business integrity of the prospective contracting parties, the Company shall announce its determination of business integrity, and specify business integrity into the agreements. In addition, the Company shall request respective suppliers to provide the declaration of business integrity and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the court to confirm if there is a history of receiving bribes and/or the offering of illegal political contribution.</p>				

- (VII) Where the Company may have established related internal code governing best-practice of corporate governance, disclose the means for inquiry: for further information, visit the corporate governance zone of the company website at <http://www.yuantafutures.com.tw/> and MOPS at <http://mops.twse.com.tw/mops/web/index>, the stock code of the Company is 6023.
- (VIII) Vital information that helps to understand the practice of corporate governance of the Company shall be disclosed: for further information, visit the corporate governance zone of the company website at <http://www.yuantafutures.com.tw/> and MOPS at <http://mops.twse.com.tw/mops/web/index>, the stock code of the Company is 6023.

(IX) Internal control

1. Declaration of internal control: please see page 77 of this annual report.
2. If the internal control policy was reviewed by an external auditor, the report of such a review must be disclosed: none.

(X) Major resolutions from general shareholders' meetings and board of directors meetings during the latest financial year, up to the publication date of this annual report: none.

(XI) Major resolutions of the General Meeting of shareholders and the Board in the most recent year to the date this report was printed.

1. Important resolutions and the implementation of the 2016 general shareholder meeting on May 18, 2016

Subject:	Resolution	Implementation and
Partial amendments to the "Articles of Incorporation". (The proposal was submitted by the Board of Directors)	This case was voted with 177,715,914 voting rights in favor (including 160,425,080 electronic voting rights), accounting for 97.60 % of the total voting rights of the presenting shareholders. There were 1,749 voting right not in favor of the case (including 1,749 electronic voting rights). There were 2,102,705 electronic voting rights forfeited and 0 voting right invalid. This case is passed according to the revolution reached by voting in the board meeting.	It was published in accordance with the resolutions reached in the general shareholder meeting on May 18, 2016 and approved by the Ministry of Economic Affairs for registration.
Please discuss the revision of the Company's "Regulations Governing the Acquisition or Disposal of Assets Regulations Governing the Acquisition or Disposal of Assets" (The proposal was submitted by the Board of Directors)	This case was voted with 177,714,911 voting rights in favor (including 160,424,077 electronic voting rights), accounting for 97.60 % of the total voting rights of the presenting shareholders. There were 2,752 voting right not in favor of the case (including 2,752 electronic voting rights). There were 2,102,705 electronic voting rights forfeited and 0 voting right invalid. This case is passed according to the revolution reached by voting in the board meeting.	It was published in accordance with the resolutions reached in the general shareholder meeting on May 18, 2016.
Acknowledging the Company's 2015 Business Report and Financial Statements. (The proposal was submitted by the Board of Directors)	This case was voted with 177,717,913 voting rights in favor (including 160,427,079 electronic voting rights), accounting for 97.60 % of the total voting rights of the presenting shareholders. There were 1,749 voting right not in favor of the case (including 1,749 electronic voting rights). There were 2,100,706 electronic voting rights forfeited and 0 voting right invalid. This case is passed according to the revolution reached by voting in the board meeting.	It was published in accordance with the resolutions reached in the general shareholder meeting on May 18, 2016.
Acknowledging the Company's 2015 Earnings Appropriation. (The proposal was submitted by the Board of Directors)	This case was voted with 177,684,813 voting rights in favor (including 160,393,979 electronic voting rights), accounting for 97.58 % of the total voting rights of the presenting shareholders. There were 34,848 voting right not in favor of the case (including 34,848 electronic voting rights). There were 2,100,707 electronic voting rights forfeited and 0 voting right invalid. This case is passed according to the revolution reached by voting in the board meeting.	The distribution was completed in accordance with the resolution reached in the general shareholders' meeting. Cash dividends for an amount of NT\$529,589,937 were distributed completely on June 30, 2016.

2. Major resolutions of the Board of Directors meeting (dated 2016 to February 28, 2017)

Major resolutions of the 10<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors in January 28, 2016

- (1) Approval of the financial plan of the Company in 2016.
- (2) Approval of the appointment of Certified Public Accountant to audit and certify for the year in 2016.
- (3) Passed the application filed for the establishment of Hsinchu Branch, Tainan Branch, and Kaohsiung Branch; also, for the promotion and solicitation of the business operation related to futures business.
- (4) Approval of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.
- (5) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (6) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.

Major resolutions of the 11<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors in February 25, 2016

- (1) Approval of the financial plan and development strategy of the Company in 2016.
- (2) Passed the date, place, agenda, accepting shareholder’s proposal, and related matters of the 2016 general shareholder meeting.
- (3) Passed the proposal of investing an equity fund of NT\$15 million in a Yuanta USD money market securities investment trust fund of Yuanta Securities Investment Trust Co., Ltd.
- (4) Passed the proposal of investing an equity fund of NT\$15 million in a Yuanta global USD corporate bonds securities investment trust fund of Yuanta Securities Investment Trust Co., Ltd.
- (5) Approval of the Company's 2015 “Declaration of Internal Control Policies”.
- (6) Approval of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.
- (7) Passed the proposal of donating NT\$2,210,000 to the Yuanta-Polaris Research Institute.
- (8) Acknowledging the Company's donation of NT\$2.5 million to help with the earthquake took place in southern Taiwan on February 6.

Major resolutions of the 12<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors in March 24, 2016

- (1) Approval of the Company’s business report in 2015.
- (2) Approval of partial amendments to the “Regulations Governing the Acquisition or Disposal of Assets”.
- (3) Approval of the amendment of the agenda of the Company’s 2016 general shareholder meeting.
- (4) Approval of the 2015 Employees’ bonus remuneration.

- (5) Approval of the Company's consolidated and individual financial statements for the year 2015.
- (6) Approval of the Company's earnings distribution in 2015.
- (7) Passed the proposal of revising the title of "Rules Governing the Performance Evaluation of the Board of Directors and Functional Committees" and amending some articles in accordance with the Company's "Regulations Governing the Self-Evaluation of the Directors and the Board of Directors;" also, the revocation of the "Regulations Governing the Self-Evaluation of the Audit Committee."
- (8) Approval of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.
- (9) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (10) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.
- (11) Approval of donation to Yuanta Educational and Cultural Foundation.

Major resolutions of the 13<sup>th</sup> Meeting of the 8<sup>th</sup> Board of Directors in April 27, 2016

- (1) Approval of the revision of part of the "Accounting System" of the Company.
- (2) Passed the enactment of the Company's "Fair Dealing Policy" and "Fair Dealing Strategy."

Major resolutions of the 14<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors in May 27, 2016

- (1) Passed the enactment of the Company's 2015 cash dividend base date related matters.
- (2) Passed the enactment of the Company's "Rules Governing the Employment and Job Transfer of the Employees of TC Bank and the Affiliates."
- (3) Approval of an amendment for part of the Company's "Rules Governing General Appointing and Dismissal Authorization for Transactions Other Than Credit Extension with Interested Parties Mentioned in Article 45 of Financial Holding Company Act"
- (4) Approval of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.
- (5) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (6) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.

Major resolutions of the 15<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors in June 28, 2016

- (1) Passed the proposal of the Company's adjusting the remuneration to the independent directors.
- (2) Passed the proposal of the Company's adjusting the remuneration to the Chairman.
- (3) Approval of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.
- (4) Approval of the renewal of the retainer agreement for appointing Giantera International Law Office as the legal counsel.
- (5) Approval of the personnel change in the managers of Proprietary Trade

Department and Management Division.

Major resolutions of the 16<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors in July 27, 2016

- (1) Approval of an amendment for part of the Company's "Regulations of Retirement and Pension for the Chairman and the Vice Chairman of the Board."
- (2) Approval of an amendment for part of the Company's "Organizational Code of the Remuneration Committee".
- (3) Passed the proposal of allowing the Company's Futures operation to be commissioned by overseas Chinese and foreigners to engage in foreign currency discretionary futures transactions.
- (4) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (5) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.

Major resolutions of the 17<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors in August 25, 2016

- (1) Approval of the treasury plan after the update in 2016.
- (2) Approval of the Company's consolidated and individual financial statements for the first half of the year in 2016.
- (3) Approval of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.

Major resolutions of the 18<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors in September 28, 2016

- (1) Approval of the revision of part of the "Accounting System" of the Company.
- (2) Approval of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.
- (3) Passed the proposal of having the Company act as a leveraged trader, manage the leveraged margin contract trading business, and engage in foreign currency margin business.
- (4) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (5) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.

Major resolutions of the 10<sup>th</sup> Meeting of the 19<sup>th</sup> Board of Directors in October 26, 2016

- (1) Approval of an amendment for part of the Company's "Rules Governing Trades with the Stakeholders".
- (2) Approval of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.

Major resolutions of the 20<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors on November 30, 2016

- (1) Passed the Company's purchasing the trading system database host.
- (2) Approval of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.
- (3) Passed the proposal of increasing the Company's 2016 non-trading position

market risk limits.

- (4) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (5) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.

Major resolutions of the 21<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors on December 28, 2016

- (1) Approval of the establishment of the Company in 2017.

Major resolutions of the 22<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors on January 24, 2017

- (1) Approval of the financial plan of the Company in 2017.
- (2) Approval of the appointment of Certified Public Accountant to audit and certify for the year in 2017.
- (3) Passed the Company's 2017 "Capital adequacy limit," "Market risk limit," "Market liquidity risk limit," "Credit risk limit," "Fund liquidity risk limit," and "Large amount risk exposure limit."
- (4) Approval of an amendment for part of the Company's "Performance evaluation rules of the Board of Directors and functional committee."
- (5) Approval of an amendment for part of the Company's "Salary Scale and Ranks and Grades Along the Corporate Hierarchy".
- (6) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (7) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.
- (8) Passed the proposal of the Company's performance bonus to the senior executives and managers.

Major resolutions of the 23<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors on February 23, 2017

- (1) Approval of the financial plan and development strategy of the Company in 2017.
- (2) Passed the date, place, agenda, accepting shareholder's proposal, and related matters of the 2017 general shareholder meeting.
- (3) Passed the proposal regarding the capital increase, expansion of business scope, and equity fund applied by the Company for Yuanta Securities (Hong Kong) Co., Ltd., the subsidiary.
- (4) Approval of the Company's 2016 "Declaration of Internal Control Policies".
- (5) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.

**All shareholders meeting and Board of Directors meeting resolutions above were implemented after they were passed. There had been no issues with their progress.**

- (XII) Documented opinions or declarations made by Directors or Supervisors against Board of Directors resolutions in the most recent year, up until the publishing date of this annual report: none.
- (XIII) Resignation or discharge of persons related to financial reporting (including the

Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, and Chief F&D Officer) in the most recent year to the date this report was printed: none.

Note: The persons related to as referred to in this context are the Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, and Chief F&D Officer.

## V. Disclosure of CPAs' remuneration

The Company makes individual disclosures of audit remuneration

Unit: NTD thousand

Auditor's firm	Name of CPA	Audit remuneration	Non-audit remuneration					CPA auditing period	Remarks
			Policy design	License registration	Human resource	Others (Note)	Subtotal		
PwC Taiwan	Ms. Lin, Sekai	1,990	0	0	0	140	140	2016 (2016/01/01~2016/12/31)	The secondary review fees for the transfer pricing report and financial information reported to foreign exchanges
	Ms. Hsiu-Ling Li								

Note 1: If there is any CPA or CPA Firm being replaced in current year, the auditing period should be indicated separately and the reason for such replacement should be detailed in the remark column; also, the information regarding the audit and non-audit fee paid should be disclosed.

Note 2: non-audit remuneration should be listed separately by service category. If the "Other" category amounts to 25% of total non-audit remuneration, then services must be detailed in the remarks column.

- (I) Remuneration of non-audit services to CPAs, CPAs' firm and its affiliated companies that exceed one quarter of audit remuneration: none.
- (II) If a change in accounting firm resulted in a lower audit remuneration for that year compared to the previous year, the amount, percentage, and reason of the reduction must be disclosed: none.
- (III) If the audit remuneration was reduced by more than 15% from the previous year, the amount, percentage, and reasons for the reduction must be disclosed: none.

VI. Change of CPA: None.

VII. Any of The Company's Chairman, General Manager, or managers involved in financial or accounting affairs being employed by the auditor's firm or any of its affiliated company within the recent year; disclose their names, job titles, and the periods during which they were employed by the auditor's firm or any of its affiliated company: none

VIII. Shareholding transfers and share collateralization within the latest year, up till the publication date of this annual report, initiated by directors, managers and shareholders with more than 10% ownership interest

- (I) Shareholding transfers and changes in shares collateralized

Unit: shares

Title	Name	2016		Up till February 28, 2017	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Director and major shareholder	Yuanta Financial Holding Co., Ltd.	0	0	0	0
Chairman	Mr. Lin, Tien-Fu	0	0	0	0
Director representative	Ms. Chou, Hsiao-Ling	0	0	3,000	0
Director representative	Mr. Kung, Shao-Hsing	0	0	0	0

Title	Name	2016		Up till February 28, 2017	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Director representative	Ms. Chen, Hsiu-Mei (Discharged on June 1, 2016)	0	0	0	0
Director representative	Mr. Kuo, Yu-Hong (Discharged on June 1, 2016)	0	0	0	0
Director representative	Hsien-Tao Chiu (Onboard on June 1, 2016)	0	0	0	0
Director representative	Yueh-Tsang Li (Onboard on June 1, 2016)	0	0	0	0
Director representative	Mr. Ho, Ming-Hong (Discharged on September 1, 2016)	0	0	0	0
Director representative	Mr. Chen, Hsiu-Wei (Onboard on September 1, 2016)	0	0	0	0
Independent Director	Mr. Huang, Jung-Hsien	0	0	0	0
Independent Director	Mr. Lai, Kun-Hung	0	0	0	0
Independent Director	Mr. Kuo, Tu-Mu	0	0	0	0
General Manager	Ms. Chou, Hsiao-Ling	0	0	0	0
Executive Vice President	Mr. Kuo, Yu-Hong	0	0	0	0
Executive Vice President	Mr. Hsu, Kuo-Chun	29,000	0	0	0
Senior vice president	Ms. Tsai, Chia-Ling	0	0	0	0
Senior vice president	Shu-Fang Chen (Onboard on August 1, 2016)	0	0	0	0
Senior vice president	Mr. Lai, Sheng-Tang (Discharged on October 1, 2016)	0	0	0	0
Vice President Accounting Supervisor	Yu-Cheng Chou	0	0	0	0
Vice President	Mr. Kao, Yi-Jui	0	0	0	0
Vice President	Lai-E Yen (Onboard on April 18, 2016)	0	0	0	0
Vice President	Chang Yung-Hua (Discharged on February 1, 2017)	0	0	0	0

Title	Name	2016		Up till February 28, 2017	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Senior Assistant Vice Presidents (Audit Director)	Wen-Fang Wu	0	0	0	0
Senior Assistant Vice Presidents	Ching-Yee Chang	0	0	0	0
Senior Assistant Vice Presidents	Lee-Ling Chien	0	0	0	0
Senior Assistant Vice Presidents	Min-Lung Li	0	0	0	0
Senior Assistant Vice Presidents	Yan Ling Chen (Discharged on January 1, 2016)	0	0	0	0
Assistant Manager	Cheng-Kang Wu	0	0	0	0
Assistant Manager (Chief Financial Officer)	Liang-Huei Yuan	0	0	0	0
Assistant Manager	Chun-Hao Chang	0	0	0	0
Senior Managers	Mo-Ju Song (Discharged on August 1, 2016)	0	0	0	0
Senior Managers	Yu-Hong Chen	0	0	0	0
Senior Managers	Chang Lin-Chung	0	0	0	0
Managers,	Mr. Hu, Chia-Hui	0	0	0	0
Managers,	Mr. Lin, Hsuan-Hsiang (Discharged on July 1, 2016)	0	0	0	0
Managers,	Li-Li Lin (Onboard on August 1, 2016)	0	0	0	0
Managers,	Yu-Han Hung (Onboard on January 1, 2017)	0	0	0	0
Manager	Mr. Shen, Shin-Feng (Discharged on September 1, 2016)	0	0	0	0
Manager	Cheng-Jen Wang (Onboard on October 24, 2016)	0	0	0	0
Manager	Hao-Hsiang Chang (Onboard on January 1, 2017)	0	0	0	0
Manager	Sheng-Wei Wu	0	0	0	0
Branch Manager	Shi-Qing Wang	0	0	0	0
Branch Manager	Tsung Hsiang Chen	0	0	0	0
Branch Manager	Guo-Liang Wang	0	0	0	0

Title	Name	2016		Up till February 28, 2017	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Branch Manager	Feng An Liu	0	0	0	0

Note 1: The Company has phased out the seats of supervisors since May 23, 2012 and related information was disclosed to the date the supervisors were resigned (discharged).

Note 2: If the counterparty for equity transfer or equity pledge is a related party, please fill out the form referred to below.

(II) Transfer of shareholding: none

Name	Reason for transfer	Transaction date	Counterparty	Counterparty's relationship with The Company, Directors, Supervisors, and shareholders with more than 10% ownership interest	Shares	Transaction price
Not a counterparty	-	-	-	-	-	-

(III) Shares collateralized: none

Name	Reason for change in collateralized shares	Date of change	Counterparty	Counterparty's relationship with The Company, Directors, Supervisors, and shareholders with more than 10% ownership interest	Shares	Shareholding percent age	Percent age placed as collateral	Secured (redeemed) Amount
Not a counterparty	-	-	-	-	-	-	-	-

IX. Relationships among The Company's top ten shareholders including spouses, second degree relatives or closer

Date of information: March 18, 2017

Name	Shares Held In Own Name		Shareholdings of spouse and underage children		Shares Held In The Names Of Others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2 <sup>nd</sup> tier under the Civil Code, and the name and affiliation, if applicable.		Remarks
	Shares (Thousand Shares)	Shareholder Percentage	Shares (Thousand Shares)	Shareholding percentage	Shares (Thousand Shares)	Shareholding percentage	Name	Relationship	

Name	Shares Held In Own Name		Shareholdings of spouse and underage children		Shares Held In The Names Of Others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2 <sup>nd</sup> tier under the Civil Code, and the name and affiliation, if applicable.		Remarks
	Shares (Thousand Shares)	Shareholder Percentage	Shares (Thousand Shares)	Shareholding percentage	Shares (Thousand Shares)	Shareholding percentage	Name	Relationship	
Yuanta Financial Holding Co., Ltd. Representative: Mr. Wang, Jung-Chou	159,467	68.65%	0	0	0	0	None	None	None
	0	0	0	0	0	0	None	None	None
Mercuries Life Insurance Co. Ltd. Representative: Ms. Chen, Hsiang-Chieh	19,961	8.59%	0	0	0	0	None	None	None
	0	0	0	0	0	0	None	None	None
ROSENTHAL COLLINS GROUP LTD Representative: Mr. Yen, Chao-Yu	16,864	7.26%	0	0	0	0	None	None	None
	0.4	0.00%	0	0	0	0	None	None	None
Nan Shan Life Insurance Co. Ltd. Representative: Tu, Ying-Tsung	2,665	1.15%	0	0	0	0	None	None	None
	0	0	0	0	0	0	None	None	None
HSBC entrusted with Goldman Sachs International investment accounts	943	0.41%	0	0	0	0	None	None	None
Deutsche Bank Taipei Branch entrusted with Taiwan Opportunities Fund investment accounts	767	0.33%	0	0	0	0	None	None	None
Mao-Lang Huang	753	0.32%	0	0	0	0	None	None	None
HSBC entrusted with Morgan Stanley International Limited accounts	517	0.22%	0	0	0	0	None	None	None
The trust account entrusted by Chunfeng Lin to Qintzu Lin.	500	0.22%	0	0	0	0	None	None	None
Chien Chou, Li	295	0.13%	0	0	0	0	None	None	None

- X. Investments jointly held by The Company, The Company's directors, managers, and enterprises directly or indirectly controlled by The Company. Calculate shareholding in aggregate of the above parties: Date of information: February 28, 2017

Unit: thousand shares

Invested businesses	Invested by The Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Yuanta Futures (Hong Kong) Limited	6,000	100%	-	-	6,000	100.00%
SYF Information Co., Ltd.	35,000	100%	-	-	35,000	100.00%
SYF Information (SAMOA) Limited	5,800	100%	-	-	5,800	100.00%
SYF Information (Shanghai) Limited	- (Note)	100%	-	-	-	100.00%

Note: The company is organized as a limited company; therefore, it is with stock rights but not stock shares.

# Yuanta Futures Co., Ltd.

## Declaration of Internal Control Policies

Date: February 23, 2017

The following declaration is based on the 2016 self-audit over the Company's internal control policies:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities The Company's board of directors and managers. These policies were implemented throughout The Company. The purpose is to provide a reasonable assurance on the achievement of the goals, including the effectiveness and efficiency of operations (including profitability, performance and security of assets, etc.) and the report with effectiveness, timeliness, transparency, and compliance with the relevant requirements and regulations and laws.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (hereinafter referred to as "The Governing Principles"). The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.
- V. The Company, according to the aforementioned assessment results, thinks the Company's internal control system (including the supervision and management over the subsidiaries) on December 31, 2016, including understanding the effectiveness and efficiency of operations, reporting the internal control design and implementation with effectiveness, timeliness, transparency, and compliance with the relevant requirements and regulations and laws; therefore, a reasonable assurance on the achievement of the aforementioned goals is provided.
- VI. This declaration forms part of the main contents of the company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 115 of the Futures Trading Act and Articles 20, 32, 171, and 174 of the Securities Exchange Act.
- VII This declaration was approved by The Company's Board of Directors in the meeting dated February 23, 2017. None of the 7 directors present to the meeting held any objections, and had unanimously agreed to the contents of this declaration.

Yuanta Futures Co., Ltd.

Chairman:

Signature

General Manager:

Signature

## Four. Funding Status

### I. Capital and outstanding shares

#### (I) Share category

February 28, 2017; unit: shares

Share category	Authorized capital				Remarks
	Outstanding shares	Treasury stock	Unissued shares	Total	
Registered ordinary shares	232,276,288	—	17,723,712	250,000,000	—

#### (II) Share capital composition

Unit: thousand shares; NTD thousand

Year / month	Issue price	Authorized capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Paid in properties other than cash	Others
1997.04	10	20,000	200,000	20,000	200,000	Initial share capital \$200,000 thousand dollars	—	Note 1
1998.02	10	50,000	500,000	50,000	500,000	Cash issue totaling 300,000 thousand dollars	—	Note 2
1998.05	10	60,000	600,000	60,000	600,000	Cash issue totaling 100,000 thousand dollars	—	Note 3
1999.07	10	61,500	615,000	61,500	615,000	Cash issue totaling 15,000 thousand dollars	—	Note 4
2000.08	10	63,000	630,000	63,000	630,000	Cash issue totaling 15,000 thousand dollars	—	Note 5
2003.09	10	109,580	1,095,800	109,580	1,095,800	Cash issue for merger \$465,800 thousand	Issued new shares for the merger with Refco Taiwan Co., Ltd.	Note 6
2003.11	10	64,500	645,000	64,500	645,000	Capital reduction totaling 450,800 thousand dollars	None	Note 7
2005.07	10	90,000	900,000	72,240	722,400	Capitalization of retained earnings totaling 77,400 thousand dollars	None	Note 8
2006.07	10	90,000	900,000	80,186	801,864	Capitalization of retained earnings totaling 79,464 thousand dollars	None	Note 9
2007.07	10	200,000	2,000,000	95,101	951,011	Capitalization of retained earnings totaling 149,147 thousand dollars	None	Note 10
2007.07	10	200,000	2,000,000	97,483	974,826	Employees' stock bonus totaling 23,815 thousand dollars	None	Note 10
2007.10	10	200,000	2,000,000	109,673	1,096,726	Cash issue totaling 121,900 thousand dollars	None	Note 11
2008.07	10	200,000	2,000,000	128,536	1,285,363	Capitalization of retained earnings totaling 188,637 thousand dollars	None	Note 12
2008.07	10	200,000	2,000,000	131,276	1,312,763	Employees' stock bonus totaling 27,400 thousand dollars	None	Note 12

2012.01	10	250,000	2,500,000	232,276	2,322,763	Cash issue for merger \$1,010,000 thousand	Acquisition of Yuanta Futures for the issuance of new shares	Note 13
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Note 1: Approved under Notice (86) Tai-Tsai-Cheng-(5)-47814 dated 1997.04.09.  
Note 2: Approved under Notice (86) Tai-Tsai-Cheng-(5)-88889 dated 1997.12.08.  
Note 3: Approved under Notice (87) Tai-Tsai-Cheng-(7)-28749 dated 1998.04.16.  
Note 4: Approved under Notice (88) Tai-Tsai-Cheng-(7)-54910 dated 1999.06.11.  
Note 5: Approved under Notice (89) Tai-Tsai-Cheng-(7)-59655 dated 2000.07.12.  
Note 6: Approved under Notice Tai-Tsai-Cheng-7-0920137311 dated 2003.08.18.  
Note 7: Approved under Notice Tai-Tsai-Cheng-7-0920154137 dated 2003.11.14.  
Note 8: Approved under Notice Jin-Guan-Cheng-7-0940128511 dated 2005.07.19.  
Note 9: Approved under Notice Jin-Guan-Cheng-7-0950129316 dated 2006.07.28.  
Note 10: Approved under Notice Jin-Guan-Cheng-7-0960038332 dated 2007.07.18.  
Note 11: Approved under Notice Jin-Guan-Cheng-7-0960057731 dated 2007.10.17.  
Note 12: Approved under Notice Jin-Guan-Cheng-7-0970032354 dated 2008.06.30.  
Note: Approved under Notice Jin-Guan-Cheng-Chi-1000064718 dated 2012.01.16.

### (III) Ownership diversification

#### 1. Shareholders structure

Face value at ten dollars per share; the base date: March 18, 2017

Shareholders structure	Number of shareholders	Number of shares held (shares)	Shareholding percentage (%)
Investment of government agency	0	0	0
Investment of domestic financial institution	4	23,146,000	9.96
Investment of domestic securities investment trust fund	0	0	0
Investment of domestic institutional investor	33	177,846,013	76.57
Investment of domestic other institutional investors	3	6,641	0
Investment of foreign financial institution	1	20,000	0.01
Investment of foreign institutional investors	0	0	0
Investment of foreign securities investment trust fund	14	2,627,000	1.13
Investment of domestic natural person	12231	28,478,238	12.27
Investment of foreigner with ROC identity card	5	127,473	0.05
Investment of people in Mainland China	0	0	0
Investment of investment institutions in Mainland China	0	0	0
Investment of foreign natural person	9	24,923	0.01
Total	12,300	232,276,288	100.00

Note: All TSE/GTSM/Emerging Stock Market companies listing for the first time are required to disclose their percentage of Chinese investors' interest. A Chinese investor refers to an individual, corporation, organization, or institution of Mainland origin, or an investment company in a foreign location used by which to invest into Taiwan, as defined in Article 3 of the Regulation Governing Mainland Residents' Investment in Taiwan.

## 2. Ownership diversification

### (1) Ordinary shares

Face value at ten dollars per share; the base date: March 18, 2017

Shareholding range	Number of shareholders	Number of shares held (shares)	Shareholding percentage (%)
1 to 999	7,612	155,782	0.07
1,000 to 5,000	3,690	7,338,161	3.16
5,001 to 10,000	472	3,747,416	1.61
10,001 to 15,000	145	1,875,537	0.81
15,001 to 20,000	107	2,005,144	0.86
20,001 to 30,000	118	3,110,158	1.34
30,001 to 40,000	39	1,386,853	0.6
40,001 to 50,000	28	1,309,380	0.56
50,001 to 100,000	47	3,329,867	1.43
100,001 to 200,000	24	3,275,713	1.41
200,001 to 400,000	9	2,305,001	0.99
400,001 to 600,000	2	1,017,000	0.44
600,001 to 800,000	2	1,519,712	0.65
800,001 to 1,000,000	1	943,000	0.41
1,000,001 and above	4	198,957,564	85.66
Total	12,300	232,276,288	100.00

(2) Preference shares: none.

### 3. List of major shareholders

Base date: March 18, 2017

Name of major shareholder	Shareholding	Number of shares held (shares)	Shareholding percentage (%)
Yuanta Financial Holding Co., Ltd.		159,467,282	68.65%
Mercuries Life Insurance Co. Ltd.		19,961,000	8.59%
ROSENTHAL COLLINS GROUP LTD		16,864,282	7.26%
Nan Shan Life Insurance Co. Ltd.		2,665,000	1.15%
HSBC entrusted with Goldman Sachs International investment accounts		943,000	0.41%
Taiwan Opportunity Fund investment account entrusted to Deutsche Bank		767,000	0.33%
Mao-Lang Huang		752,712	0.32%
HSBC entrusted with Morgan Stanley International Limited accounts		517,000	0.22%
The trust account entrusted by Chunfeng Lin to Qintzu Lin.		500,000	0.22%
Chien Chou, Li		295,000	0.13%

(IV) Market price, net worth, earnings, and dividends per share, and other relevant information for the last two years

Unit: NTD; shares

Item		Year	2015	2016	Year-to-date February 24, 2017
Market price per share (Note 1)	Highest		54.60	41.40	39.60
	Lowest		31.60	34.95	37.65
	Average		45.27	37.53	38.66
Net worth per share (Note 2)	Before dividend distribution		29.18	30.93	-
	After dividend distribution		26.90	28.46 (Note 9)	-
Earnings per share	Weighted average outstanding shares		232,276,288	232,276,288	232,276,288
	Earnings per share (Note 3)	Before adjustme nt	3.35	3.60	-
		After adjustme nt	3.35	3.60 (Note 9)	-
Dividends per share	Cash dividend		2.28	2.47 (Note 9)	-
	Stock dividends	-	-	-	-
		-	-	-	-
	Cumulative undistributed dividends (Note 4)		-	-	-
Analysis of investment returns	P/E ratio (Note 5)		13.51	10.43	-
	Price to dividends ratio (Note 6)		19.86	15.19 (Note 8)	-
	Cash dividend yield (Note 7)		5.04%	6.58% (Note 8)	-

Note 1: List the highest and lowest share price in each year, and calculate the average market price by weighing transacted prices against transacted volumes.

Note 2: Please calculate based on the number of outstanding shares at year-end, and detail the amount of distribution resolved in next year's shareholders meeting.

Note 3: If stock dividends are issued, make retrospective adjustments while disclosing EPS before and after the adjustments.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the the year the company makes profit, then the amount of cumulative undistributed dividends up till the current year must be disclosed separately.

Note 5: P/E ratio = Average closing price per share for the year / earnings per share.

Note 6: Price to dividend ratio = Average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = Cash dividend per share / average closing price per share for the current year.

Note 8: The 2016 earnings appropriation is subject to approval during the annual general meeting on May 17, 2017.

Note 9: The figures for distribution resolved by the Board on March 23, 2017 pending on the final decision of the General Meeting of shareholders.

Note 10: Net worth per share and earnings per share should be based on audited (auditor-reviewed) data

as at the latest quarter before the publishing date of this annual report. For all other fields, data should be provided as at the end of their respective years.

(V) The company's dividend policies and execution

1. Dividend policies stated in The Company's Articles of Incorporation

In response to the Article 18 Paragraph 3 of the “Regulations Governing Futures Commission Merchants” added and published on August 5, 2016 and the Jin-Guan-Zheng-Juan No. 10500278285 Order published by the Financial Supervisory Commission on August 5, 2016, request the futures commission merchants appropriating special reserve for an amount equivalent to 0.5~1% of the net income in the fiscal year of 2016~2018 to pay for the expense related to staff education and training, job transfer, or placement. The Company’s dividend policy will be implemented in accordance with Article 29 of the Company’s Articles of Association once the amendment of the Articles of Association is resolved in the general shareholders’ meeting on May 17, 2017. After paying tax and making up for the accumulated losses with the annual earnings, the Company shall appropriate 10% of the remaining earnings as legal reserve, 20% of the remaining earnings and additional 0.5% as special reserve according to the Jin-Guan-Zheng-Juan No. 10500278285 Order. The remaining balance amount plus the unappropriated earnings of previous years should be distributed to shareholders according to the proposal of the Board of Directors and the resolution reached in the Shareholders’ meeting. The appropriation can be ceased when the aforementioned legal reserve amount equals to the Company’s paid-in capital.

The Company optimizes its dividend 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 must 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 must not be lower than 30% of all dividends issued.

2. Dividend distribution proposed for the next annual general meeting

The Company’s 2016 earnings distribution proposal was resolved in the board meeting on March 23, 2017, of which, shareholder’s cash dividends amounted to NT\$573,722,431 (NT\$2.47 per share) that will be discussed in the general shareholder meeting on May 17, 2017. Once it is resolved in the shareholder meeting, the Board of Directors will be authorized to schedule the base line date for dividend distribution.

(VI) Impacts on business performance and earnings per share if the stock dividend proposal is approved during the annual general meeting:

It is not applicable for this shareholders' meeting since no stock dividend issuance for proposed distribution.

(VII) Employee compensation and remuneration to directors

1. Proportion or range of employees compensation and Directors' remuneration specified in the Articles of Incorporation:

In response to the Article 18 Paragraph 3 of the “Regulations Governing Futures Commission Merchants” added and published on August 5, 2016 and the Jin-Guan-Zheng-Juan No. 10500278285 Order published by the Financial

Supervisory Commission on August 5, 2016, the Company's 2016 remuneration to employees will be distributed once the amendment of the Articles of Incorporation is resolved in the general shareholders' meeting on May 17, 2017. Article 29, Paragraphs 1 and 2 of the Company's Articles of Incorporation are to be amended as follows: "After paying tax and making up for the accumulated losses with the annual earnings, the Company shall appropriate 10% of the remaining earnings as legal reserve, 20% of the remaining earnings as special reserve and with the special reserve appropriated or reversed according to the law and regulations before distributing earnings. The remaining balance amount plus the unappropriated earnings of previous years should be distributed to shareholders according to the proposal of the Board of Directors and the resolution reached in the Shareholders' meeting." 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. (Paragraph 1) 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. (Paragraph 2)

In addition, according to the amendment of the Articles of Association, the Company has no longer distributing remuneration to directors since the year of 2015.

2. The accounting treatment for the difference, if any, among the current estimated compensation to employees and remuneration to directors, the number of shares applied for the calculation of stock dividend, the actual distribution amount, and the estimated amount: There is no difference.
3. Employees' and Directors' remuneration resolved by the Board of Directors:  
The Company concluded a surplus in 2015, for which the Board of Directors has resolved on March 24, 2016 to distribute in the following manner:

Item	Distribution proposed by the Board of Directors
(1) Distribution (unit: NTD)	
Employees' cash compensation (no share-based compensation were paid this year)	\$ 3,074,121
Remuneration to directors	\$ 0

(2) Earnings per share: (unit: NTD)	
Earnings per share	\$ 3.60

The difference among the cash compensation of employees, the stock dividend amount, and expense amount recognized different from the annual estimated amount, the amount of difference, causes, and process: There is no difference.

4. Employees' and Directors' remuneration made in the previous year (2015):
- | Item   | Amount resolved during the shareholders meeting and the Board of Directors meeting |
|--|--|
| (1) Distribution (unit: NTD)   |  |
| Employees' cash compensation (no share-based compensation were paid this year) | \$ 3,071,901   |
| Remuneration to directors  | \$0  |

(2) Earnings per share: (unit: NTD)

Earnings per share \$ 3.35

Differences between the estimated and the actual amount of employees' bonus or Directors' remuneration; and the causes and solutions for such differences: no difference.

5. All information pertaining employees' bonus and remuneration to Directors has been disclosed on the Market Observation Post System. To inquire, please access <http://mops.twse.com.tw/mops/web/index> and click "Shareholders meeting and Dividends", followed by "AGM and Dividends - Proposed by the Board of Directors" or "AGM and Dividends - Resolved during the AGM"; input the proper search criteria (which is The Company's stock code: 6023)

(VIII) Shares repurchased by The Company: none.

II. Disclosure relating to corporate bonds: none.

III. Disclosure relating to preference shares: none.

IV. Disclosure relating to depository receipts: none.

V. Employee stock warrants: none.

VI. The new shares from restricted employee stock option: none.

VII. Disclosure on new shares issued in exchange of other company shares:

(I) The following disclosures are applicable for any issuance of new shares in exchange of other company shares during the latest year, up till the publication date of this annual report: not applicable.

1. Yuanta Futures: None.

2. Subsidiaries of Yuanta Polaris Futures: None.

(II) For any issuance of new shares in exchange of other company shares resolved by the board of directors during the latest year, up till the publication date of this annual report, describe the latest progress and the basic information of the acquired company (or the company from whom shares are exchanged in return). For new shares that are currently being issued in exchange of other company shares, the progress and impacts to shareholders' equity must be disclosed:

1. Yuanta Futures: None.

2. Subsidiaries of Yuanta Polaris Futures: None.

VIII. Progress on the use of funds:

(I) Plan: not applicable.

(II) Progress: not applicable.

## Five. Business performance

### I. Content of business

Yuanta Futures Co., Ltd.

#### (I) Business scope

Yuanta Polaris Futures is a futures commission merchant specialized in brokerage, proprietary trading, consultation, futures management, and, leverage transaction merchant; it offers various services including hedging, speculation, arbitrage etc. The following are The Company's principal business activities:

##### 1. Principal business activities:

- (1) Futures brokerage.
- (2) Proprietary futures trading.
- (3) Futures consultation services.
- (4) Futures management.
- (5) Futures clearing and settlement, and clearing and settlement service.
- (6) Proprietary securities trading.
- (7) Securities introducing agency.
- (8) Leverage Transaction Merchants.
- (9) Other business functions approved by the competent authority.

##### 2. Business weightage

Unit: NTD thousand; %

Item \ Year	2015		2016	
	Revenue	Ratio (%)	Revenue	Ratio (%)
Brokerage commission	2,715,679	93%	2,733,061	93%
security commission earned	3,398	0%	3,139	0%
Settlement and clearance fees	90,325	3%	82,514	3%
Net gains in the derivative financial instruments	121,807	4%	59,338	2%
Management fee income	0	0%	49	0%
Consultancy fee income	13,770	1%	15,826	1%
Other operating revenue	-15,050	-1%	39,448	1%
Total	2,929,929	100%	2,933,375	100%

Source: consolidated audited financial statements

##### 3. The Company's current products (services)

###### (1) Futures brokerage

- ① Consigned trading of futures and options contracts over Taiwan Futures Exchange.
- ② Consigned trading of U.S., Singaporean, Japanese, Hong Kong, and European futures and options.

###### (2) Proprietary futures trading

- ① Proprietary trading of domestic and offshore futures/options.

- ②Market-making for futures and options to create liquidity.
  - (3) Futures consultation
    - ① Provides analyses, opinions, or recommendations on futures trading, futures trust funds, the underlying, or any other instruments or investments approved by the competent authority.
    - ② Makes futures related publications.
    - ③ Organizes futures related seminars and campaigns.
  - (4) Futures management
    - ① Offers discretionary futures trading services.
    - ② foreign currency margin trading.
  - (5) Futures clearing and settlement, and clearing and settlement service.  
To provide services such as clearing and settlement operations, and the performance guarantee of futures transactions, which are executed via Futures centralized futures exchange market.
  - (6) Proprietary securities trading
    - ① Proprietary trading of securities listed on Taiwan Stock Exchange.
    - ② Proprietary trading of securities within business premise.
  - (7) Futures introducing broker
    - ①Commissioned by securities firms to solicit investors into securities trading.
    - ②Accepts investors' account opening applications on behalf of securities firms.
    - ③Accepts securities trade orders from investors and forwards them to securities firms for execution.
    - ④Informs investors of settlement matters on behalf of securities firms.
  - (8) Leverage Transaction Merchants.
4. Planned developments for new products (services)
- (1) The development of leveraged trading business: First of all, introduce foreign currency margin trading related business, take advantages of the leading brand of Yuanta Futures and the development of foreign exchange futures for years to provide customers and professional investment institutions with diversified profits and hedge pipelines. Along with the market opening policy of the competent authorities in the future, the Company will gradually launch the relevant portfolio; including calling Taiwan stock options, long-term contracts, options contracts, swap contracts, and spread contracts, or the combined fixed-income instruments portfolio contracts.
  - (2) The development of the Hong Kong market: Establish the Hong Kong subsidiary as the cross-border cross-market diversified international trading platform to provide a global trading center with abundant product lines, including the United States, Europe, Australia, and Asia, to develop the Hong Kong financial market in-depth, and to provide investors with diversified options and to meet their needs for hedging.

## (II) Industry overview

### 1. Current industry conditions

#### (1) Existing market participants

As of the end of 2016, the participation of the Company in futures market

included brokerage with 15 commission futures merchants with 33 locations, and another 18 financial institutions running commission futures merchant operation with 127 locations. The Company also has business transactions with 49 future introducing brokers with 788 locations. In the area of proprietary trade, the Company has worked with 12 futures firms and 22 financial institutions running proprietary futures trade. In terms of leveraged traders, the Company became the first domestic leveraged trader in 2015 and there were only 2 leveraged traders in 2016. In the area of clearing and settlement, the Company has 21 general clearing members and 10 individual clearing members, 9 clearing banks, and 34 futures consulting firms, and 9 futures brokerage firms (including financial institutions dealing with futures brokerage business), 10 futures trust services (running futures brokerage business).

Among the above classifications, The Company is a specialized futures commission merchant, a specialized proprietary trader, an ordinary clearing member, a composite futures consultation firm, a composite futures management firm and leverage transaction merchants. In addition, in terms of brokerage, the Company has a total of 23 future introducing brokers, including Yuanta Securities, respectively, Da-Din Securities, Cosmos Securities, Shinfan Securities, Fengnong Securities, Fengdeh Securities, Jih-Mao Securities, Easytrade Securities, Reliance Securities, Yung Shin Securities, Boom Securities, Kuanzho Securities, Jingang Securities, Yingyi Securities, iNG Securities, Quan Thai Securities, Taichung Bank Securities, Sunny Securities, Union Securities, Primasia, Chungnour Securities, Taiwan Cooperative Securities and Grand Fortune Securities. There are seven clearing houses: Yuanta Securities, Optiver Securities Trading, Optiver Futures Brokerage Department, Oriental Securities, Oriental Securities Trading, Shin Kong Securities, Taiwan Cooperative Trading.

## (2) Customer structure

Even though the trading volume of futures had declined in 2016, the annual trading volume of the Taiwan Futures market has reached 241.67 million units that had reached the mark of 200 million units for three consecutive years; also, the trading volume declined slightly by 8% from the previous year. In recent years, the competent authorities, Taiwan Futures Exchange, and futures industry are committed to develop institutional investors market that will effectively help expand the size and liquidity of the futures market, and gradually have the market structure transformed from a shallow retail market to an institutional investors effective market and linked to international market to attract international investors to participate. According to the statistics of Taiwan Futures Exchange by the end of 2016, 1,673,599 accounts were opened by natural persons, representing a 3.7% growth from the 1,613,705 accounts by the end of 2015. There were 9,867 accounts opened by institutional investors, representing a 1.7% growth from the 9,694 accounts by the end of 2015. There were a total of 1,683,466 accounts opened, representing a 3.7% growth from the 1,623,399 accounts by the end of 2015.

## 2. Industry development

### (1) Market participants' trends

In terms of business development, most market participants have more or less matured, except for proprietary traders which may still have room for growth given their cost and technological advantages. In general, the development of the futures IB firms tended to be polarized. The big firms have been getting bigger while the small firms were shrinking. This is particularly

the case if the futures firms are subsidiaries of financial holding companies, which have demonstrated their strong performance.

Due to the influence and misleading of the wording “leverage,” the public thought the futures industry was with high-risk. In fact, from the overall performance of the futures industry in Taiwan in 2016, the 15 futures commission merchants were all profitable. From the viewpoint of corporate operation, the futures industry is a financial industry with stable profitability because both long-sale and short-sale are idealistic; also, futures industry is the one and only industry that is not affected by economy.

(2) Trend in customer structure

In the current customer structure, institutional traders still accounted a low percentage. For this reason, Taiwan Futures Exchange Corporation has made extensive efforts in promoting institutional hedging accounts and organized seminars to inspire corporate involvements in the futures market. As for natural persons in general, due to the continuing development of new products in the futures market, promoting new systems, lifting relevant trading qualifications laws, as well as the industry’s striving to propose a positive and effective marketing program, the number of new accounts has been growing stably in recent years.

3. Association between upstream, midstream, and downstream industry participants

The primary function of a futures commission merchant is to supply derivative instruments into the market, whether the underlying assets are shares, foreign currencies, interest rates, agricultural commodities, precious metal, or energy. These instruments allow commodity suppliers or buyers to lock in their prices during volatile times, so that that can transfer price risks within the futures market and run their businesses with more certainty. Therefore, the futures market is where hedgers, speculators, and arbitragers transact for their own causes, and is necessary to achieving free market economy. In futures market does not have upstream, mid-stream, or downstream connections as does manufacturing.

4. The development trends for each product

Taiwan Futures Exchange also had a number of new products launched in 2016 in response to the thriving development of the offshore market in Taiwan. In response to the investment and needs for hedging of the investors, Taiwan Futures Exchange had launched two “RMB exchange rate futures” with the “USD:RMB” as the object of transaction on July 20, 2015; also, it launched the RMB exchange rate options in 2016 to provide RMB exchange rate hedging and strategic pipelines, as well as met the diverse needs of the market and enhance the efficiency of funds. At the same time, India Nifty50 futures, the “Euro:USD” exchange rate, the “USD:Yen” futures were offered. In addition, Taiwan Futures Exchange has promoted systematic change for many instruments, such as, the gold instrument contract specifications adjustment (including extended trading hours, lowered trading threshold, adopted the exchange rate at 11:00, and the conversion to gold on the maturity date), stock futures with small contracts attached (including the reduction of participation threshold transaction costs and long and short flexible operating financial leverage), and the three-stage increase/decrease range of the Tokyo Stock Price Index (TOPIX) (to minimize the market over reaction and to prevent systemic risks). Taiwan Stock Exchange even intends to launch cross-border index futures in 2017 which is expected to make history for the futures in Taiwan continuously.

Instruments traded over the market in 2016 consisted mainly of domestic futures, domestic options, U.S., Japanese, Singaporean, Hong Kong, and European instruments. Domestic futures mainly consisted of index futures, while trading for

domestic options was mainly concentrated in options on index futures. U.S. instruments consisted mainly of foreign currency futures, stock index futures, interest rate futures, gold futures, agricultural commodity futures, and energy futures. The stock index futures are the main commodities traded at Japanese Futures Exchange. Singaporean instruments consisted mainly of MSCI Taiwan index futures, A50 and Nikkei 225 futures. Hong Kong instruments consisted mainly of Heng Seng and H Stock Index futures. European instruments consisted mainly of Euro bonds and Dow Jones Euro STOXX 50.

The total trading volume of major products in 2016 is as follows; also, the options of Taiwan Futures Exchange are with the highest trade volume:

Taiwan (futures)	Taiwan (options)	U.S.	Japan	Singapore	Hong Kong	European instruments	Total
146,204,918	319,876,496	11,220,396	775,522	18,642,407	982,455	1,613,234	499,315,428

As for product development trend, please refer to 2011~2016 domestic and international market trading volume statistics:

Year	Taiwan (futures)	Taiwan (options)	U.S.	Japan	Singapore	Hong Kong	European instruments	Total
2011	112,744,970	253,245,372	5,145,086	74,110	4,347,630	246,351	282,353	376,085,872
2012	95,538,284	217,925,540	5,140,874	74,249	3,760,770	267,354	203,934	322,911,005
2013	86,779,300	219,671,176	6,641,148	172,358	5,320,795	443,054	279,220	319,307,051
2014	100,114,690	304,707,496	6,431,440	332,244	6,084,166	506,741	722,160	418,898,937
2015	144,105,804	363,478,888	8,968,442	590,129	16,038,782	680,263	5,479,172	539,341,480
2016	146,204,918	319,876,496	11,220,396	775,522	18,642,407	982,455	1,613,234	499,315,428

Source: Chinese National Futures Association

In terms of foreign futures market, the black swan events continued to affect the global futures market in 2016, such as, Taiwan's presidential election on January 16, OPEC frozen production meeting held in Doha on April 17, the Brexit referendum on June 24, the US presidential election on November 8, and the US interest rate resolution on December 14; also, even the Italian constitutional reform referendum at year-end had the trend of foreign futures and stock options worsened. In response to the global economy activated by the US economic recovery, the US stock market and European stock market are soaring to a historical high; also, the main futures indicators of Europe and the United States are at a record high price.

In addition, the USD index had reached the highest mark since March 2003, which was about 100 points at the year-end. The non-US currencies, such as the Euro, Australian dollar, NZD, and Canadian dollars, are subject matters for the futures price adjustment; however, the trend of futures varies that is different from the overall decline in 2015. Energy price is soaring due to the agreement of the PEC on reducing the oil production. However, metal prices are relatively influenced by the Chinese economy and the market risk events. On the other hand, agricultural products, except for the outstanding performance of No. 11 sugar, have relatively weak performance, including soybean, corn, and wheat, of which, the fluctuations in energy instruments continue to lead in the eight categories of instruments indicating the continuing severe fluctuations in the eight categories of futures instruments in 2016.

## 5. Competition

The Company is a futures commission merchant. The profitability of the major competitors in 2016 is as follows:

Unit: NTD

Annual ranking	Name of futures merchant	Cumulative pre-tax profit/loss	Shares	Cumulative pre-tax earnings per share
1	Yuanta Futures	990,256,572	232,276,288	4.26
2	Capital Futures	603,782,035	122,397,804	4.93
3	KGI Futures	491,774,993	86,080,000	5.71
4	Optiver Taiwan	387,258,096	60,000,000	6.45
5	Sinopac Futures	302,312,243	93,830,278	3.22
6	President Futures	218,760,544	66,000,000	3.31
7	Masterlink Futures	158,018,208	70,000,000	2.26
8	Fubon Futures	114,659,014	140,000,000	0.82
9	Jih Sun Futures	86,581,539	70,000,000	1.24
10	Waterland Futures	40,771,464	60,000,000	0.68

Data source: Taiwan Futures Exchange; ranked in accordance with the cumulative net income before tax (by the Company)

### (III) Technological research and development

#### 1. Technological intensity and R&D

The Research Department of Yuanta Futures continued to research and develop strategic trading in 2016, using the characteristics of big data in the futures and options market to provide quantified research data; also, it utilized the fluctuations in instruments to track the changes in instrument prices in order to help customers link to the market more directly. The research and development includes technical aspect, fundamental aspect, and dominating metering model application. The technical analysis is focused on strategic development. Determine the future trend of specific commodities with the composite index. The reminders to customers were mostly focusing on the index, foreign exchange, and energy in 2016, of which, the dollar interest rate increase, the Japanese negative interest rates, the Brexit referendum, the European's buying bonds, OPEC oil reduction, and improvement of sugar sales caused the fluctuations to continue which is beneficial to the customer's direct futures trade. A total of 955 messages on futures were published; therefore, customers can receive 3~4 new messages every night which is the Research Department's strategic trade development provided to help with the business expansion.

As for the fundamental aspect, the Big-Data System is applied to analyze the factors influential to price, market correlation and interaction, expectation and events discussion. The relevant assessments are summarized with reports presented to brokers and corporate customers in 2016 that was well accepted by the public and the customers. The metering model application, in addition to the quantitative variables analysis, is combined with domestic and foreign statistical theory

academic achievement synchronously; also, the research result is presented strategically by taking advantage of the industry-academia cooperation. The Research Department is currently studying 8 categories of products; also, full-time researchers are responsible for each category of product with the related professional research report issued, including the study scope of the commodity futures and options of global Futures Exchange approved by the Financial Supervisory Commission. The Research Department will move towards more research fields in-depth and breadth in 2017 in order to bring better research resource to the customers.

In addition, for the optimization of asset allocation, the diversified strategy deployment, and quantitative program establishment, more instruments were introduced in 2016, of which, the asset allocation is with a focus on the flexible use of the securities, futures, and equities and stock futures reports are issued accordingly. In addition, the App information of Yuanta Futures was enriched in 2016. In addition to providing 24-hour market information service, comprehensive research reports, digital value information at the investor's fingertips, the establishment of quantitative programs, and the options strategy research were provided by the Research Department of Yuanta Futures.

Therefore, in the prospect of 2017, the Research Department, in addition to focusing on the diversification strategy initially, strengthens the operation and management of the database and provides domestic and foreign popular futures trading strategies to meet the demands of the spot and futures customers, to respond to market information, and to improve customer trust in Yuanta Futures. The Company is ready for the arrival of the digital financial era and will continue to provide the best user experience to customers. The Research Department, in addition to actively conducting data integration and database construction in 2017, had constructed foreign futures strategic database, the stock with the stock and futures data, and Yuanta futures APP message source supply to upgrade business development in-breadth and to develop options customers, in particular, strengthen the foreign futures real-time information service enabling customers to take advantage of Yuanta futures APP real-time message broadcasting in order to have a better grasp of the golden trading hours, so that customers do not have to monitor the stock market constantly and still can grasp the market information instantly, a real benefit from the effort of research. In addition, in terms of data research, as the Big-Data System stated in the preceding paragraph, it is the first option strategic analysis of the industry and it will continue to help enhance research quality and business development synchronously; also, it provides the most useful strategy information for the futures that face severe fluctuations.

## 2. Academic/career backgrounds of the R&D personnel

The Company's Futures Consulting Division employed 9 staffs; their academic and career backgrounds are as follows:

Item \ Year	2016		Up till February 28, 2017	
	Head count	Percentage	Head count	Percentage
Postgraduate study and above	8	89%	8	89%
University	1	11%	1	11%
Total	9	100%	9	100%
2 years research experience and above	4	44%	4	44%
2 years research experience and below	5	56%	5	56%

In addition, the Company's Research Department maintains a close contact with Yuanta-Polaris Research Institute and Yuanta Securities Investment Trust Co., Ltd. to enhance the relevant research resources and to expand the Company's scope of research.

3. Annual R&D expenses for the last 5 years

Unit: NTD thousand

Item	2012	2013	2014	2015	2016
R&D Department expenses	9,976	12,571	13,541	15,539	17,172

The research expenses invested in by the Company's Research Department have increased year after year in order to respond to the needs of customers and to evidence the Company's emphasis on investing in the research unit. The investment expense will be as high as NT\$17,000 thousand in 2017 in order to meet the needs of business operation. Apart from the R&D Department created under the Futures Consulting Division, The Company has also allocated some staffs in the IT Department, who engage in research and developments within their own specialties to improve the overall performance or service quality. Most employees had attained Masters or Bachelor degrees in IT, and had many years of financial experience to assist their R&D efforts.

4. Successfully developed technologies or products

The research data of the Company is presented in written and electronic form. The Company regularly publishes daily reports, weekly reports, quarterly reports, large traders' position reports, and futures curves on the domestic and foreign futures. The subject report – a hot series – was enhanced in 2016 with the use of the current hottest futures APP information, in addition to providing a 24-hour market news service, providing full contents of instruments for the easy access of the investors. In addition, the Research Department has news flashes and commentary published occasionally upon the occurrence of major market situations. Also, it regularly holds a specific customer market briefing to help customers understand the viewpoint of the Research Department and to help customers grasp the market movements and the future development. Finally, the Research Department provides custom-made service to fulfill the needs of a financial juridical person and industrial juridical person, such as, strategy review, event analysis and trading strategies and special indicators support. In addition, in terms of data research, it is the first option strategic analysis of the industry and it will continue to help enhance research quality and business development synchronously; also, it provides the most useful strategy information for the futures that face severe fluctuations.

In terms of IT products, information systems continued to be reinforced by system integration in order to have the system converged for the goals of resources integration and cost reduction. The vertical integration from front to rear - wind speed control systems, speed Futures Exchange online systems, horizontal integration of backend billing systems, e-commerce platform and a wide range of front-end trading software allows customers to choose fast, stable, comprehensive and global investment trading platform of the Company at their discretion. Provide the fastest quoting and trading tool to the VIP and proprietary traders on the market, actively develop mobile order platform; also, expand its scope of application and ordering market, develop program trading mechanisms and strengthen the risk control of program trading.

(IV) Long and short term business development plans

1. Short term development:

- (1) Stable growth of brokerage market share: Create markets differentiated services to enhance global service capabilities, to provide international current issues as well as professional research report for eight-category of instruments, and construct a comprehensive business value chain with the online and off-line value-added services, and create value services; also, exercise the community channel effectively to enhance the interaction with customers.
- (2) Arrange team to support IB domestic/foreign options business simultaneously and to promote the trade strategy. Assisting branch offices to manage customers and exercise group synergy through the courses arranged internationally.
- (3) Utilize proprietary transaction technology and strengthen asset management capabilities. Reinforce trading strategies and complete profitable operation; allocate risks effectively in order to maximize profit/risk ratio and a dynamic management.
- (4) Increase customer's AUM (asset under management) margin: expand the scale of customer's margin, enhance financial management efficiency comprehensively, improve customer margin spread profit, and provide foreign institution investors, domestic financial institution investors, and large-scale institution investors with a friendly investment environment with a stable and profound financial image.
- (5) Work with Taiwan Futures Exchange to launch the after-hour market and new products; also, initiate business development and system adjustment.
- (6) Continue to improve the Company's operation and management system: Integrate regulatory compliance, internal control and audit, corporate governance, and risk management structure in order to reduce operational risk.
- (7) The development of leveraged trading business: First of all, introduce foreign currency margin trading related business, take advantages of the leading brand of Yuanta Futures and the development of foreign exchange futures for years to provide customers and professional investment institutions with diversified profits and hedge pipelines.
- (8) Developing futures consultancy business: Schedule courses internally and externally with the support of the consultants, lecturers, and the seed lecturers at each office to strengthen the professional depth of business colleagues and to help the business grow profoundly; also, utilize the online broadcast and on-demand courses to allow more investors to participate in the courses free of the restriction of space and time.
- (9) Nurturing international business brokers: Yuanta Futures and colleges have organized international brokers training courses, provided the most professional and integrated theory and practice free training courses and career development platform, and cultivated outstanding international brokerage talents and strengthened the competitive advantages of human resources in response to the needs for international talents by the financial industry in Taiwan.
- (10) Foreign futures balanced development in eight categories of instruments: In terms of current foreign futures development goals, in addition to increasing market share, specific categories or instruments have been promoted in order to allow the investors to disperse the subject matter or time for dispersing risk and enhancing the use of margin.
- (11) The ratio of ETF to spot trading volume is rising indicating that the investment

strategy of focusing on a single regional market free of the trouble of selecting stocks is well appreciated by domestic investors. The aim is to become an ETF futures expert along with the listing of various ETF futures and promotion of the relevant ETF futures instruments incentive activities.

- (12) Actively expand the external brokerage and increase market share. Of which, foreign futures trade volume has grown rapidly and will become the focus of promotion in the future.
- (13) The trading strategies development is towards a multi-instruments multi-strategy approach to increase the diversity and robustness of the investment portfolio and to reduce market risk.

## 2. Long term development:

- (1) 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.
- (2) 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.
- (3) International / domestic traders organic cultivation, vertical rooting and horizontal expansion to support the corporate strategy and policy with necessary policies and commodities introduced timely. Integrate research, proprietary trade, futures consulting, and futures brokerage to generate the greatest synergy.
- (4) In addition to the existing brokerage team, extend and replicate the organization with the i-Channel team organized. The purpose is to integrate cross-departmental resources, to provide customers with a high degree of interaction and a lively online service experience with an innovative business model; also, to help the business team to transform completely and to make digitalized marketing a reality.
- (5) To build up the Hong Kong Branch as an international futures commission merchant in order to provide high-performance and high-value services; also, to actively deploy the Asian market in order to provide a complete service framework.

### Yuanta Futures (HK) Co., Limited

#### (I) Business scope

The business operation of the Company's Hong Kong subsidiary shall not exceed the business scope authorized by local authorities and the Company's business scope approved by the competent authorities in Taiwan. If it is necessary to have new type of business introduced in the future, an application will be filed separately to the domestic and foreign competent authorities.

#### 1. Principal business activities:

- (1) Category II business (dealing in futures contracts).
- (2) Category V (giving advices on futures contracts).
- (3) Other business functions approved by the Hong Kong competent authority.

#### 2. Business weightage

In Hong Kong Dollar; %

Item \ Year	2016	
	Operating revenues	Ratio (%)
Other operating revenue (Interest income)	886,458	100%
Total	886,458	100%

Source: audited financial statements

### 3. The Company's current products (services)

- (1) Dealing in futures contracts: under the permission of Category II regulated activities of Securities and Futures Commission of Hong Kong to operate relevant business of futures, options, etc.
- (2) Giving advices on futures contracts: under the permission of Category V regulated activities of Securities and Futures Commission of Hong Kong to operate relevant business of giving advices on futures contracts, etc.
- (3) Other business will be approved first by the competent authority in Taiwan, and then reported to the relevant authorities in Hong Kong for the permission to operate.

### 4. Optimize and improve customer service

Continue the training of futures talents and researches. First of all, enhance the quality of customer service and commit to train comprehensive futures talents; secondly, in terms of research and development, focus on the development of trading strategies and trading platform and simulate operation verification in order to provide quality services and a stable and fast trading platform.

## (II) Industry overview

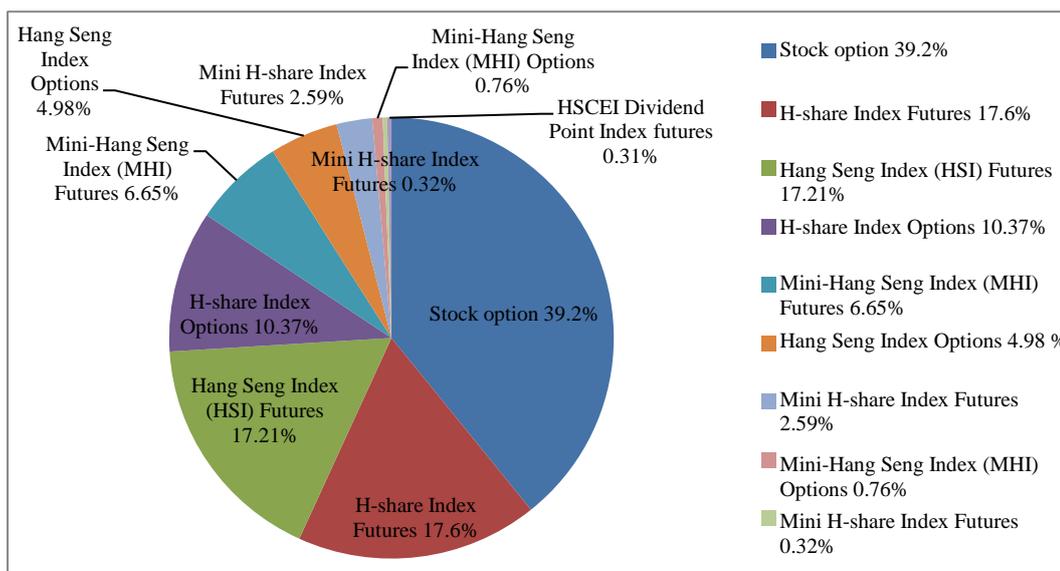
### 1. Existing market participants

HKEx licensee / number of registers (Data as of 2016/12/31)

	The Stock Exchange of Hong Kong Limited Participants	Taiwan Futures Exchange Participants	The Stock Exchange/ Futures exchange Participants	Non-participant
Licensed institutional groups	501	111	69	1,730
Registration Authority	0	0	0	121
Licensed representative	11,344	938	4,750	16,011
Person in charge / Authorizer	1,791	186	503	4,610

\*Exchange Participants are those authorized to trade or trade through the Exchange, and have obtained deals in accordance with "Securities and Futures Ordinance."

### 2. HKEx futures and options ratio



### 3. HKEx average daily turnover Top-Ten ranking and ratio

	Turnover ranking	The average daily turnover	Ratio (%)
Stock option	1	297,903	39.20%
H-share Index Futures	2	133,729	17.60%
Hang Seng Index (HSI) Futures	3	130,826	17.21%
H-share Index Options	4	78,849	10.37%
Mini-Hang Seng Index (MHI) Futures	5	50,516	6.65%
Hang Seng Index Options	6	37,869	4.98%
Mini H-share Index Futures	7	19,718	2.59%
Mini-Hang Seng Index (MHI) Options	8	5,767	0.76%
Mini H-share Index Futures	9	2,437	0.32%
HSCEI Dividend Point Index futures	10	2,385	0.31%

Data Source: HKEx 2016 average daily turnover statistics

#### (III) Technological research and development

Hong Kong is one of the most liberalized areas in the global finance, with many advantages such as the stably supervisory and regulatory structure, low tax, and zero exchange controls etc. to attract many financial institution and talented persons. The foundation of Hong Kong subsidiary not only promoted the international image of the corporate, but also acquired talents, information, platform, via financial environment in Hong Kong, and introduced new financial instruments, trading strategies, and risks management platform, which are contributive to the development of futures markets of clients, companies, and our country.

#### (IV) Long and short term business development plans

1. The Hong Kong subsidiary is aimed for professional independent operation in 2017

under the consideration of the overall planning, market change, and segmentation. The site and staff system will be built and constructed gradually in order to provide customers with quality service, to create higher profits, and to achieve maximum operational effect.

2. Recruit international talents and establish an international trading platform.
3. Receive diversified international information and provide diversified products.
4. Create a brand of “professional Trader”.

It is expected to accumulate international practical experience and to enhance international competitiveness by actively participating in the brokerage-related business in Hong Kong futures market. Create a complete product and service line and develop more diversified and wide-range of professional business models in the futures brokerage and consultancy industry internationally.

### SYF Information Co., Ltd.

#### (I) Business scope

1. The core system (the front office, the middle office, the back office) of securities and futures businesses.
2. The transaction platform of foreign investment (securities and futures)
3. Securities and options electronic transaction system
4. Overseas commodity transaction platform
5. Risk Management System
6. Sales Agent for computer software and hardware
7. Develop e-commerce project and internet service
8. After-sales warranty service for various system and software

#### (II) Industry overview

Due to fierce competition in the securities and futures industry, information enterprises that want to get an opportunity to generate profit in related industries must highly rely on information technology stability, speed, and processing power. Information technology is an important tool to the securities and futures industry for business promotion. An interruption of the supply of such information technology in any form, even for a short period of time, will result in significant financial and goodwill losses to the Company, including the impact on the trust of customer on the company. Therefore, many customers have based their choice of information industry as service provider on the information technology development ability and after-sale service quality.

#### (III) Technological research and development

Since the establishment of the Taiwan Information Company, it has absorbed and integrated the practical experiences of the parent company, Yuanta Futures, including front-desk trading, backstage management, product maintenance and transportation, and product development; also, it has continued to research and develop key technologies and develop customized products.

#### (IV) business development plans

1. Mid and short-term development:
  - (1) Develop high-speed middle office and back office information system
  - (2) Develop customer information system service
  - (3) Provide risks control service module
  - (4) Integrate securities and options quotation in Taiwan and overseas and provide

trading simulation platform

(5) Develop plug-in and develop customize products of securities and futures applications

2. Long term development

(1) Cooperate with the information companies or futures companies in Mainland China in order to expand the business channels in Mainland China.

(2) Develop internet marketing business model

(3) Increase the leveraged trader business information and external programs development and services.

II. Market and sales overview

(I) Market analysis (with industry-specific key performance indicators)

1. Locations where products (services) are primarily sold (provided), and market share information

2016 market share between The Company and its main competitors:

2016市佔率										
期貨商名稱	台灣(期貨)	台灣(選擇權)	美國	日本	新加坡	香港	歐洲	英國	澳洲	國外小計
元大期貨	21.43%	15.72%	26.03%	16.96%	30.95%	17.10%	19.60%	4.96%	86.23%	28.02%
凱基期貨	18.97%	7.30%	10.73%	17.46%	15.47%	8.09%	10.78%	50.75%	0.00%	13.49%
群益期貨	8.02%	5.44%	26.89%	17.44%	14.94%	18.25%	19.12%	10.56%	13.77%	19.33%
永豐期貨	6.14%	6.14%	6.53%	12.46%	11.54%	30.80%	7.94%	3.97%	0.00%	10.26%
統一期貨	3.35%	4.37%	5.96%	6.00%	5.84%	9.14%	6.42%	8.60%	0.00%	6.01%
日盛期貨	3.25%	2.35%	5.07%	6.15%	0.95%	0.77%	2.91%	3.35%	0.00%	2.55%
富邦期貨	2.90%	2.30%	3.37%	9.13%	9.78%	1.39%	3.16%	14.25%	0.00%	7.03%
元富期貨	2.84%	2.16%	2.09%	0.32%	0.52%	0.36%	1.69%	0.00%	0.00%	1.10%
康和期貨	2.81%	4.96%	6.30%	4.63%	1.28%	3.57%	6.41%	0.22%	0.00%	3.36%
大昌期貨	1.86%	2.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
兆豐期貨	1.44%	1.09%	1.23%	3.71%	0.44%	0.12%	2.00%	2.90%	0.00%	0.85%
華南期貨	1.40%	1.21%	1.25%	3.17%	0.43%	0.33%	1.75%	0.00%	0.00%	0.83%
國票期貨	1.31%	1.39%	1.09%	0.95%	0.28%	0.32%	2.41%	0.41%	0.00%	0.67%
國泰期貨	0.85%	0.65%	0.84%	0.45%	0.19%	0.12%	1.35%	0.02%	0.00%	0.47%
澳帝華期貨	0.04%	0.15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
全部經紀商小計	83.43%	61.31%	97.37%	98.84%	92.61%	90.37%	85.55%	100.00%	100.00%	93.97%
全部自營商小計	16.57%	38.69%	2.63%	1.16%	7.39%	9.63%	14.45%	0.00%	0.00%	6.03%

Source: Chinese National Futures Association

2. Future market supply/demand and growth potentials

Even though the trading volume of futures had declined in 2016, the annual trading volume of the Taiwan Futures market has reached 241.67 million units that had reached the mark of 200 million units for three consecutive years; also, the trading volume declined slightly by 8% from the previous year. In terms of the main instruments, the “FIMTX” trading volume was around 23.86 million units in 2016, representing a growth rate of 13.53% over last year; followed by a “TX” trading volume of 34.53 million units, representing a growth rate of 4.46% over last year. Taiwan Futures Exchange will launch the after-hours trading in May this year for a global convergence. We look forward to a great prosperous year in 2017.

In addition, the Taiwan Futures Exchange also had several new products launched in 2016, including the listed major/minor US Dollar against the RMB exchange rate options, plus high-priced stock futures small contract, India Nifty 50 futures, the Euro against the US Dollar futures, and the US Dollar against the Japanese Yen futures for a total of 6 new instruments to meet the diversified demands of the market and to improve the fund utilization efficiency. In addition, Taiwan Futures Exchange has promoted systematic change for many instruments, such as, the gold instrument contract adjustment, stock futures with small contract attached, and the three-stage increase/decrease range of Tokyo Stock Price Index

(TOPIX). Taiwan Stock Exchange has even intended to launch cross-border index futures in 2017 that is expected to make history for the futures in Taiwan continuously.

### 3. Competitive advantage

After the merger in April 2012, the market shares of Yuanta Futures in futures brokerage, overseas products, and earnings before taxation, net work, and customer equity value are much higher than the industry peers. This is particularly the case for its financial stability. With strict risk management, the Company gives the best protection for the futures investors and emerges as a pioneer of the country in developing into a big futures firm.

While facing the rapidly changing financial markets, the Company, in addition to securing the brokerage market share, has made the development of foreign futures the core business in order to create differentiated services and to fully cooperate with the policies of Taiwan Futures Exchange for promoting new instruments and to provide diversified investment channels; moreover, make the Hong Kong subsidiary the Asian regional development center to provide high-value services and to build it up as an internationalized futures commission merchant.

### 4. Opportunities

- (1) TFE will continue to launch new products and systems to make the product line of the domestic futures market complete and provide the traders a greater variety of choices for hedging.
- (2) The Company's options have innovation ability and the trading platform has integrated functions, and the brokerage market share is second to none in the long run, in other words, the Company has fully exercised the synergy of the Group's resources integration advantages.
- (3) With healthy financial structure, a viable system of risk management, and good practice in corporate governance, the Company strictly controls the clearing of transactions for proper control of risk.
- (4) The Company has a great variety of training programs for its personnel, which helped to upgrade the professional skills of the sales personnel and the back-end staff in compliance with applicable laws.

### 5. Future opportunities, threats, and responsive strategies

- (1) The financial environment will continue to be rough. As such, the Company has mapped out the strategy for coping with the instability of profits from commission incomes and proprietary trade.

Responsive strategies:

- ① Creating multiple income sources: adopt an international perspective in both trading strategy and product promotion to avoid local price competitions or concentrated revenue sources. The Company has sufficient relative advantage in international markets to secure its revenues.
- ② Dedication to high service quality: offering 24-7 trading services, IT platform upgrades and customization, professional market analysis and recommendations etc to highlight our differentiated services, and thereby building our brand image while securing customers' loyalty.
- ③ Broaden the horizon of the marketing strategy: given the advantage of the financial holdings, the Company will provide a wider array of products and

services. By integrating the strategies of futures brokerage, and future trading advisor, and the interface of the outstanding IT platform, the Company will intensify strategic marketing activities, allows for more exposure to the media, higher visibility of the brand of the Company to the investors, and effectively enlarge the market size.

- (2) Futures margin trading is highly leveraged and is susceptible to settlement losses, which discourages investors' participation.

Responsive strategies:

- ① The high leverage involved in margin trading is investors' choice, not obligation. We can eliminate investors' doubts by communicating proper concepts on capital managements.
- ② Teach investors the "STOP" strategy to avoid major losses while earning sizable gains.

(II) Main product purpose and production process: not applicable.

(III) The supply of key raw materials: not applicable.

(IV) Name of trade partner representing more than 10% of total purchases (sales) in any of the last two years, and the amounts and percentages of purchases (sales). Describe the causes of any variation: not applicable.

(V) Production volume and value in the last two years: not applicable.

(VI) Sales volume and value in the last two years: not applicable.

III. The number of employees, average years of service, average age, and academic background in the last 2 years up till the publication date of this annual report

Yuanta Futures Co., Ltd.

Year		2015	2016	Up till February 28, 2017
Number of employees		362	358	360
Average age		38.48	38.88	38.83
Average years of service		7.80	8.40	8.41
Academic qualification	Doctoral Degree	0.27%	0%	0.0%
	Master's Degree	16.57%	17.59%	17.22%
	Bachelor's Degree	74.57%	75.13%	75.27%
	High school	8.59%	7.28%	7.51%
	Below high school	0%	0%	0%

Yuanta Futures (HK) Co., Limited

Year		January 31, 2015	2016	February 28, 2017
Number of employees		3	0	6
Average age		35.1	0	33.6
Average years of service		1.45	0	0.1
Academic qualification	Doctoral Degree	0	0	0
	Master's Degree	33.3%	0	33.3%
	Bachelor's Degree	66.7%	0	66.7%
	High school	0	0	0
	Below high school	0	0	0

Note 1: Some of the positions at Yuanta Futures (Hong Kong) would be assumed by the employees of Yuanta Securities (Hong Kong) from February 1, 2015 to December 31, 2016.

SYF Information Co., Ltd.

Year		2015	2016	Up till February 28, 2017
Number of employees		4	3	2
Average age		32.1	29	27.89
Average years of service		1.10	1.62	1.69
Academic qualification	Doctoral Degree	0%	0%	0%
	Master's Degree	0%	0%	0%
	Bachelor's Degree	100%	100%	100%
	High school	0%	0%	0%
	Below high school	0%	0%	0%

SYF Information (Shanghai) Limited

Year		2016	Up till February 28, 2017
Number of employees		1	1
Average age		24.88	25.04
Average years of service		0.37	0.53
Academic qualification	Doctoral Degree	0%	0%
	Master's Degree	0%	0%
	Bachelor's Degree	100%	100%
	High school	0%	0%
	Below high school	0%	0%

Note 1: SYF Information (Shanghai) Limited has full-time employees employed since August 22, 2016.

IV. Contribution to Environmental Protection

- (I) Companies that are required to apply for pollution treatment facilities or pollution emission permits, or required to pay pollution treatment expenses, or required to assign dedicated environmental staffs, must detail their applications, payments, or any arrangements: not applicable.
- (II) List and equipment or investment relating to pollution prevention; describe their purposes and the likely benefits: not applicable.
- (III) Describe any improvements towards pollutions and disputes arising from which in the last 2 years, up till the publishing date of this annual report: not applicable.
- (IV) Describe any losses or penalties caused by pollutions (including compensations) in the last 2 years up till the publishing date of this annual report; disclose responsive strategies (including corrective measure) and the likely expenses (including losses, penalties, and compensations for not taking corrective actions; state the reasons if losses can not be estimated): none.

- (V) Describe the current pollution situation and how improving the situation may affect the company's earnings, competitiveness, and capital expenditure; estimate major capital expenditures on environmental protection in the next 2 years: not applicable.
- V. Employer and employee relationships
- (I) The availability of employee welfare, training, ongoing education, and retirement policies. Elaborate on the agreements between employers and employees, and the protection of employees' rights.
1. Employees' welfare
    - (1) Employees' Welfare Committee:
      - ① Birthday gift
      - ② Maternity, marriage, and funeral subsidies
      - ③ Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival gifts
      - ④ Children's education subsidies
      - ⑤ Emergency aid
      - ⑥ Group recreation and tourism
    - (2) The Company provides:
      - ① Group accident insurance
      - ② Year-end bonus
      - ③ Remuneration to employees (according to the Company's Articles of Association)
      - ④ Monthly pension contributions in accordance with the Labor Standards Act
      - ⑤ Annual health check-up
      - ⑥ Year-end lucky draw banquet
    - (3) Government regulations:
      - ① Mandatory participation in the Labor and Health Insurance Schemes
      - ② Compensation for occupational hazards according to the Labor Standards Act
      - ③ Any other requirements under the Labor Standards Act, the Labor Insurance Act, and the National Health Insurance Act
  2. Employees' education policy: in order to enhance employees' professional knowledge, skills, efficiency, and work quality, we have established the following Education Policy in conformity to human resource requirements:
 

Orientation: Department guidance.

Department training: (1) Professional skills training (2) Work guidance (3) Workshops (4) Department meetings (5) Reading group.

Outsourced training: (1) Out-stationed training (2) Internal training with hired speakers.

Nurtured training: (1) Managerial talents nurturing program (2) Internal speakers nurturing program (3) Certificate examination.

Foreign training: (1) Foreign inspection (2) Foreign education (3) Foreign workshop.

Project training: (1) Intensive training for managerial staffs.

Mandated training: (1) Pre-job training for futures specialist (2) On-job training for futures specialist (once every 2 years).

Training expenses totaled NT\$889,741 in the latest year.

In order to improve the professionalism of internal audits, auditors are required to participate in internal audit workshops as well as external conferences. Financial staffs are also required to attend training courses organized by the competent authority and other relevant units.

The Company's managers and other employees had received the following training in 2016:

Title	Name	Organizer	Course name	Hours	Date
Chairman	Mr. Lin, Tien-Fu	Securities and Futures Development Foundation	The 2 <sup>nd</sup> Corporate Governance Evaluation Award Ceremony and Keynote Speech Seminar	3 hours	2016/6/16
		Taiwan Securities Association	Group governance and holdings governance	3 hours	2016/6/17
		Yuanta Financial Holding Co., Ltd.	The new business civilization of the Internet: The power of the community	2 hours	2016/10/17
General Manager	Ms. Chou, Hsiao-Ling	Taiwan Securities Association	Group governance and holdings governance	3 hours	2016/6/17
		Corporate Governance Association in Taiwan	The responsibilities of directors and supervisors for information disclosure and false financial statements	3 hours	2016/12/9
		Yuanta Financial Holding Co., Ltd.	Blockchain (FinTech) trends, applications, and infrastructure	2 hours	2016/8/5
Executive Vice President	Mr. Kuo, Yu-Hong	Taiwan Securities Association	The legal issues that should be paid attention to by the directors, supervisors, and managers of the public companies	3 hours	2016/3/4
			The on-job training for the executives of the securities firms	7.5 hours	2016/10/17
		Yuanta Financial Holding Co., Ltd.	2016 TO 2017 ~ Economy and Industry Watch	2 hours	2016/11/16
Vice President, Accounting Dept.	Yu-Cheng Chou	Taiwan Securities Association	Introduction of the latest tax laws and regulations that are of concern to all enterprises	3 hours	2016/1/13
			The Opportunity and Challenge of Financial Digitization and Corporate Governance	3 hours	2016/3/16
			“Business Secret Law” Legal Responsibility Study and Case Study	3 hours	2016/6/15
			The substantiation of the Corporate Social Responsibility of the listed companies	3 hours	2016/7/21
Senior Asst VP, Auditing Department	Wen-Fang Wu	Taiwan Academy of Banking and Finance (TABF)	Financial Business Workshop for auditors	18 hours	2016/7/4~7/5 2016/10/18
		Taiwan Futures Exchange Corporation	Futures Commission Merchants Internal Control Seminar	3 hours	2016/6/16
Compliance Department Senior Assistant Vice Presidents	Lee-Ling Chien	Chinese National Futures Association	"Money Laundering Prevention" Seminar	2 hours	2016/7/20
		Yuanta Financial Holding Co., Ltd.	Anti-Money Laundering and Financial Crime Prevention	2 hours	2016/10/07

Employee	Organizer	Course name	Hours	Head count
All registered sales	Chinese National Futures Association	Mandatory on-job training (including futures/consulting/brokerage/proprietary trading)	3 ~ 15 hours	233 persons
	Taiwan Securities Association	Securities on-job training	7.5 ~ 15 hours	93 persons
Training for new recruits	Securities and Futures Development Foundation	Mandatory orientation for new entrants (including securities and futures/consulting/and brokerage)	9 ~ 12 hours	175 persons
Accounting Department	Taiwan Securities Association	Continuing education for accounting officers	12 hours	2 persons
Clearing Department	Taiwan Securities Association	Margin purchases and short sales, and borrowing and lending personnel education and training	27 hours	2 persons
Business Department/ Network Business Department	Taipei NeiHu Technology Development Association	Investment Opportunities under the Global Internet financial turmoil	2 hours	13 persons
General Planning Department/ IT Department	Taipei Foundation Of Finance	2016 Cross-Strait - Fintech Workshop	16 hours	2 persons
Proprietary Trade Department	Taiwan Securities Association	Derivative foreign exchange instruments training course	60 hours	2 persons
Business Department/ Research Department/ Domestic Juristic Person Department/ Overseas Institutional Business Department	Chinese National Futures Association	Taipei International Futures Forum – The current situation and prospect of Gold Spot and Derivatives Market	3 hours	15 persons
IT Department	Taiwan Data Science Conference	The application of Artificial Intelligence and Machine Learning in Recommendation System	8 hours	1 persons
Brokerage Business Division / Domestic Juristic Person Department/ Network Business Department/ Research Department	Securities and Futures Institute/ EUREX	Professional trader training courses in Asia arranged by European Futures Exchange	18 hours	5 persons
Compliance Department/ Audit Office/ Clearing Department	Chinese National Futures Association	"Money Laundering Prevention" Seminar	2 hours	7 persons
Taichung Branch	Labor Safety and Health Association of R.O.C.	Class B occupational safety and health director education and training	35 hours	1 persons
Tainan Branch	Labor Safety and Health Association of R.O.C.	Class C occupational safety and health director education and training	21 hours	1 persons
Tainan Branch	Labor Safety and Health Association of R.O.C.	First Aid Personnel on-job training	3 hours	1 persons
Kaohsiung Branch	Labor Safety and Health Management Society of R.O.C.	Occupational safety and health personnel training	6 hours	1 persons
New entrants in 2016	Yuanta Financial Holding Co., Ltd.	Training of labor safety and health for the new entrants	3 hours	40 persons
All employees	Yuanta E-Academy online	Legal & compliance /	0.5 ~ 1	360

Employee	Organizer	Course name	Hours	Head count
	education and training	Anti-Money Laundering /Anti-bribery/Information Safety/Personal Information Protection Act/Financial Consumers Protection Act Training in 2016	hours	persons

### Employees' certification:

Department Certificate and license name	Business Department, 52 staffs	Proprietary Trading Department, 20 staffs	Domestic Institutions Department, 8 staffs	Research Department, 9 staffs	Internal Audit Department, 5 staffs	Accounting Department, 6 staffs	Financial Department, 6 staffs	Customer Service / Trading Department, 18 staffs	Clearing Department, 21 staffs	Network Business Department, 13 staffs
Certified Public Accountant, R.O.C.	0	0	0	0	0	1	0	0	0	0
Certified Public Accountant, U.S.	0	0	0	0	0	1	0	0	0	0
Futures Practitioner, China	11	2	3	1	2	0	1	4	4	4
Futures Practitioner, Hong Kong	2	1	0	0	2	0	1	0	0	5
Futures Associated Persons	52	20	8	9	5	5	6	18	19	13
Futures Trading Analyst	2	4	1	1	0	0	1	0	0	5
Securities sales personnel	40	4	3	1	3	3	2	8	13	6
Senior securities sales personnel	13	8	6	7	5	1	4	6	7	7
Certified Securities Investment Analyst	1	1	0	0	0	0	0	0	0	2
Certified Securities Investment Trust and Consulting Professional	7	4	0	5	3	1	2	3	4	4
Trust Personnel	9	2	0	1	3	0	2	4	7	4
Bond personnel	0	0	0	1	0	0	1	0	0	0
Bank Internal Control Personnel	1	0	0	0	2	0	0	2	2	1
Corporate Internal Control Personnel	1	1	0	0	1	0	0	0	1	0
Derivative foreign exchange instruments salespersons	0	2	0	0	0	0	0	0	0	0
Structured instruments salespersons	27	3	0	0	2	0	0	1	2	1
Investment insurance salespersons	2	0	0	0	2	0	1	3	1	3
Certified Financial Planner	3	3	0	0	2	0	2	0	4	4
Wealth management salespersons	0	0	0	0	2	0	0	0	1	2
Bills personnel	1	0	0	1	0	0	0	0	0	0
Certified Life Insurance Representative	5	0	0	2	2	1	0	3	6	3
Certified Property Insurance Representative	4	0	0	0	1	0	0	3	3	0
Total	181	55	21	29	37	13	23	55	74	64

3. Pension system: since October 1998, The Company had complied with the Labor

Standards Act by contributing 2% of employees' salaries as pension into dedicated accounts opened under the Bank of Taiwan. The Labor Pension Act came into effect since 1 July 2005, and mandated a defined contribution plan. After its implementation, employees were given the option to choose between the pension scheme made available under the "Labor Standards Act", or the pension scheme under the new "Labor Pension Act" while carrying forward their years of service into the new scheme.

4. Employer/employee agreements and employees' rights: The Company had maintained a harmonic relationship with its employees since inception. It organizes meetings with employees according to its Employer/Employee Meeting Rules as a form of communication and as means for settling disputes.

(II) The losses resulted from labor disputes in the last two years and up to the annual report published date; disclosure of the current and noncurrent estimated losses and the responsive measures; if such loss amount cannot be reasonably estimated, please state the reason why:

Mr. Hong, the former employee, voluntarily applied for retirement to the Company. The Company had his pension calculated and paid lawfully. Mr. Hong had received the pension payment and still filed a civil lawsuit in June 2015 to request having pension calculated as an employee of the terminated company, Polaris Securities, a third party to the lawsuit for an amount of NT\$6,216,600 plus statutory interest. A ruling was made by Taipei District Court in January 2016 that the Company should pay NT\$813,730 to Mr. Hong with interest accrued at 5% per annum for the period from June 16, 2015 to the date of settlement. Both the plaintiff and the defendant of the case had appealed to Taiwan High Court. Mr. Hong had appealed to Taiwan High Court with a decreased claim of NT\$4,755,246 and the statutory interest. A ruling was delivered by Taiwan High Court in December 2016 with the original judgment regarding the Company's paying principal and interest for an amount of NT\$2664 and the Company's bearing of the litigation expense revoked. Regarding the aforementioned revocation, the plea of Mr. Hong in the first trial was dismissed. Mr. Hong's appeal and the Company's appeals were both dismissed. The Company had paid NT\$2,664 for the principal and interest according to the ruling delivered by the court; therefore, an appeal to the Supreme Court was prohibited. A notice from Taiwan High Court was received on January 25, 2017 that Mr. Hong had appealed to the Supreme Court. The case has no significant impacts to The Company's operation or shareholders' equity.

(III) Working environment and employee personal safety

Item	content
Entrance Security	<ol style="list-style-type: none"> <li>1. Our office building has strict access control monitoring system during the daytime and the nighttime.</li> <li>2. Our company signed the contract with the security firm for the nighttime and holidays to keep the safety of the office.</li> </ol>
Equipment maintenance and inspection	<ol style="list-style-type: none"> <li>1. According to regulations for inspecting and reporting buildings public security, the building management committee appoints the external professional company to conduct public safety inspection every two years.</li> <li>2. According to Fire Services Act, it is outsourced to conduct the fire- fighting security inspection every year.</li> <li>3. According to the Company's code of practice in labor safety and health, for every three month the maintenance of dispensers is conducted, for every year the maintenance and inspection of high and low voltage electrical equipment, air conditioning, and fire- fighting devices, etc., and regular check for vehicle by miles.</li> </ol>

Disaster prevention and response actions	<p>1. The Company have formulated “Natural Disasters Management Guidelines,” “Major Accidental Event Reporting Operating Guidelines,” and “Labor Safety and Health Management Rule” to prepare notes for disaster prevention and urgency repair in advance, and reporting procedures of accidents and occupational injuries. Responsibilities and tasks due to major events such as natural disasters, serious injuries, etc. in a sudden.</p> <p>2. To keep employee safety and health and promote health and safety services, the Company places one Certified Administrator of Occupational Safety and Health affairs - Class A and several First Aid Personnel.</p>
Physical health	<p>1. Physical examination: The Company provides regular health examination every two years in accordance with Labor Safety and Health Act for in-service staff. Psychological counseling and assessment is also provided and the psychological counseling may be requested to the physician as personal wishes.</p> <p>2. Working environment hygiene: smoking completely prohibited in business areas, and seminar tours are arranged, the office environment is regularly cleaned and disinfected.</p>
Mental health	<p>1. Education and Training: Stress (emotion) management course, communication skills course, and innovative thinking course are arranged, feature seminars for employees’ mental accommodation and strengthening competence are held, and e-learning is provided.</p> <p>2. Opinions delivery: establish an employees’ dedicated block on the website; provide employees’ opinions discussion area, suggestion area, application form and user manuals download area, legal pieces, learning are, and training announcement area; provide channels for employees’ opinions delivery, emotion outlets, and interactive learning.</p> <p>3. Sexual harassment prevention: Ratify the “Guideline on sexual harassment prevention, complaint, and discipline.”</p>
Insurance and medical condolences	<p>1. The Company provides labor insurance (covering occupational injuries insurance) and health insurance for employees as required by law. The Company finds the other insurance company to provide employees and their dependents accident insurance, medical insurance cancer insurance, etc. at preferential rates.</p> <p>2. The Company have all employees insured against accidents on duty with insurance coverage 10 million NTD as the compensation for employees or the heirs due to work related disabilities or death.</p> <p>3. Provide preferential allowance and subsidies for injuries and death of the employee as well as injuries and death of the employee’s spouse and children.</p>

## VI. Major contracts

### (I) Yuanta Futures Co., Ltd.

Date of information: February 28, 2017

Contract nature	Participants	Contract start and end dates	Main contents	Restrictive clauses
Maintenance agreement on IT hardware	IBM Taiwan	January 1, 2016 ~ December 31, 2018	IBM Maintenance Agreement on Hardware	None
Leasing agreement on real properties (leasing)	Yuanta Securities Co., Ltd.	April 1, 2015 ~ March 31, 2018	Lease the space in 11~12F of Tatung Building for housing the Head Office of futures operation, Taipei Business Department, Proprietary Trade Department, and related departments and offices.	General legal principle
Purchase Agreement on IT software	SYSTEX	January 1, 2015 ~ December 31, 2017	Microsoft EA Software Procurement (mainly signed by the Financial Holdings)	None

Lease agreement on equipment	CHT HiNet Internet Service	1 November 2012 ~ 31 October 2017	Lease agreement on leasing the space of CHT HiNet machine room, network, and maintenance service.	None
General trade contract	Logiscalis Singapore Pte. Ltd. Taiwan Branch	February 20, 2014 ~ June 20, 2017	Remote engine room construction and procurement contract	General trade contract

(II) Yuanta Futures (HK) Co., Limited

Date of information: February 28, 2017

Contract nature	Participants	Contract start and end dates	Main contents	Restrictive clauses
Lease agreement on equipment	CHT HiNet Internet Service	from September 17, 2012 till now	Lease agreement on leasing the space of CHT HiNet machine room, network, and maintenance service.	None
service contract	Yuanta Securities (HK) Co., Limited	from May 31, 2013 till now	The human support and consultation such as human resource, IT technology, and legal compliance, etc. are provided by Yuanta Securities (Hong Kong) Ltd.	the interested party
Leasing agreement on real properties (leasing)	Sunflower Development Limited	November 16, 2017	Office space of Yuanta Futures (HK) Co., Limited: An official lease agreement for Room 1304, Building 1 of Admiralty Center	3 years
Information equipment and information contract	European Exchange	January 1, 2017	Expenses paid for the futures information purchased from Euronext Futures Exchange	None
Purchase Agreement on IT software	Zhengzhou Esunny Information Technology Co., Ltd.	February 15, 2017	Esunny International Financial Derivatives Transaction Analysis software system	Within 3 years from the online date

## Six. Financial summary

### I. Summary balance sheet and comprehensive income statement for the last 5 years

#### (I) Summary balance sheet and comprehensive income statement

##### 1. Summary balance sheet

Unit: NTD thousand

Item	Year	Consolidated financial information for the latest 5 years (Note 1)				
		2012	2013	2014 (adjusted) (Note 2)	2015	2016 (Note 3)
Current assets		37,449,016	35,378,071	36,003,882	54,851,638	60,115,219
property , plant, and equipment		136,960	120,415	80,954	70,570	53,039
Intangible assets		40,421	40,694	41,599	35,166	30,396
Other assets		1,448,346	1,627,340	1,600,456	1,894,478	1,973,189
Total assets		39,074,743	37,166,520	37,726,891	56,851,852	62,171,843
Current liabilities	Before dividend distribution	32,407,867	30,118,667	30,234,715	50,015,264	54,916,977
	After dividend distribution	32,823,641	30,599,479	31,847,924	50,544,854	-
Non-current liabilities		40,517	42,788	41,148	59,481	70,970
Total liabilities	Before dividend distribution	32,448,384	30,161,455	30,278,863	50,074,745	54,987,947
	After dividend distribution	32,864,158	30,642,267	31,892,072	50,604,335	-
Attributable to owners of the parent company		6,626,359	7,005,065	7,448,028	6,777,107	7,183,896
Share capital		2,322,763	2,322,763	2,322,763	2,322,763	2,322,763
Capital reserve	Before dividend distribution	1,999,045	1,940,976	1,940,976	940,976	940,976
	After dividend distribution	1,940,976	1,940,976	940,976	940,976	-
Retained earnings	Before dividend distribution	1,858,813	2,156,969	2,546,954	2,694,519	2,991,707
	After dividend distribution	1,501,108	1,676,157	1,933,745	2,164,929	-
Other equity		445,738	584,357	637,335	818,849	928,450
Treasury stock		0	0	0	0	0
non-controlling interests		0	0	0	0	0
Total equity	Before dividend distribution	6,626,359	7,005,065	7,448,028	6,777,107	7,183,896
	After dividend distribution	6,210,585	6,524,253	5,834,819	6,247,517	-

\* The Company has prepared individual financial statement; therefore, the below condensed separate balance sheets within five years are provided otherwise.

\* The financial information adopting International Financial Reporting Standards is not over 5 years; therefore, the below table of financial information adopting Taiwan financial reporting standards is provided otherwise.

Note 1: All financial information for the last 5 years has been audited.

Note 2: The effect of applying IFRSs No. 19 "Employee Benefits," 2013 version, since 2015.

Note 3: As of the date this report was printed, the proposal for the distribution of earnings in 2016 has not been passed by the General Meeting of shareholders.

Unit: NTD thousand

Item	Year	Separate financial information in the last five years (Note 1)				
		2012	2013	2014 (adjusted) (Note 2)	2015	2016 (Note 3)
Current assets		37,226,337	35,102,718	35,797,043	54,452,849	59,736,730
Property, plant, and equipment		136,960	116,594	79,803	68,683	50,487
Intangible assets		40,421	40,694	34,522	31,355	29,852
Other assets		1,670,595	1,844,258	1,809,886	2,297,826	2,353,452
Total assets		39,074,313	37,104,264	37,721,254	56,850,713	62,170,521
Current liabilities	Before dividend distribution	32,407,437	30,056,411	30,229,078	50,014,125	54,915,655
	After dividend distribution	32,823,211	30,537,223	31,842,287	50,543,715	-
Non-current liabilities		40,517	42,788	44,148	59,481	70,970
Total liabilities	Before dividend distribution	32,447,954	30,099,199	30,273,226	50,073,606	54,986,625
	After dividend distribution	32,863,728	30,580,011	31,886,435	50,603,196	-
Attributable to owners of the parent company		6,626,359	7,005,065	7,448,028	6,777,107	7,183,896
Share capital		2,322,763	2,322,763	2,322,763	2,322,763	2,322,763
Capital reserve	Before dividend distribution	1,999,045	1,940,976	1,940,976	940,976	940,976
	After dividend distribution	1,940,976	1,940,976	940,976	940,976	-
Retained earnings	Before dividend distribution	1,858,813	2,156,969	2,546,954	2,694,519	2,991,707
	After dividend distribution	1,501,108	1,676,157	1,933,745	2,164,929	-
Other equity		445,738	584,357	637,335	818,849	928,450
Treasury stock		0	0	0	0	0
non-controlling interests		0	0	0	0	0
Total equity	Before dividend distribution	6,626,359	7,005,065	7,448,028	6,777,107	7,183,896
	After dividend distribution	6,210,585	6,524,253	5,834,819	6,247,517	-

\* The financial information adopting International Financial Reporting Standards is not over 5 years; therefore, the below table of financial information adopting Taiwan financial reporting standards is provided otherwise.

Note 1: All financial information for the last 5 years has been audited.

Note 2: The effect of applying IFRSs No. 19 "Employee Benefits," 2013 version, since 2015.

Note 3: As of the date this report was printed, the proposal for the distribution of earnings in 2016 has not been passed by the General Meeting of shareholders.

## 2. Summary comprehensive income statement

Unit: NTD thousand

Item \ Year	Consolidated financial information for the latest 5 years (Note 1)				
	2012	2013	2014 (adjusted) (Note 2)	2015	2016
Operating revenues	2,748,028	2,396,759	2,274,034	2,929,929	2,933,375
Operating gross profit	1,404,110	1,241,706	1,160,488	1,421,834	1,406,610
Operating gains and losses	248,999	225,979	227,853	407,954	398,161
Non-operating revenues and expenses	455,934	550,221	772,168	527,166	592,095
Earnings before tax	704,933	776,200	1,000,021	935,120	990,256
Current pre-tax profit from continuing operations	593,731	653,867	871,045	777,093	835,706
gain(loss) from discontinued operations	0	0	0	0	0
Current period net profit (loss)	593,731	653,867	871,045	777,093	835,706
Other comprehensive income for the period (post-tax profit or loss)	58,733	140,613	57,575	165,195	100,673
Total comprehensive income for the period	652,464	794,480	928,620	942,288	936,379
Net income attributable to owners of the parent company	534,431	653,867	871,045	777,093	835,706
Net income attributable to non-controlling interests	59,300	0	0	0	0
Total comprehensive income attributable to owners of the parent company	593,164	794,480	928,620	942,288	936,379
Total comprehensive income attributable to non-controlling interests	59,300	0	0	0	0
Base earnings per share (Note 3)	2.56	2.82	3.75	3.35	3.60

\* The Company has prepared individual financial statement; therefore, the below individual comprehensive statements of income within five years are provided otherwise.

\* The financial information adopting International Financial Reporting Standards is not over 5 years; therefore, the below table of financial information adopting Taiwan financial reporting standards is provided otherwise.

Note 1: All financial information for the last 5 years has been audited.

Note 2: The effect of applying IFRSs No. 19 "Employee Benefits," 2013 version, since 2015.

Note 3: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

Unit: NTD thousand

Item \ Year	Separate financial information in the last five years (Note 1)				
	2012	2013	2014 (adjusted) (Note 2)	2015	2016
Operating revenues	2,748,026	2,393,399	2,269,734	2,929,853	2,884,110
Operating gross profit	1,404,108	1,238,493	1,156,340	1,421,758	1,357,344
Operating gains and losses	251,751	240,389	249,893	426,992	416,879
Non-operating revenues and expenses	453,182	535,811	750,128	508,128	573,377
Earnings before tax	704,933	776,200	1,000,021	935,120	990,256
Current pre-tax profit from continuing operations	593,731	653,867	871,045	777,093	835,706
gain(loss) from discontinued operations	0	0	0	0	0
Current period net profit (loss)	593,731	653,867	871,045	777,093	835,706
Other comprehensive income for the period (post-tax profit or loss)	58,733	140,613	57,575	165,195	100,673
Total comprehensive income for the period	652,464	794,480	928,620	942,288	936,379
Net income attributable to owners of the parent company	534,431	653,867	871,045	777,093	835,706
Net income attributable to non-controlling interests	59,300	0	0	0	0
Total comprehensive income attributable to owners of the parent company	593,164	794,480	928,620	942,288	936,379
Total comprehensive income attributable to non-controlling interests	59,300	0	0	0	0
Base earnings per share (Note 3)	2.56	2.82	3.75	3.35	3.60

\* The financial information adopting International Financial Reporting Standards is not over 5 years; therefore, the below table of financial information adopting Taiwan financial reporting standards is provided otherwise.

Note 1: All financial information for the last 5 years has been audited.

Note 2: The effect of applying IFRSs No. 19 "Employee Benefits," 2013 version, since 2015.

Note 3: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

(II) Condense balance sheets and statements of income - Taiwan financial reporting standards

1. Condense balance sheets - Taiwan financial reporting standards

Unit: NTD thousand

Item	Year	The parent company's financial information within five years (Note 1)				
		2012	2013	2014	2015	2016
Current assets		37,230,559	-	-	-	-
Funds and investments		612,046	-	-	-	-
Fixed assets		161,339	-	-	-	-
Intangible assets		40,421	-	-	-	-
Other assets		570,177	-	-	-	-
Total assets		38,614,542	-	-	-	-
Current liabilities	Before dividend distribution	32,403,127	-	-	-	-
	After dividend distribution	32,818,901	-	-	-	-
Long term liabilities		1,320	-	-	-	-
Other liabilities		89,989	-	-	-	-
Total liabilities	Before dividend distribution	32,494,436	-	-	-	-
	After dividend distribution	32,910,210	-	-	-	-
Share capital		2,322,763	-	-	-	-
Capital reserve	Before dividend distribution	2,007,777	-	-	-	-
	After dividend distribution	1,949,708	-	-	-	-
Retained earnings	Before dividend distribution	1,809,389	-	-	-	-
	After dividend distribution	1,451,684	-	-	-	-
Unrealized gain/loss on financial instrument		-1,839	-	-	-	-
Cumulative translation adjustments		-17,984	-	-	-	-
Net losses not recognized as pension costs		0	-	-	-	-
Total shareholders' equity	Before dividend distribution	6,120,106	-	-	-	-
	After dividend distribution	5,704,332	-	-	-	-

Note 1: All financial information for the last 5 years has been audited.

Unit: NTD thousand

Item	Year	The parent company's and subsidiaries' financial information within five years (Note 1)				
		2012	2013	2014	2015	2016
Current assets		37,453,238	-	-	-	-
Funds and investments		388,955	-	-	-	-
Fixed assets		162,022	-	-	-	-
Intangible assets		40,421	-	-	-	-
Other assets		570,336	-	-	-	-
Total assets		38,614,972	-	-	-	-
Current liabilities	Before dividend distribution	32,403,557	-	-	-	-
	After dividend distribution	32,819,331	-	-	-	-
Long term liabilities		1,320	-	-	-	-
Other liabilities		89,989	-	-	-	-
Total liabilities	Before dividend distribution	32,494,866	-	-	-	-
	After dividend distribution	32,910,640	-	-	-	-
Share capital		2,322,763	-	-	-	-
Capital reserve	Before dividend distribution	2,007,777	-	-	-	-
	After dividend distribution	1,949,708	-	-	-	-
Retained earnings	Before dividend distribution	1,809,389	-	-	-	-
	After dividend distribution	1,451,684	-	-	-	-
Unrealized gain/loss on financial instrument		-1,839	-	-	-	-
Cumulative translation adjustments		-17,984	-	-	-	-
Net losses not recognized as pension costs		0	-	-	-	-
Total shareholders' equity	Before dividend distribution	6,120,106	-	-	-	-
	After dividend distribution	5,704,332	-	-	-	-

Note 1: The financial information within five years was all audited and certified by the certified public accountants; consolidated financial statements were prepared since 2011.

2. Condense statements of income - Taiwan financial reporting standards

Unit: NTD thousand

Item	Year	The parent company's financial information within five years (Note 1)				
		2012	2013	2014	2015	2016
Operating revenues		3,567,794	-	-	-	-
Operating gross profit		1,431,002	-	-	-	-
Operating gains and losses		268,862	-	-	-	-
Non-operating revenues and gains		488,703	-	-	-	-
Non-operating expenses and losses		64,528	-	-	-	-
Net profit before tax from continuing operations		693,037	-	-	-	-
Net profit from continuing operations		583,498	-	-	-	-
Gains and losses from discontinued operations		0	-	-	-	-
Extraordinary gains and losses		0	-	-	-	-
Cumulative effects of changes in accounting policies		0	-	-	-	-
Current period profit (loss)		583,498	-	-	-	-
Basic earnings per share (\$) (Note 2)		2.51	-	-	-	-

Note 1: All financial information for the last 5 years has been audited.

Note 2: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

Unit: NTD thousand

Item	Year	The parent company's and subsidiaries' financial information within five years (Note 1)				
		2012	2013	2014	2015	2016
Operating revenues		3,567,796	-	-	-	-
Operating gross profit		1,431,004	-	-	-	-
Operating gains and losses		266,109	-	-	-	-
Non-operating revenues and gains		489,697	-	-	-	-
Non-operating expenses and losses		62,769	-	-	-	-
Net profit before tax from continuing operations		693,037	-	-	-	-
Net profit from continuing operations		583,498	-	-	-	-
Gains and losses from discontinued operations		0	-	-	-	-
Extraordinary gains and losses		0	-	-	-	-
Cumulative effects of changes in accounting policies		0	-	-	-	-
Current period profit (loss)		583,498	-	-	-	-
Basic earnings per share (\$) (Note 2)		2.51	-	-	-	-

Note 1: The financial information within five years was all audited and certified by the certified public accountants; consolidated financial statements were prepared since 2011.

Note 2: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

(III) Names of financial statement auditors in the last 5 years, and their audit opinions

Year	Name of auditor	Auditor's firm	Audit opinion
2012	Sai-Kai Lin, Hsiu-Ling Li	PwC Taiwan	Modified unqualified opinion
2013	Sai-Kai Lin, Hsiu-Ling Li	PwC Taiwan	Modified unqualified opinion
2014	Sai-Kai Lin, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion
2015	Sai-Kai Lin, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion
2016	Sai-Kai Lin, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion

## II. Financial analysis for the previous 5 years (historical performance indicators)

### (I) Financial analysis

Items of analysis		(1) Consolidated financial analysis for the latest 5 years (Note 1)				
		Year	2012	2013	2014 (adjusted) (Note 2)	2015
Financial structure%	Debt to assets ratio	83.04	81.15	80.26	88.08	88.45
	Ratio of long-term capital to property, plant and equipment	4867.75	5852.97	9254.86	9687.67	13678.36
Solvency%	Current ratio	115.56	117.46	119.08	109.67	109.47
	Liquid ratio	115.53	117.43	119.07	109.66	109.46
	Interest coverage ratio	0	0	0	0	0
Profitability	Return on assets (%)	1.49	1.72	2.33	1.64	1.40
	Return on equity (%)	9.29	9.59	12.05	10.93	11.97
	Ratio (%) of net income before tax to paid-in capital	30.35	33.42	43.05	40.26	42.63
	Net profit margin (%)	21.61	27.28	38.30	26.52	28.49
	Earnings per share (\$) (Notes 3 and 4)	2.56	2.82	3.75	3.35	3.60
Cash flow (Note 5)	Cash flow ratio (%)	1.74	2.58	2.00	0.92	1.67
	Cash flow adequacy ratio (%)	122.82	132.60	115.92	75.81	85.02
	Cash flow reinvestment ratio (%)	0.22	4.28	1.64	-16.55	5.28
Special purpose ratios (%)	Shareholders' equity to adjusted total liabilities ratio	1938.44	2525.78	2165.92	1413.23	897.85
	Shareholders' equity to minimum paid-up capital ratio	556.84	596.18	633.87	576.78	619.30
	Adjusted net capital to required margins on futures traders' outstanding position	127.8	132.21	143.25	72.45	82.16

Please describe the reasons for the changes in the financial ratios over the last two years (If the increase or decrease is less than 20%, an analysis is exempted)

The ratio of long-term funds to real estate, plant, and equipment: Mainly due to the increase of retained earnings and other equity.

Cash flow ratio: was mainly due to increase in the cash flow from the operating activity for the period compared to the prior period.

Cash re-investment ratio: mainly due to increase in cash flow from operating activities for the period compared to the prior period and reduction of cash dividend for the period compared to prior period.

The ratio of shareholders' equity to ANC: Mainly due to the increase of retained earnings and other equity.

\* The Company has prepared individual financial statement; therefore, the below financial ratios analysis is provided otherwise.

\* The financial information adopting International Financial Reporting Standards is not over 5 years; therefore, the below table of financial information adopting Taiwan financial reporting standards is provided otherwise.

Note 1: All financial information for the last 5 years has been audited.

Note 2: The effect of applying IFRSs No. 19 "Employee Benefits," 2013 version, since 2015.

Note 3: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

Note 4: Calculations for earnings per share must take into account the following:

- ① Use weighted average outstanding ordinary shares instead of year-end outstanding shares.
- ② The weighted average outstanding shares must take into account all cash issues or treasury stock transactions, and the length of time shares were in circulation.

- ③ Where there is any capitalization from earnings or paid-in capital, the calculation of earnings per share annually or semi-annually should be adjusted retroactively and proportionally to the additional capitalization, but with no need to consider the issuing period of the capitalization.

Note 5: The cash flow analysis must take into account the following:

- ① Net cash flow from operating activities is taken from the net cash flow from operating activities presented in the cash flow statement.
- ② Capital expenditure refers to the amount of annual cash outflow for capital investments.
- ③ Dividends from preference shares with liability characteristics, as defined in Statement of Financial Accounting Standards No. 36, were not calculated as cash dividends.
- ④ Gross fixed asset refers to the amount of fixed assets before deducting accumulated depreciation.
- ⑤ The gross amount of property, plant, and equipment is the total amount of property, plant, and equipment before deducting accumulated depreciation.

The formula of the various analyses are defined below:

#### 1. Financial structure

- (1) The ratio of total liabilities to total assets = total liabilities/total assets
- (2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) /property, plant and equipment.

#### 2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets – inventories – prepaid expense) /current liabilities
- (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.

#### 3. Profitability

- (1) Ratio or return on total assets = post-tax profit or loss/average total assets
- (2) Return on shareholders' equity = after tax net profit/ total average equity.
- (3) Profit ratio = net income/net sales
- (4) Earnings per share = (profits or loss attributable to owners of the parent company – preferred stock dividend) /weighted average stock shares issued

#### 4. Cash flow

- Cash flow ratio = net cash flow from operating activities / current liabilities.
- (1) Cash flow adequacy ratio = net cash flow from operating activities within five years/(capital expenditure + inventory increase + cash dividend) within five years
  - (2) Cash re-investment ratio = (net cash flow from operating activity – cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital)

#### 5. Special purpose ratios:

- (1) Shareholders' equity to total liabilities ratio = shareholders' equity / (total liabilities - futures traders' equity - provision for trading loss - provision for settlement default).
- (2) Shareholders' equity to minimum paid-up capital ratio = shareholders' equity / minimum paid-up capital.
- (3) Ratio of the adjusted net capital amount to the total customer margin amount for the futures trader's un-offset position = Adjusted net capital / Total customer's margin amount for the futures trader's un-offset position

Items of analysis		Individual financial analysis within five years (Note 1)				
		Year	2012	2013	2014 (adjusted) (Note 2)	2015
Financial structure%	Debt to assets ratio	83.04	81.12	80.26	88.08	88.44
	Ratio of long-term capital to <u>property, plant and equipment</u>	4867.75	6044.78	9388.34	9953.83	14369.77
Solvency%	Current ratio	114.87	116.79	118.42	108.87	108.78
	Liquid ratio	114.85	116.76	118.41	108.87	108.77
	Interest coverage ratio	0	0	0	0	0
Profitability	Return on assets (%)	1.49	1.72	2.33	1.64	1.40
	Return on equity (%)	9.29	9.59	12.05	10.93	11.97
	Ratio (%) of net income before tax to paid-in capital	30.35	33.42	43.05	40.26	42.63
	Net profit margin (%)	21.61	27.32	38.38	26.52	28.98
	Earnings per share (\$) (Notes 3 and 4)	2.56	2.82	3.75	3.35	3.60
Cash flow (Note 5)	Cash flow ratio (%)	1.75	2.62	2.05	0.94	1.68
	Cash flow adequacy ratio (%)	128.89	138.60	122.72	80.19	86.49
	Cash flow reinvestment ratio (%)	0.25	4.41	1.82	-16.43	5.38
Special purpose ratios (%)	Shareholders' equity to adjusted total liabilities ratio	1940.05	2539.24	2176.17	1416.59	899.34
	Shareholders' equity to minimum paid-up capital ratio	556.84	596.18	633.87	576.78	619.30
	Adjusted net capital to required margins on futures traders' outstanding position	127.80	149.55	143.25	72.45	82.16

Please describe the reasons for the changes in the financial ratios over the last two years (If the increase or decrease is less than 20%, an analysis is exempted)

The ratio of long-term funds to real estate, plant, and equipment: Mainly due to the increase of retained earnings and other equity.

Cash flow ratio: was mainly due to increase in the cash flow from the operating activity for the period compared to the prior period.

Cash re-investment ratio: mainly due to increase in cash flow from operating activities for the period compared to the prior period and reduction of cash dividend for the period compared to prior period.

The ratio of shareholders' equity to ANC: Mainly due to the increase of retained earnings and other equity.

\* The financial information adopting International Financial Reporting Standards is not over 5 years; therefore, the below table of financial information adopting Taiwan financial reporting standards is provided otherwise.

Note 1: All financial information for the last 5 years has been audited.

Note 2: The effect of applying IFRSs No. 19 "Employee Benefits," 2013 version, since 2015.

Note 3: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

Note 4: Calculations for earnings per share must take into account the following:

- ① Use weighted average outstanding ordinary shares instead of year-end outstanding shares.
- ② The weighted average outstanding shares must take into account all cash issues or treasury stock transactions, and the length of time shares were in circulation.
- ③ Where there is any capitalization from earnings or paid-in capital, the calculation of earnings per share annually or semi-annually should be adjusted retroactively and proportionally to the additional capitalization, but with no need to consider the issuing period of the capitalization.

Note 5: The cash flow analysis must take into account the following:

- ① Net cash flow from operating activities is taken from the net cash flow from operating activities presented in the cash flow statement.
- ② Capital expenditure refers to the amount of annual cash outflow for capital investments.
- ③ Dividends from preference shares with liability characteristics, as defined in Statement of Financial Accounting Standards No. 36, were not calculated as cash dividends.
- ④ Gross fixed asset refers to the amount of fixed assets before deducting accumulated depreciation.
- ⑤ The gross amount of property, plant, and equipment is the total amount of property, plant, and equipment before deducting accumulated depreciation.

The formula of the various analyses are defined below:

#### 1. Financial structure

- (1) The ratio of total liabilities to total assets = total liabilities/total assets
- (2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) / property, plant and equipment.

#### 2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets – inventories – prepaid expense) / current liabilities
- (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.

#### 3. Profitability

- (1) Ratio or return on total assets = post-tax profit or loss/average total assets
- (2) Return on shareholders' equity = after tax net profit/ total average equity.
- (3) Profit ratio = net income/net sales
- (4) Earnings per share = (profits or loss attributable to owners of the parent company – preferred stock dividend) / weighted average stock shares issued

#### 4. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
- (3) Cash re-investment ratio = (net cash flow from operating activity – cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital)

#### 5. Special purpose ratios:

- (1) Shareholders' equity to total liabilities ratio = shareholders' equity / (total liabilities - futures traders' equity - provision for trading loss - provision for settlement default).
- (2) Shareholders' equity to minimum paid-up capital ratio = shareholders' equity / minimum paid-up capital.
- (3) Ratio of the adjusted net capital amount to the total customer margin amount for the futures trader's un-offset position = Adjusted net capital / Total customer's margin amount for the futures trader's un-offset position

(II) Financial analysis - Taiwan financial reporting standards

Items of analysis		Year	The parent company's financial analysis within five years (Note 1)				
		2012	2013	2014	2015	2016	
Financial structure%	Debt to assets ratio	84.15	-	-			
	Long term capital as a percentage of fixed assets	3,794.14	-	-			
Solvency%	Current ratio	114.90	-	-			
	Liquid ratio	114.87	-	-			
	Interest coverage ratio	0	-	-			
Profitability	Return on assets (%)	1.53	-	-			
	Return on shareholders' equity (%)	9.51	-	-			
	As a percentage of paid up capital (%)	Operating profit	11.58	-	-		
		Pre-tax net profit	29.84	-	-		
	Net profit margin (%)	14.38	-	-			
	Base earnings per share (\$) (Note 2, 3)	2.51	-	-			
Cash flow (Note 4)	Cash flow ratio (%)	3.31	-	-			
	Cash flow adequacy ratio (%)	143.55	-	-			
	Cash flow reinvestment ratio (%)	7.38	-	-			
Special purpose ratios (%)	Shareholders' equity to adjusted total liabilities ratio	1,577.19	-	-			
	Shareholders' equity to minimum paid-up capital ratio	514.29	-	-			
	Adjusted net capital to required margins on futures traders' outstanding position	127.80	-	-			

Note 1: All financial information for the last 5 years has been audited.

Note 2: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

Note 3: Calculations for earnings per share must take into account the following:

- ① Use weighted average outstanding ordinary shares instead of year-end outstanding shares.
- ② The weighted average outstanding shares must take into account all cash issues or treasury stock transactions, and the length of time shares were in circulation.
- ③ Where there is any capitalization from earnings or paid-in capital, the calculation of earnings per share annually or semi-annually should be adjusted retroactively and proportionally to the additional capitalization, but with no need to consider the issuing period of the capitalization.

Note 4: The cash flow analysis must take into account the following:

- ① Net cash flow from operating activities is taken from the net cash flow from operating activities presented in the cash flow statement.
- ② Capital expenditure refers to the amount of annual cash outflow for capital investments.
- ③ Dividends from preference shares with liability characteristics, as defined in Statement of Financial Accounting Standards No. 36, were not calculated as cash dividends.
- ④ Gross fixed asset refers to the amount of fixed assets before deducting accumulated depreciation.
- ⑤ The gross amount of property, plant, and equipment is the total amount of property, plant, and equipment before deducting accumulated depreciation.

The formula of the various analyses are defined below:

1. Financial structure

- (1) The ratio of total liabilities to total assets = total liabilities/total assets
- (2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) /property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets – inventories – prepaid expense) /current liabilities
- (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.

3. Profitability

- (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average asset balance.
- (2) Return on shareholders' equity = after tax net profit/ total average equity.
- (3) Profit ratio = net income/net sales
- (4) Earnings per share = (profits or loss attributable to owners of the parent company – preferred stock dividend) /weighted average stock shares issued

4. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from operating activities within five years/(capital expenditure + inventory increase + cash dividend) within five years
- (3) Cash re-investment ratio = (net cash flow from operating activity – cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital)

5. Special purpose ratios:

- (1) Shareholders' equity to total liabilities ratio = shareholders' equity / (total liabilities - futures traders' equity - provision for trading loss - provision for settlement default).
- (2) Shareholders' equity to minimum paid-up capital ratio = shareholders' equity / minimum paid-up capital.
- (3) Ratio of the adjusted net capital amount to the total customer margin amount for the futures trader's un-offset position = Adjusted net capital / Total customer's margin amount for the futures trader's un-offset position

Items of analysis		Year	The parent company's and subsidiaries' financial analysis within five years (Note 1)					
			2012	2013	2014	2015	2016	
Financial structure%	Debt to assets ratio		84.15	-	-			
	Long term capital as a percentage of fixed assets		3,778.14	-	-			
Solvency%	Current ratio		115.58	-	-			
	Liquid ratio		115.56	-	-			
	Interest coverage ratio		0	-	-			
Profitability	Return on assets (%)		1.53	-	-			
	Return on shareholders' equity (%)		9.51	-	-			
	As a percentage of paid up capital (%)	Operating profit		11.46	-	-		
		Pre-tax net profit		29.84	-	-		
	Net profit margin (%)		14.38	-	-			
	Basic earnings per share (\$) (Note 2, 3)		2.51	-	-			
Cash flow (Note 4)	Cash flow ratio (%)		3.32	-	-			
	Cash flow adequacy ratio (%)		147.41	-	-			
	Cash flow reinvestment ratio (%)		7.46	-	-			
Special purpose ratios (%)	Shareholders' equity to adjusted total liabilities ratio		1,576.04	-	-			
	Shareholders' equity to minimum paid-up capital ratio		514.29	-	-			
	Adjusted net capital to required margins on futures traders' outstanding position		127.80	-	-			

Note 1: The financial information within five years was all audited and certified by the certified public accountants; consolidated financial statements were prepared since 2011.

Note 2: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

Note 3: Calculations for earnings per share must take into account the following:

- ① Use weighted average outstanding ordinary shares instead of year-end outstanding shares.
- ② The weighted average outstanding shares must take into account all cash issues or treasury stock transactions, and the length of time shares were in circulation.
- ③ Where there is any capitalization from earnings or paid-in capital, the calculation of earnings per share annually or semi-annually should be adjusted retroactively and proportionally to the additional capitalization, but with no need to consider the issuing period of the capitalization.

Note 4: The cash flow analysis must take into account the following:

- ① Net cash flow from operating activities is taken from the net cash flow from operating activities presented in the cash flow statement.
- ② Capital expenditure refers to the amount of annual cash outflow for capital investments.
- ③ Dividends from preference shares with liability characteristics, as defined in Statement of Financial Accounting Standards No. 36, were not calculated as cash dividends.

- ④ Gross fixed asset refers to the amount of fixed assets before deducting accumulated depreciation.
- ⑤ The gross amount of property, plant, and equipment is the total amount of property, plant, and equipment before deducting accumulated depreciation.

The formula of the various analyses are defined below:

1. Financial structure

- (1) The ratio of total liabilities to total assets = total liabilities/total assets
- (2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) /property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets – inventories – prepaid expense) /current liabilities
- (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.

3. Profitability

- (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average asset balance.
- (2) Return on shareholders' equity = after tax net profit/ total average equity.
- (3) Profit ratio = net income/net sales
- (4) Earnings per share = (profits or loss attributable to owners of the parent company – preferred stock dividend) /weighted average stock shares issued

4. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from operating activities within five years/(capital expenditure + inventory increase + cash dividend) within five years
- (3) Cash re-investment ratio = (net cash flow from operating activity – cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital)

5. Special purpose ratios:

- (1) Shareholders' equity to total liabilities ratio = shareholders' equity / (total liabilities - futures traders' equity - provision for trading loss - provision for settlement default).
- (2) Shareholders' equity to minimum paid-up capital ratio = shareholders' equity / minimum paid-up capital.
- (3) Ratio of the adjusted net capital amount to the total customer margin amount for the futures trader's un-offset position = Adjusted net capital / Total customer's margin amount for the futures trader's un-offset position

III. Audit report on the most recent year financial statements by the audit committee

**Yuanta Futures Co., Ltd.**  
**Audit Committees' Review Report**

For the Company's 2016 consolidated financial statements, financial statements and the 2016 business report and statement of retained earnings presented by the board of directors, in which, the financial statements were audited by CPA Sekai 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 2017 Annual General Meeting of Yuanta Futures Co., Ltd.

The Audit Committee of Yuanta Futures Co., Ltd.  
Convener Mr. Lai, Kun-Hung

March 23, 2017

- IV. Latest financial statements: refer to attachment of this annual report.
- V. The Company's consolidated and individual financial statements audited and certified by a certified public accountant in the most recent fiscal year. Please refer to attachment of this annual report.
- VI. If the company or any of its affiliated companies had, in the recent 2 years up until the publishing of this annual report, experienced financial distress, the impacts to the company's financial status must be disclosed: none.

## Seven. Review of financial status, business performance, and risk management issues

### I. Financial status analysis

Unit: NTD thousand

Item	Year	2016	2015	Difference	
				Amount	Variation (%)
Current assets		60,115,3219	54,851,638	5,263,581	9.60
Fixed assets		53,039	70,570	(17,531)	(24.84)
Intangible assets		30,396	35,166	(4,770)	(13.56)
Other assets		1,973,189	1,894,478	78,711	4.15
Total assets		62,171,843	56,851,852	5,319,991	9.36
Current liabilities		54,916,977	50,015,264	4,901,713	9.80
Non-current liabilities		70,970	59,481	11,489	19.23
Total liabilities		54,987,947	50,074,745	4,913,202	9.81
Share capital		2,322,763	2,322,763	0	0
Capital reserve		940,976	940,976	0	0
Retained earnings		2,991,707	2,694,519	297,188	11.03
Other equity		928,450	818,849	109,601	13.38
Total shareholders' equity		7,183,896	6,777,107	406,789	6.00

Major changes in assets, liabilities, and shareholders' equity in the last two years (variations more than 20% and amounting to at least NT\$10 million); describe their causes, impacts, and any responsive plans made in the future:

Fixed Assets: Due to the decrease of current real estate and equipment procurement over the previous period.

### II. Financial Performance Analysis

Unit: NTD thousand

Item	Year	2016	2015	Increase (decrease)	
				Amount	Variation (%)
Operating revenues		2,933,375	2,929,929	3,446	0.12
Operating gross profit		1,406,610	1,421,834	(15,224)	(1.07)
Operating gains and losses		398,161	407,954	(9,793)	(2.40)
Non-operating revenues and expenses		592,095	527,166	64,929	12.32
Earnings before tax		990,256	935,120	55,136	5.90
Income tax expense		154,550	158,027	(3,477)	(2.20)
Current period net profit		835,706	777,093	58,613	7.54
Current other general gains and losses (post-tax profit or loss)		100,673	165,195	(64,522)	(39.06)
Total comprehensive income for the period		936,379	942,288	(5,909)	(0.63)

(I) Significant variations in the last 2 years (for variations above 20%)

Other current omnibus profit or loss (after tax): It was due to the decrease of unrealized profit or loss of the current available-for-sale financial assets and the decrease of the

exchange spread from the conversion of financial statements of foreign institutions.

- (II) Expected sales and the basis of estimation, the likely impacts on The Company's future financial position, and responsive plans

The compilation of 2017 budget of the company is based on the actual business performance of each profit center in 2015 and the current business achievement forecasted for 2016, together with the business development strategy of the entire company. In addition, the government is continually developing domestic futures market, researching and launching new futures instruments, reducing investment restrictions and taxes, all the above are helping the overall futures market transaction volume to further expand in the future. As the first OTC futures merchant in the country, the company hopes to base on the good foundation already established to collaborate with the policies of the authorities and continues to grow with the futures market of Taiwan.

### III. Cash flow analysis

- (I) Changes in cash flow for the current year (2016)

Unit: NTD thousand

Opening cash balance (1)	Net cash flow from operating/investing activities for the year (2)	Cash outflow for the year (3)	Cash surplus (deficit) (1) + (2) - (3)	Financing of cash deficits	
				Investment plans	Financing plans
4,387,745	788,400	(529,590)	4,646,555	—	—

#### Cash flow changes for the current year

Item	Increase (decrease) in net cash flow	Description
Operating activities	\$ 917,130	Due to brokerage business and proprietary trade strategies.
Investing activities	(120,872)	Due to the increase of the available-for-sale financial assets and the procurement of real estate and equipment.
finance activities	(529,590)	It is due to the distribution of cash dividends and cash refund from the additional paid-in capital
Foreign exchange impact amount	(7,858)	
Total	\$ 258,810	

- (II) Plans to improve liquidity
1. Financing of cash deficits: not applicable.
  2. Liquidity analysis for the last 2 years

Unit: NTD thousand

Year	2016	2015	Variation (%)
Item			
Cash flow ratio (%)	1.67	0.92	81.52
Cash flow adequacy ratio (%)	85.02	75.81	12.15
Cash flow reinvestment ratio (%)	5.28	-16.55	131.90
Explanation to major variations:			
(1) Increase in cash flow ratio, was mainly due to increase in the cash flow from the operating activity for the period compared to the prior period.			
(2) Increase in cash flow adequacy ratio, due to increase in cash flow from operating activities within five years compared to the prior period and capital expenditure within five years compared to prior period.			
(3) Increase in cash re-investment ratio, mainly due to increase in cash flow from operating activities for the period compared to the prior period and reduction of cash dividend for the period compared to prior period.			

(III) Liquidity analysis for the next year (2017)

Unit: NTD thousand

Opening cash balance	Expected net cash flow from operating activities for the year	Expected cash outflow for the year	Expected cash surplus (deficit) (1) + (2) - (3)	Financing of cash deficits	
				Investment plans	Financing plans
4,646,555	673,350	(801,019)	4,518,886	—	—
Responsive measures and liquidity analysis on cash flow deficits: not applicable.					

- IV. Material capital expenditures in the latest year and impacts on business performance:
- (I) The use of the significant capital expenditure and the source of funds: The information equipment and systems replacement and upgrade capital expenditure in 2017 will be supported with the equity fund.
  - (II) Impacts of major capital expenditures to corporate finance: there are no significant impacts to The Company's finance.
- V. The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year
- (I) The Company's investment policy  
The Company's investments were planned and executed according to its internal controls and its "Long and short-term investment policy". As part of its administration

over invested businesses, the Accounting Department analyzes investees' financial statements on a regular basis for insights into their individual business operations. The Financial Department is also responsible for administrating The Company's investments. The company has also established “Procedures on intercompany financial transactions” and “Regulation Governing Direct Investments” to regulate and manage.

- (II) The major causes for profits or losses incurred by invested businesses, and any corrective actions

Unit: NTD thousand

Name of investee	Main business activities	Sum of initial investment	Investment gains/loss recognized in the latest year	Main causes of profit or loss	Corrective plans
Yuanta Futures (HK) Co., Limited	Category II: business dealing in futures contracts Category V: giving advices on futures contracts	193,319	(2,841)	The business license was acquired in 2012 and the business operation was initiated at the end of 2012; therefore, the business scale is yet to be expanded.	Expand business scope, increase brokerage fee income
SYF Information Co., Ltd.	IT software and information processing service providers	350,000	(8,952)	Commenced operation at the end of 2012; only research costs, investment loss, and interest revenue	Acquired investment company, registered for operation, recognizing investment gains
SYF Information (SAMOA) Limited	Investment holding	95,274	(3,249)	The business operation was initiated at the end of 2012; therefore, there were only investment loss and interest income reported.	Acquired investment company, registered for operation, recognizing investment gains
SYF Information (Shanghai) Limited	IT software and information processing service providers	75,953	(3,356)	The business operation has been initiated since 2013 with only business transactions and interest income generated.	Expand business scope

- (III) Investment plan for the coming year: Hong Kong subsidiary has a capital increase

investment plan in the coming year.

VI. Risk disclosure:

(I) Impacts of interest rates, exchange rates, and inflation to The Company's earnings, and the responsive measures

1. Impacts of exchange rate variations to The Company's profit and loss, and responsive measures in the future

(1) The Company engages in futures services. It derives income mainly from domestic investors, and most of which are denominated in the local currency. For commission revenues denominated in foreign currencies, The Company recognizes them as income at least once a month in accordance with its Customers' Margin Policy. In 2016, changes in the USD and GBP exchange rate resulted in a net loss of NT\$17,121 thousand, which represented 0.58% of consolidated revenues and 1.73% of consolidated pre-tax net profit rate. Judging from the above, exchange rate variations had limited impacts on revenues and earnings.

(2) Responses to exchange rate variations: The Company is not in need of making significant payments in foreign currencies, except for placing cash margins or paying USD interests on excess margins received using its foreign currency revenues. As a result, The Company monitors exchange rate movements based on the information provided by its banking partner for the best timing to make exchanges. The timing of currency exchange depends on the exchange rate spread, interest rate spread, capital requirement, and movements in the foreign currency market.

2. Impacts of interest rate variations to The Company's profit and loss, and responsive measures in the future

(1) The Company engages in futures services and generates stable cash streams by offering customers a globalized trading platform, and therefore The Company has no external borrowings. Additionally, futures are traded with prepaid margins where futures traders must first deposit sufficient cash margin before trading in futures or options contract, causing the company to pay interest on customers' margin account. The domestic and overseas customers' margin account in 2012 increased due to the merger of Yuanta Futures; though since the economy has not fully recovered, central banks in every country continues to adopt an expansionary monetary policy, resulting in the market interest rate still maintained at a low level. Net interest income for the Company decreased from NT\$468,078 thousand in 2015 to NT\$505,466 thousand in 2016, representing a movement of NTD 51,672 thousand; the rate of change was 7.99%. The impacts of interest rate variations on revenues and net profits increase with total margin balances.

(2) The Company will seek to minimize the impacts of interest rate variations on profit and loss by adopting the optimal financial structure and working closely with banks and various financial institutions to exploit the dynamics of the financial market.

3. Impacts of inflation to The Company's profit and loss, and responsive measures in the future

Inflation triggers changes in interest rates, exchange rates, unemployment rates and other economic uncertainties, and is therefore considered a material factor to the overall economy and financial activities. It is a common consensus around the world that central banks should primarily aim to stabilize commodity prices, because price stability is the only foundation on which an economy is able to achieve balanced and

perpetual growth. According to the statistics published by the Directorate-General of Budget, Accounting, and Statistics, Executive Yuan, our consumer price index increased by 1.93%, 0.79%, 1.20%, -0.31% and 1.4% in 2012, 2013, 2014, 2015 and 2016, respectively. Under the effects of rising commodity prices, oil prices, changes in the NTD exchange rate and the export price index etc., the wholesale price index increased by -1.16%, -2.43%, -0.51%, -8.84% and -2.99% in 2012, 2013, 2014, 2015 and 2016, respectively.

Inflation induced by commodity prices will trigger producers' needs to hedge against material prices and speculators' desires to exploit price spreads, and thereby contributing trade volumes to the futures market. Being a globalized futures service provider, The Company expects to gain from increased volatility in commodity prices.

- (II) Policies on high risk and highly leveraged investments, loans to others, endorsements / guarantees, and the trading of derivative instruments; describe the main causes of profit or loss and responsive measures in the future

The Company specializes in derivatives trading mainly in the form of futures and options. All traded instruments have been approved by the competent authority. Within the available capital authorized by the Board of Directors, The Company structures, executes, reviews, and revises trading strategies according to internal policies and prescribed procedures as means for managing its trading gains/losses. Computer programs were incorporated to facilitate automated control within proper areas of responsibilities, so that every trading strategy and authorized personnel bears limited amounts of quantified risk; and it is within this risk tolerance that The Company seeks to maximize its trading profits.

Proprietary trading inevitably involves the risks of losses under unfavorable circumstances. However, a consistent trading strategy will ensure profitability over the long term, and the focus lies in maintaining possible short-term losses within manageable levels for maximum long-term profitability. Therefore in addition to monitoring value at risk on holding positions, The Company needs to implement standard operating procedures and computerized controls to minimize operational risks.

Since its inception, The Company has bested other industry participants in terms of profits and profit stability, because of its competitive advantage in personnel talents, trading strategies, and risk management. The Company will continue to grow these professional abilities to become a large-scale, globalized asset management institution.

Pursuant to the "Rules Governing Futures Commission Merchants", futures commission merchants are not allowed to lend funds or offer endorsements/guarantees to others.

- (III) Future research and development plans, and the projected expenses

1. Future R&D

The Company's Research Department will enhance the strategic research in the future. Strategic research has been an important part of research projects. In addition to combining futures consulting, risk control, and research internally, the focus will also be on integrating products and services. Yuanta APP information contents had been reinforced to provide market news flash and instant message (quantitative and qualitative). In addition, provide diversified solutions to brokerage business, and to meet the business needs requested by the relevant sales representatives.

In addition, intend to combine more diversified data research and software and hardware equipment externally for creating the core value of R&D. As for the future R&D efforts, the intention is to strengthen the uniqueness of the study. The Director of the Research Department will study domestic and foreign options strategic

development in-depth. The diversified deployment strategy among different commodities and the construction of metering programs will remain the focuses of future study. The added-value of the research will be expanded in the year to come in order to support the strategic products needed by the large brokerage team and to meet customer needs. In addition to expecting the research result commercialized, the professional research will become the backbone of the brokerage team in promoting products sales.

Future research directors of the company IT department:

- (1) Assisting Futures Hong Kong Subsidiaries: We will take advantage of the IT international advantages, including “instant ordering system” and “prompt matching capability” and consolidate the marketing and sales team to actively seeking information vendors for cooperation in order to provide customers with simple, easy-to-understand, and easy-to-use services.
- (2) Business information integrated R&D: The Company has always focused on information research and development with maximum choices of ordering interface provided. In response to changes in technology and market, the Company will develop a new type of electronic trading platform. In the future, with the experience and advantage in promoting options business and services to corporations, combining with IT development and product sales to conduct packaged sales on consultancy service, thus providing a business model with complete solution.
- (3) Mobile trading platform R&D: Given the booming mobile network communications, the Company intends to invest in mobile trading platform R&D through the Company’s strong information platform and based on the existing speed risk control system and speed connection system of Taiwan Futures Exchange in order to provide customers with more convenient and faster order placing environment.
- (4) In line with the system changes introduced by Taiwan Futures Exchange: The 2017 new systems planned by Taiwan Futures Exchange include after-hour transaction and other systems. In addition to the system modification, the Company also plans to expand the information capital expenditure and will have the server of the transaction risk control and accounting system replaced and installed.

## 2. Estimated R\*D expenses

An amount of NT\$17,000 thousand that is equivalent to a certain percentage of the annual turnover will be invested in 2017 to pay for the research expenses in order to respond to customer demand, to show the importance of Research Department to the Company, and to satisfy the needs of business department. Including acquisition of IT equipment, employee job rotation and training, purchase and maintenance of database.

- (IV) The effect of major changes in policies and legal practices, whether domestic or foreign, to the company’s financial and business performance, and the responsive actions:

For changes in important policies and legislation both domestically and overseas, relevant department personnel of the company and each subsidiaries has performed analysis and evaluation on their impact to each business items beforehand, and then adjust related operational strategy and procedures when appropriate in response to the changes in relevant policies and legislations.

- (V) Effects of technological and industrial changes to the company's financial and business performance, and the responsive actions

The advance of Internet technology changed the ways transactions used to be made,

and how services used to be delivered. Futures commission merchants now require more specialized talents and more advanced equipment to accommodate the rise of e-trades, and offer more complex software to deliver online services. Apart from purchasing new IT equipment, The Company also focuses on developing new software packages for customers, and training for its IT staffs.

- (VI) Impacts of changes in corporate image to the company's crisis management, and the responsive measures

From the day it was first incorporated, The Company had been renowned for its professional management, comprehensive services, and proprietary IT technologies. On top of which was a strong proprietary trading team that delivered top-notch performance and profitability in the futures industry. The Company's professional reputation has long been recognized in the market. However, the company unavoidably faces competition from others in the industry both domestically and overseas. Therefore, the company merged with Yuanta Futures on April 1<sup>st</sup> 2012, and through integrating the resources from Yuanta Financial Holdings and the old Polaris group, we not only endeavor in securing our existing advantages within domestic futures market, but also continue to form strategic cooperation internationally and proactively participate in the China futures market.

- (VII) The expected benefits from mergers and acquisitions, the potential risks associated, and the responsive measures

Through merger, the two parties can make the best allocation of their overlapping businesses, personnel, software and hardware to improve competitive advantage, and thereby strengthening business foundations as a whole, achieve economies of scale, and raise worldwide competitiveness.

- (VIII) The expected benefits from plant expansion, the potential risks associated, and the responsive measures: none.

- (IX) Risks of concentrated purchases or sales, and responsive measures to such risks: not applicable.

- (X) The risks and impacts of significant shareholding transfers by directors, supervisors, or major shareholders with more than 10% ownership interest, and the responsive measures to such risks

The company and its subsidiaries are operated by professional managers with thorough authorization and management regulations clearly defining the scope of responsibilities for each level of personnel to realize segregation of duties, as a result when a director or a major shareholder with over 10% holding transfer or exchange shareholdings, the impact to the company is minimal.

- (XI) The effects, risks and responsive measures associated with changes in management

The main operational plans of the company are proposed by professional managers after evaluating of the overall industry and market environment, and then executed after approval by the board of directors. The company has also established complete organizational structure with clear distinctions on the responsibilities of each department. And through effective internal control systems, coordination and communications between departments to fully realize operational strategies with operational efficiency and ensuring operating result, so a change in operational right has minimal impact on company operation and risk.

- (XII) Litigation and non-contentious cases:

1. For any material litigations, non-litigious or administrative disputes (whether concluded or pending for judgment) in the last 2 years up till the publishing date of this annual report that may produce material impacts to shareholders' equity or securities prices, information regarding the underlying facts, amounts, starting date,

parties involved and the current progress must be disclosed:

Facts	Target Amount (NT\$)	Commencement date of litigation	Main parties involved in the litigation	Status up to the publish date of annual report	Remarks
1. A customer accused the Company of having hired an unqualified salesperson (the former employee) that utilized exaggerated advertising materials and lied about the programmed transactions while actually operating futures transaction on behalf of the customers with losses incurred to the customers. Therefore, a civil suit had been brought against the Company with an infringement claim and demanding compensation from the Company and the former employee jointly and severally.	(First trial) Calculate the interest of NT\$290,230 and US\$196,125.5 at 5% per annum. (Additional claim added in the second instance) USD 36,651.	12 March 2012	The Company (previously known as MF Global Futures) and former employee, Mr. Hsu, were co-defendants; Mr. Ma, the client, was the plaintiff.	1. Taiwan Taipei District Court ruled to dismiss the lawsuit that was filed by the plaintiff. The Company had won the lawsuit. 2. The customer objected to the ruling with an appeal filed. Taiwan High Court had a ruling delivered in March 2016 after the trial and it was ruled in favor of the Company. 3. The customer objected to the ruling again with an appeal filed to the Supreme Court. The Company continues to plea and the case is currently heard by the Supreme Court.	The case has no significant impacts to The Company's operation or shareholders' equity.

<p>2. (Former) Employee Mr. Hong applied for retirement and claimed that the notice of the discontinued company, Polaris Securities, had caused the loss of salary, bonus, and special retention to him; therefore, a civil suit was filed.</p>	<p>(First trial) Requested a salary and bonus for an amount of NT\$19,080 and special retention amount of NT\$6,197,520 and statutory interest. (Second trial) (1) The Company appealed for an amount of NT\$813,730 and statutory interest. (2) Mr. Hong appealed for an amount of NT\$5,402,900, then reduced to NT\$4,775,246 and statutory interest.</p>	<p>June 6, 2015</p>	<p>The Company is the defendant: Former employee, Hung, o-Song, is the plaintiff:</p>	<p>1. In January 1, 2016, Taiwan Taipei District Court ruled recently that the Company should pay NT\$813,730 to Mr. Hong and the interest at 5% per annum for the period from June 16, 2015 to the liquidation date. 2. Both the Company and Mr. Hong had appealed to Taiwan High Court. 3. A ruling was delivered by Taiwan High Court in December 2016 with the original judgment regarding the Company's paying principal and interest for an amount of NT\$2664 and the Company's bearing the litigation expense revoked. Regarding the aforementioned revocation, the plea of Mr. Hong in the first trial was dismissed. Mr. Hong's appeal and the Company's appeals were both dismissed. The Company had paid NT\$2,664 for the principal and interest according to the ruling delivered by the court; therefore, an appeal to the Supreme Court was prohibited. 4. The Company received a notice from Taiwan High Court on January 25, 2017 that Mr. Hong had objected to the ruling again with an appeal filed to the Supreme Court. The Company continues to plea and the case is currently heard by the Supreme Court.</p>	<p>The case has no significant impacts to The Company's operation or shareholders' equity.</p>
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2. Material litigations, non-litigious or administrative disputes (whether concluded or pending for judgment) involving the The Company or its Directors, General Manager, representative, major shareholders with more than 10% shareholding, or affiliates in the last year up till the publishing date of this annual report, which may significantly affect shareholders' equity or securities prices: none.

(XIII) Other significant risks and responsive measures:

The Company's risk management structure:

The risk management organization of the company includes the board of directors, audit committee, audit department, senior managements, risk management department, legal compliance department, and all business units to collective form three layers in risk management.

1. First Layer: Each business unit is the department for the daily operation and management, and is the unit and personnel for risk identification, self-evaluation and execution and implementation of controls.
2. Second layer: the executive management, Risk Management, and Compliance are responsible for monitoring and managing risks based on The Company's risk appetite, and implementing responsive measures.
3. The third line of defense: the Board of Directors, Audit Committee, and Auditing

Department are the third line of defense for Risk Management. The Auditing Department adopts a risk-oriented auditing approach. The Board of Directors and the Audit Committee, in addition to setting annual risk tolerance, have the risk of the overall business and management assessed comprehensively to ensure that the risks of the Company are within the effective control.

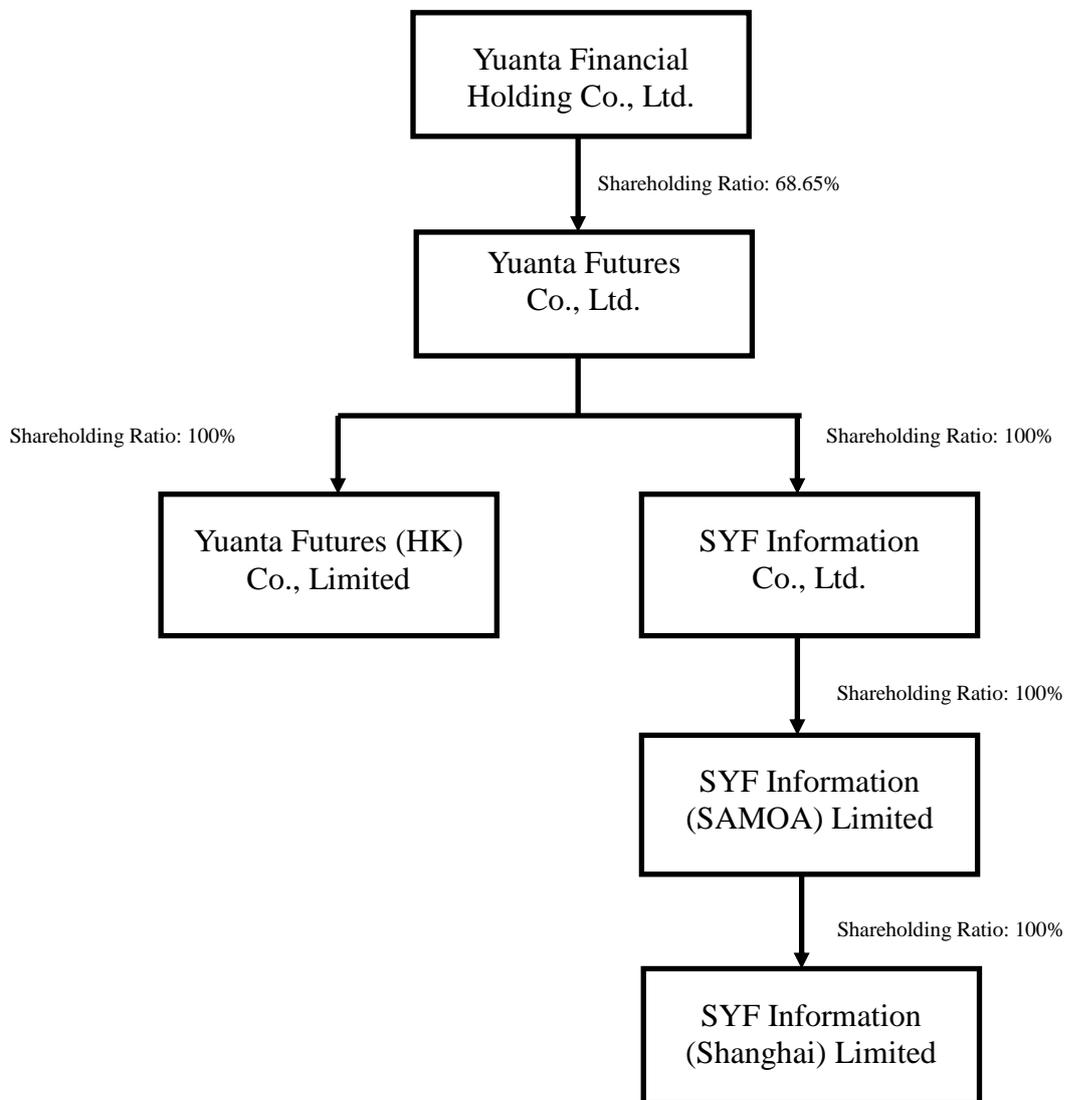
VII. Other important matters: The Company did not adopt the hedge accounting principle.

## **Eight. Special remarks**

- I. Affiliated companies  
Please see pages 136~146 of this annual report
- II. Private placement of securities during the latest year up till the publication date of this annual report: none.
- III. Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.
- IV. Other necessary information: The items undertaken by the company at the time of going OTC has always been declared to the GRSM quarterly as required, and there is no uncompleted undertakings for OTC yet.
- V. Occurrences of events defined under Article 36-2-2 of the Securities Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: none.

1. Organization chart and share structure of Yuanta Futures related enterprises

## Reinvestment organization chart and related enterprises of Yuanta Futures



3. Basic information of affiliated enterprises

In NTD thousand, USD thousand, RMB thousand

Date of information: February 28, 2017

Name of enterprise	Date of foundation	Address	Paid-up Capital	Main business activities or products
Yuanta Futures (HK) Co., Limited	2010.12.02	Unit 1304,13th/F, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong	US\$ 6,000	Category II: business dealing in futures contracts Category V: giving advices on futures contracts
SYF Information Co., Ltd.	2012.11.09	7F-4, No. 181, Fuxing N. Rd., Taipei City	350,000	Information management, information software services, information software wholesale and retail
SYF Information (SAMOA) Limited	2012.11.15	Portcullis TrustNet Chambers P. O. Box 1225, Apia, SAMOA	US\$5,800	Investment holding
SYF Information (Shanghai) Limited	2013.04.02	Room 706B, AZIA Center, No.1233 Lujiazui Huan Road, Pudong New Area, Shanghai.	CNY\$33,080	Calculator software, e-commerce software, and banking software research and development, production, sale of proprietary products, and the relevant technical advisory services; investment consultation; metal materials (except for precious metals, rare metals, and steels) and its products, chemical raw materials (except for special chemicals and hazardous chemicals) and its products, plastics and its products, rubber products, mineral products (except for the controlled items), asphalt wholesale, agency commission (except for auction), and import and export (The quota and chartered merchandises other than those traded by the states should be applied for in accordance with the relevant regulations. The items subject to the approval of the law should not be promoted commercially without the approval of the relevant department.)

3. Information on directors, supervisors, and general managers of affiliated enterprises

Date of information: February 28, 2017

Name of enterprise	Title	Name or the representative person	Shares held		Remarks Personal shareholding of the representative	
			Shares (Thousand Shares)	Shareholding percentage	Shares (Thousand Shares)	Shareholding percentage
Yuanta Futures (HK) Co., Limited	Director Director Director Director Controller	Ms. Chou, Hsiao-Ling Chen, Chun-Hung Mr. Kuo, Yu-Hong Chang, Chun-Hao Chen, Chun-Hung	6,000	100%	-	-
SYF Information Co., Ltd.	Chairman Director Director Supervisor:	Mr. Kuo, Yu-Hong Ms. Chou, Hsiao-Ling Li, Min-Lung Mr. Chen, Hsiu-Wei	35,000	100%	-	-
SYF Information (SAMOA) Limited	Director Director Director	Mr. Kuo, Yu-Hong Ms. Chou, Hsiao-Ling Yu-Cheng Chou	5,800	100%	-	-
SYF Information (Shanghai) Limited	Chairman Director Director Supervisors	Mr. Kuo, Yu-Hong Ms. Chou, Hsiao-Ling Li, Min-Lung Mr. Chen, Hsiu-Wei	(Note)	100%	-	-

Note: The company is organized as a limited company; therefore, it is with stock rights but not stock shares.

#### 4. Business Performance of Affiliated Enterprises

Unit: NTD thousand

Date of information: December 31, 2016

Name of enterprise	Share capital	Total assets	Total liabilities	Net value	Operating revenues	Operating profit	Current period profit (after tax)	Earnings per share (\$) (After tax)
Yuanta Futures (HK) Co., Limited	194,002	172,903	982	171,921	0	(6,626)	(2,841)	(0.47)
SYF Information Co., Ltd.	350,000	311,125	341	310,784	0	(7,648)	(8,952)	(0.26)
SYF Information (SAMOA) Limited	96,837	79,480	0	79,480	0	(36)	(3,249)	(1.08)
SYF Information (Shanghai) Limited	75,493	58,633	-466	59,099	49,265	(4,407)	(3,356)	0.00

(II) The affiliate's consolidated financial statements: Please refer to attachment of this annual report.

(III) Affiliation Reports:

## Declaration

The Company's 2015 Affiliation Report (for the period from January 1 to December 31, 2015) has been prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". No material discrepancies were found between the information disclosed in the above report and the notes to financial statements for the corresponding period.

Declared by:

Company name: Yuanta Futures Co., Ltd.

Chairman: Mr. Lin, Tien-Fu

March 24, 2016

Auditor's opinion on relationship report

(2016) zi-kuai-zhong-15006888

Recipient: Yuanta Futures Co., Ltd.

The Company hereby declares that the 2015 Business Report was prepared in accordance with the "Regulations Governing the Preparation of Affiliate's Consolidated Business Reports, Affiliate's Consolidated Financial Reports, and Relationship Reports;" also, the information disclosed in the 2014 Business Report was not significantly different from the information disclosed in the Notes to the financial reports referred to above.

We have compared the business report that was prepared in accordance with the "Regulations Governing the Preparation of Affiliate's Consolidated Business Reports, Affiliate's Consolidated Financial Reports, and Relationship Reports" and the information disclosed in the Notes to the 2015 financial reports without any significant nonconformity found.

PwC Taiwan

Ms. Lin, Sekai

CPA

Ms. Hsiu-Ling Li

Securities and Futures Bureau, Financial Supervisory  
Commission, Executive Yuan

Approval Document No.:

Jin-Guan-Cheng-6-0960072936

Jin-Guan-Cheng-6-0960038033

March 24, 2016

## Affiliation Report

### I. Relationship between the controlling and the controlled company

Unit: shares; %

The Name of Controlling Company	Means of Control	Shares Held and Pledged by the Controlling Company			Directors, Supervisors or Managers Appointed by the Controlling Company	
		Number of shares held (shares)	Shareholding percentage (%)	Shares Pledged	Title	Name
Yuanta Financial Holding Co., Ltd.	Exercises significant influence	159,467,282	68.65	-	Director Director Director Director Director Director	Mr. Lin, Tien-Fu Ms. Chou, Hsiao-Ling Mr. Ho, Ming-Hong Mr. Kung, Shao-Hsing Ms. Chen, Hsiu-Mei Mr. Kuo, Yu-Hong
Shen-Dai Investment Co., Ltd.	Mr. Rongzhou Wang and Mr. Ding-Chen Shen appointed by Shen-Dai Investment Co., Ltd. as the representatives of the institutional director have acted as the Chairman and Deputy Chairman of Yuanta Financial Holdings; therefore, they have control over the personnel, finance and business operation in accordance with Article 369.2 Paragraph 2 of the Company Law.	-	-	-	-	-

Note: The cut-off date for the above information was scheduled on December 31, 2015. As of December 31, 2015, the Company had 232,276,288 shares in circulation.

### II. Transactions with the above parties:

1. Trading of inventory: none
2. Trading of property: None
3. Financing: none
4. Asset lease: none
5. Disclosure of major transactions: none

### III. Guarantees and endorsements: none.

### IV. Disclosure of other financial or business items with material impact: none.

**Attachment**

**Yuanta Futures Co., Ltd.**  
**(formerly known as Polaris Futures Co., LTD.)**

**Chairman Mr. Lin, Tien-Fu**

**Date published: February 28, 2017**